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## **Union Medical Healthcare Limited**

**香港醫思醫療集團有限公司\***

*(Incorporated in Cayman Island with limited liability)*

**(Stock Code: 2138)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF ENTIRE SHARE CAPITAL OF THE TARGET COMPANY AND ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

#### **THE ACQUISITION**

On 18 May 2020, the Company, the Purchaser, an indirect wholly-owned subsidiary of the Company, the New Holdco, the Sellers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which, among others, the Purchaser (as ultimate purchaser) has conditionally agreed to procure the New Holdco to purchase, and the Sellers have conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company, for the consideration comprising (i) a total amount of HK\$100,000,000 to be payable to the Sellers, (ii) in exchange of the Consideration Shares of New Holdco to be allotted and issued to the First Seller and the Fifth Seller, (iii) the Further Consideration Shares to be allotted and issued to the First Seller, and (iv) the Contingent Consideration of not exceeding HK\$16,000,000 to be payable to the First Seller, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Company will be wholly-owned by the New Holdco and in turn the New Holdco will be owned as to 51%, 48% and 1% by the Purchaser, the First Seller and the Fifth Seller, respectively. It is expected that the financial statements of the Target Company will be consolidated into the Group upon Completion.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5%, but all the applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Sale and Purchase Agreement and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

On 18 May 2020, the Company, the Purchaser, an indirect wholly-owned subsidiary of the Company, the New Holdco, the Sellers and the Target Company entered into the Sale and Purchase Agreement, pursuant to which, among others, the Purchaser (as ultimate purchaser) has conditionally agreed to procure the New Holdco to purchase, and the Sellers have conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company, for the consideration comprising (i) a total amount of HK\$100,000,000 to be payable to the Sellers, (ii) in exchange of the Consideration Shares to the First Seller and the Fifth Seller, (iii) the Further Consideration Shares to be allotted and issued to the First Seller, and (iv) the Contingent Consideration of not exceeding HK\$16,000,000 to be payable to the First Seller, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Target Company will be wholly-owned by the New Holdco and in turn the New Holdco will be owned as to 51%, 48% and 1% by the Purchaser, the First Seller and the Fifth Seller, respectively. It is expected that the financial statements of the Target Company will be consolidated into the Group upon Completion.

## PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

**Date:** 18 May 2020

**Parties:**

- (i) Company;
- (ii) Purchaser;
- (iii) New Holdco;
- (iv) Sellers; and
- (v) Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, each of the Sellers, the Target Company and the ultimate beneficial owner of the Target Company are Independent Third Parties.

### Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser (as ultimate purchaser) has conditionally agreed to procure the New Holdco to purchase, and the Sellers have conditionally agreed to sell, the Sale Shares of the Target Company.

### Consideration

The Consideration shall be satisfied in the following manner: (i) at Completion, a total amount of HK\$100,000,000 to be payable to the Sellers in the respective amount to each Seller as set out below; (ii) at Completion, in exchange of 4,900 Consideration Shares of the New Holdco in the respective number be allotted and issued by the New Holdco to the First Seller and the Fifth Seller as set out below; (iii) within 20 days from the date of Completion, Further Consideration Shares to be issued to the First Seller, and (iv) Contingent Consideration of not exceeding HK\$16,000,000 to be payable to the First Seller, subject to the terms and conditions of the Sale and Purchase Agreement. The following table sets out the Consideration payable to the Sellers:

Name of Seller	Cash Payment (HK\$)	Consideration Shares	Further Consideration Shares	Contingent Consideration (HK\$)
First Seller	77,500,000	4,800 New Holdco Shares	4,761,905 Shares	Contingent Consideration in the amount of not exceeding HK\$16,000,000
Second Seller	5,000,000	-	-	-
Third Seller	5,000,000	-	-	-
Fourth Seller	10,000,000	-	-	-
Fifth Seller	2,500,000	100 New Holdco Shares	-	-
<b>Total:</b>	<b>100,000,000</b>	<b>4,900 New Holdco Shares</b>	<b>4,761,905 Shares</b>	<b>Contingent Consideration in the amount of not exceeding HK\$16,000,000</b>

#### *Further Consideration*

The Purchaser shall pay a further consideration of a total amount of HK\$20,000,000 to the First Seller (“**Further Consideration**”) within 20 days from the date of Completion, which shall be satisfied by the Company to allot and issue 4,761,905 new Shares (i.e. Further Consideration Shares) to the First Seller at an issue price of HK\$4.2 per each Further Consideration Share.

The Further Consideration Shares represent approximately 0.479% of the existing issued share capital of the Company as at the date of this announcement and approximately 0.476% of the enlarged issued share capital of the Company immediately after issuing the Further Consideration Shares, assuming there is no change to the number of issued Shares from the date of this announcement up to the allotment and issue of the Further Consideration Shares. The nominal value of the Further Consideration Shares is HK\$47.62.

If the average closing price of a Share for the five trading days preceding the date of the allotment of the Further Consideration Shares, multiplied by the number of Further Consideration Shares to be allotted and issued, is less than HK\$20,000,000, the Purchaser shall pay the difference between such market value of the Further Consideration Shares and the Further Consideration in the amount of HK\$20,000,000 to the First Seller in cash within 30 Business Days after the Completion Date.

#### *Issue price*

The issue price of HK\$4.2 per Further Consideration Share was negotiated on an arm’s length basis between the parties of the Sale and Purchase Agreement and determined with reference to the average of the prevailing market prices of the Shares as quoted on the Stock Exchange, and it represents:

- (i) a premium of approximately 5.8% to the closing price of HK\$3.97 per Share as quoted on the Stock Exchange prior to the date of the Sale and Purchase Agreement; and
- (ii) a premium of approximately 4.0% to the average closing price of approximately HK\$4.04 per Share as quoted on the Stock Exchange for the last five trading days up to and including the last trading day immediately before the date of Sale and Purchase Agreement.

#### *Ranking of the Further Consideration Shares*

The Further Consideration Shares when allotted and issued shall rank *pari passu* with all the other Shares in issue as at the date of allotment and issue of such Further Consideration Shares.

### *General Mandate*

The Further Consideration Shares will be allotted issued pursuant to the General Mandate. The Directors were authorised to allot and issue up to 197,034,490 new Shares pursuant to the General Mandate. As at the date of this announcement, 8,078,927 Shares have been allotted and issued pursuant to the General Mandate. As such, the allotment and issue of the Further Consideration Shares is not subject to additional Shareholders' approval.

### *Application for listing*

Application will be made by the Company to the Listing Committee for the listing of and permission to deal in the Further Consideration Shares.

### *Undertaking of the Further Consideration Shares*

The First Seller undertakes that he shall not and shall procure that none of the companies controlled by him or nominees or trustees holding such Further Consideration Shares in trust for him will, during the period commencing on the Completion Date and ending on the first anniversary from the Completion Date, offer, pledge, charge, sell, contract to sell, create any encumbrances over, or otherwise transfer or dispose of (nor enter into any agreement (whether oral or in writing) to, either directly or indirectly, conditionally or unconditionally, encumber the Further Consideration Shares without the prior written consent of the Company.

### *Payback*

The First Seller shall payback the Purchaser in such amount upon the occurrence of any of the below events:

- (i) if the aggregate of the Overall Net Profit during the Profit Guarantee Period ending Year 6 is less than HK\$160,000,000, or the aggregate of the Overall Net Profit during the Profit Guarantee Period ending Year 8 is less than HK\$175,000,000, the First Seller shall payback the Purchaser an amount equivalent to the market value of a Share (determined with reference to the average closing price of a Share for the five trading days preceding the date that the Overall Net Profit is determined) multiplied by the number of Further Consideration Shares issued to the First Seller. Such payback amount shall be adjusted as follows if it exceeds HK\$20,000,000:

$$\text{HK\$20,000,000} + \frac{\text{Market value of Further Consideration Shares for payback} - \text{HK\$20,000,000}}{2}$$

- (ii) if business contract as referred to in the Sale and Purchase Agreement is terminated on the ground of suspension of medical practice of the First Seller, or there is a breach of any laws and regulations in criminal nature resulting in the First Seller being convicted to imprisonment, the First Seller shall pay in cash to the Purchaser for an amount of HK\$20,000,000 immediately and in any event no later than seven (7) Business Days after the date of occurrence of such incident.

### *Contingent Consideration*

Pursuant to the Sale and Purchase Agreement, if the Purchaser receives dividend from the New Holdco as a shareholder at the first annual general meeting of the New Holdco immediately after Completion, the Purchaser shall pay a contingent consideration to the First Seller in cash in the amount equivalent to the dividend that the Purchaser to be received, but not exceeding HK\$16,000,000. The Contingent

Consideration is payable to the First Seller by instalments in the following manner:

- (i) if the Overall Net Profit for Year 1 is less than or equal to HK\$30,000,000, the Purchaser shall pay the Contingent Consideration in five equal instalments within four months after each of Year 1, Year 2, Year 3, Year 4 and Year 5; or
- (ii) if the Overall Net Profit for Year 1 is more than HK\$30,000,000, the Purchaser shall pay the Contingent Consideration in three equal instalments within four months after each of Year 1, Year 2 and Year 3.

#### *Basis of Consideration*

The Consideration was determined on arm's length negotiations between the Purchaser and the Sellers with reference to (i) the business of the Target Company, the net assets value of the Target Company and prospects of the Target Company, (ii) the medical capability and Profit Guarantee of the First Seller; and (iii) the expertise of the management (in particular the Fifth Seller whose employment shall be continued after Completion) of the Target Company.

#### *Funding of the Consideration*

Part of the Consideration, by way of the HK\$100,000,000 cash payment and the Contingent Consideration of not exceeding HK\$16,000,000 will be funded by internal resources of the Group.

#### **Conditions Precedent**

Completion is conditional upon the following conditions being satisfied (or waiver by the Purchaser or the Sellers, as the case may be):

- (i) the Purchaser having completed financial and legal due diligence review in all aspects on the Target Company and the medical practice of the First Seller the results of which are satisfactory to the Purchaser in all material respects;
- (ii) all requisite consents, license and approvals from any relevant government authorities, regulatory bodies, any persons or corporations with any business relationship with the Target Company or Purchaser or New Holdco or any of the Sellers or other relevant third parties in Hong Kong or elsewhere which are required or appropriate for the Sale of the Sale Shares to the Purchaser and the transfer of the Consideration Shares of the New Holdco having been duly obtained, if any;
- (iii) the warranties provided by the Sellers and the Target Company under the Sale and Purchase Agreement remaining true and accurate in all respects as at the date of the Sale and Purchase Agreement up to and including the Completion;
- (iv) the shareholder's loans or any similar balance in nature having been waived in form and substance satisfactory to the Purchaser;
- (v) there has been no material adverse change of the Target Company from the date of the Sale and Purchase Agreement up to and including the Completion Date;
- (vi) the First Seller and the Fifth Seller having completed financial and legal due diligence review in all respects on the New Holdco and the results of which are satisfactory to the First Seller and the Fifth Seller in all material respects;

- (vii) the warranties given by the Purchaser under the Sale and Purchase Agreement remaining true and accurate in all respects as given as at the date of the Sale and Purchase Agreement up to and including the Completion;
- (viii) there has been no material adverse change of the New Holdco from the date of the Sale and Purchase Agreement up to and including the Completion Date; and
- (ix) the Stock Exchange granting the listing of and permission to deal in the Further Consideration Shares and not subsequently revoking the same prior to Completion.

Any of the conditions precedent set out in (i), (iii), (iv) and (v) above may be waived by the Purchaser at its sole and absolute discretion. Any of the conditions precedent set out in (vii), (viii) and (ix) above may be waived by the First Seller at his sole and absolute discretion. The condition precedent set out in (vi) above may be jointly waived by the First Seller and the Fifth Seller. The condition precedent set out in (ii) may be jointly waived by the Purchaser and the First Seller.

In the event that any of the conditions precedent above are not fulfilled or waived by the Purchaser and/or the First Seller and/or the Fifth Seller in the manner specified above on or prior to 90 Business Days from the date of the Sale and Purchase Agreement or such later date as may be agreed between the Purchaser and the Sellers in writing, the Sale and Purchase Agreement shall become null and void and be of no further effect whatsoever and all the obligations and liabilities thereunder shall cease and determine (save for the rights of the parties to claim the others in respect of any antecedent breaches or any rights or remedies which shall have accrued prior thereto).

## Completion

Subject to the fulfillment or waiver of the conditions precedent above, Completion shall take place on the Completion Date or such other date as the Purchaser and the Sellers may agree in writing. Immediately after the Completion,

- (i) the entire issued shares of the New Holdco will be owned as to 51% by the Purchaser, 48% by the First Seller and 1% by the Fifth Seller and the New Holdco will become an indirect non-wholly owned subsidiary of the Company; and
- (ii) the entire issued shares of the Target Company will be owned by the New Holdco, and the Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

### *Details of the shareholdings in the Target Company immediately before and after Completion*

Name of shareholder of the Target Company	Immediately before Completion		Immediately after Completion	
	<u>Number of shares held</u>	<u>Percentage of shareholding</u>	<u>Number of shares held</u>	<u>Percentage of shareholding</u>
First Seller	11,625,000	77.5%	-	-
Second Seller	750,000	5.0%	-	-
Third Seller	750,000	5.0%	-	-
Fourth Seller	1,500,000	10.0%	-	-
Fifth Seller	375,000	2.5%	-	-
New Holdco	-	-	15,000,000	100.0%
<b>Total:</b>	<b>15,000,000</b>	<b>100.0%</b>	<b>15,000,000</b>	<b>100.0%</b>

*Details of the shareholdings in the New Holdco immediately before and after Completion*

Name of shareholder of the New Holdco	Immediately before Completion		Immediately after Completion	
	<u>Number of shares held</u>	<u>Percentage of shareholding</u>	<u>Number of shares held</u>	<u>Percentage of shareholding</u>
The Purchaser	10,000	100.0%	5,100	51.0%
First Seller	-	-	4,800	48.0%
Fifth Seller	-	-	100	1.0%
<b>Total:</b>	<b>10,000</b>	<b>100.0%</b>	<b>10,000</b>	<b>100.0%</b>

**Profit Guarantee**

The First Seller guarantees to each of the Purchaser and the New Holdco (“**Profit Guarantee**”) that the Overall Net Profit shall be no less than the respective guaranteed net profit for each of the Profit Guarantee Year (“**Guaranteed Net Profit**”) as set out below:

<b>Profit Guaranteed Year ending</b>	<b>Guaranteed Net Profit</b>
Year 1	HK\$30,000,000
Year 2	HK\$30,000,000
Year 3	HK\$30,000,000
Year 4	HK\$30,000,000
Year 5	HK\$30,000,000
Year 6	HK\$6,000,000
Year 7	HK\$4,000,000
Year 8	HK\$2,000,000
<b>Total:</b>	<b>HK\$162,000,000</b>

*Note:*

*If the Overall Net Profit for a Profit Guaranteed Year exceeds the Guaranteed Net Profit for that Profit Guaranteed Year, the excess (“**Extra**”) shall be carried forward to the next immediately succeeding Profit Guaranteed Year and contributed to the Overall Net Profit in the next immediately succeeding Profit Guaranteed Year; and if there is still an excess of the Overall Net Profit in the next immediately succeeding Profit Guaranteed Year after such application, then the Extra shall be carried forward to the next Profit Guaranteed Year(s) until fully utilised.*

*Profit Shortfall Compensation*

If the Overall Net Profit is less than the Guaranteed Net Profit for the Profit Guaranteed Year ending such Year, the First Seller undertakes to pay the Purchaser an amount equivalent to the Profit Shortfall Compensation within 30 Business Days after the date on which the Overall Net Profit for the relevant Profit Guaranteed Year is determined. The maximum aggregate Profit Shortfall Compensation during the Profit Guaranteed Period for which the First Seller is liable shall not exceed HK\$82,000,000, representing 51% of the accumulated Guaranteed Net Profit during the Profit Guaranteed Period.

**Cash Contribution to the New Holdco**

Subject to Completion, the Purchaser shall make the following cash contribution to the New Holdco in the total amount of HK\$100,000,000:

- (i) *Initial Cash Contribution:* an amount of HK\$20,000,000 within 45 days after Completion, which will be applied for acquiring interests in a company which is principally engaged in the provision of medical imaging service, and any surplus to the initial cash contribution will be applied for the general working capital of New Holdco;
- (ii) *Second Cash Contribution:* an amount of HK\$30,000,000 within 120 days after Completion, which is expected to be applied for establishing a new clinic to engage in business similar to the Target

Company, and any surplus to the second cash contribution will be applied for the general working capital of New Holdco; and

(iii) *Remaining Cash Contribution*: an amount of HK\$50,000,000 no later than the first anniversary of the Completion, which is expected to be applied for acquiring interests in another company which is principally engaging in the provision of medical imaging service or setting up another new imaging centre, and any surplus will be applied for the general working capital of New Holdco.

The Cash Contribution will be funded by the internal resources of the Group. As at the date of this announcement, save for the Sale and Purchase Agreement, no agreement has been entered into by the New Holdco or the Group in relation to the above Cash Contribution.

## NEW HOLDCO SHAREHOLDERS' AGREEMENT

According to the Sales and Purchase Agreement, the Purchaser, the First Seller, the Fifth Seller and the New Holdco shall enter into a shareholders' agreement prior to or upon Completion, in relation to, among other matters, the affairs, business and management of the New Holdco, and the relationship among the shareholders of the New Holdco.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the total number of issued Shares is 995,056,375. For illustrative purpose only, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue and allotment of the Further Consideration Shares (assuming there is no other change in the shareholding structure of before the allotment and issue of the Further Consideration Shares):

Shareholders	As at the date of this announcement		Immediately after the issue and allotment of the Further Consideration Shares	
	Number of shares	%	Number of shares	%
Tang Chi Fai (“ <b>Mr. Tang</b> ”) <sup>1</sup>	728,988,230	73.261	728,988,230	72.912
Core Connected Persons of the Company	9,916,576	0.997	9,916,576	0.992
The First Seller	-	-	4,761,905	0.476
	<b>738,904,806</b>	<b>74.258</b>	<b>743,666,711</b>	<b>74.380</b>
OrbiMed Asia Partners III, L.P. <sup>2</sup>	63,806,686	6.412	63,806,686	6.382
Other public shareholders	192,344,883	19.330	192,344,883	19.238
	<b>256,151,569</b>	<b>25.742</b>	<b>256,151,569</b>	<b>25.620</b>
<b>Total issued shares</b>	<b>995,056,375</b>	<b>100.000</b>	<b>999,818,280</b>	<b>100.000</b>

### Notes:

- Out of the 728,988,230 Shares which Mr. Tang was interested in, (i) 5,103,000 were held by Mr. Tang as the beneficial owner, (ii) 2,654,000 Shares were held by his spouse, Ms. Yau Ming Li, and (iii) 721,231,230 Shares were held by Union Medical Care Holding Limited, a company wholly owned by Mr. Tang.
- According to the information in the disclosure of interests form of OrbiMed Advisors III Limited (“Orbi A III”), Orbi A III holds 100% of the issued share capital of OrbiMed Asia GP III, L.P. (“Orbi A GP”); and Orbi A GP holds 2% of the issued share capital of OrbiMed Asia Partners III, L.P. Orbi A III and Orbi A GP were therefore deemed to be interested in the Shares of the Company which are owned by OrbiMed Asia Partners III, L.P. under Part XV of the SFO.

## FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activities</b>	<b>Gross proceeds</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
29 April 2020	Issue and subscription of new Shares under the General Mandate	Approximately HK\$33.9 million	Approximately HK\$33.8 million	The gross proceeds will be fully applied to set off the Rental Payment	The gross proceeds has been fully applied to set off the Rental Payment

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

As at the date of this announcement, the Target Company has 11 full-time registered medical practitioners on the Specialist Registration of the Medical Council of Hong Kong. The Cash Contribution will be mainly applied for setting up the New Clinic Company and for acquisition interests in companies that are principally engaged in the provision of medical imaging service, it is to facilitate the referral from the Target Company to these companies so as to further enhance the provision of medical and healthcare services by the Group as a one-stop integrated medical service provider.

To cope with the expansion of the Group and to strengthen the Group's leading position in the provision of medical services in Hong Kong, the Directors consider that the Acquisition will enlarge the premium health market share of the Group and is expected to improve the results attributable to the Group and the overall Shareholders' return.

The terms of the Sale and Purchase Agreement, including the Consideration, were determined on arm's length negotiations between the Purchaser and the Sellers with reference to the business and expertise of management of the Target Company, the net assets value of the Target Company and prospects of the Target Company. The Directors (including the independent non-executive Directors) consider that the terms of the transaction are fair and reasonable and in the interests of the Shareholders as a whole. None of the Directors has any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder and therefore, none of them is required to abstain from voting on the Board resolutions for considering and approving of the Sale and Purchase Agreement and the transactions contemplated thereunder.

## **INFORMATION ABOUT THE COMPANY, THE PURCHASER AND THE NEW HOLDCO**

The Company is incorporated in Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of medical and healthcare services.

The Purchaser is incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding.

The New Holdco is incorporated in Hong Kong with limited liability. It is directly and wholly-owned by the Purchaser, and is an indirect wholly-owned subsidiary of the Company. The New Holdco is principally engaged in investment holding.

## INFORMATION ABOUT THE SELLERS AND TARGET COMPANY

The Sellers are shareholders of the Target Company prior to Completion. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Sellers are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The First Seller is a registered medical practitioner on the Specialist Registration in general surgery of the Medical Council of Hong Kong and founder of the Target Company. The First Seller is a majority shareholder of the Target Company.

The Second Seller is the son of the First Seller. The Second Seller is a minority shareholder of the Target Company.

The Third Seller is an independent investor. The Third Seller is a minority shareholder and passive investor of the Target Company.

The Fourth Seller is an independent investor. The Fourth Seller is a minority shareholder and passive investor of the Target Company.

The Fifth Seller is the director of corporate cooperation of the Target Company. The Fifth Seller is a minority shareholder of the Target Company.

The Target Company is incorporated in Hong Kong with limited liability and is principally engaged in the provision of medical service.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the audited financial information of the Target Company for the two financial years ended 31 March 2018 and 2019 and the unaudited financial information of the Target Company for the 9 months ended 31 December 2020 prepared in accordance with the SMEFRSs:

	<b>For the year ended 31 March 2018 (audited) HK\$'000</b>	<b>For the year ended 31 March 2019 (audited) HK\$'000</b>	<b>For the period from 1 April 2019 to 31 December 2019 (unaudited) HK\$'000</b>
Profit before tax	22,492	37,259	42,504
Profit after tax	19,325	30,573	35,701
Net Assets	35,789	55,916	83,304

The New Holdco was incorporated on 2 May 2018 and has no operation since its incorporation and up to the date of this announcement.

## LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5%, but all the applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## GENERAL

**As Completion is subject to fulfilment or waiver (as the case may be) of the conditions precedent to the Sale and Purchase Agreement and may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the sale of the Sale Shares by the Sellers to the New Holdco pursuant to the Sale and Purchase Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday and public holidays and a day on which a tropical cyclone warning no. 8 or above is hoisted or a “black rainstorm warning signal” is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for ordinary banking business in Hong Kong
“Company”	Union Medical Healthcare Limited (香港醫思醫療集團有限公司*), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2138)
“Completion”	the completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	means within 7 Business Days after the conditions precedent having been fulfilled or waived, and no later than 60 days after the date of signing of the Sale and Purchase Agreement, or such other date as the parties may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Acquisition pursuant to the Sale and Purchase Agreement, comprising (i) a total amount of HK\$100,000,000 to be payable to the Sellers, (ii) in exchange of the Consideration Shares of New Holdco to the First Seller and the Fifth Seller, (iii) the Further Consideration Shares to be issued to the First Seller, and (iv) the Contingent Consideration of not exceeding HK\$16,000,000 to be payable to the First Seller, subject to the terms and conditions of the Sale and Purchase Agreement
“Consideration Shares”	the First Consideration Shares and the Fifth Consideration Shares collectively, being part of the Consideration
“Contingent Consideration”	the contingent consideration in cash in the amount equivalent to the dividend to be received by the Purchaser as a shareholder of the New Holdco at its first annual general meeting immediately after Completion, but at any event shall not exceed HK\$16,000,000, being part of the Consideration

“Director(s)”	the director(s) of the Company
“Fifth Consideration Shares”	100 New Holdco Shares legally and beneficially owned by the Purchaser, representing 1.0% of the entire issued share capital of the New Holdco, as at the date of this Announcement
“Fifth Sale Shares”	375,000 Sales Shares held by the Fifth Seller, representing 2.5% of the entire issued share capital of the Target Company, as at the date of this Announcement
“Fifth Seller”	Ms. Wu Yun Chai, holder of the Fifth Sale Shares and an Independent Third Party
“First Consideration Shares”	4,800 New Holdco Shares legally and beneficially owned by the Purchaser, representing 48.0% of the entire issued share capital of the New Holdco, as at the date of this announcement
“First Sale Shares”	11,625,000 Sale Shares held by the First Seller, representing 77.5% of the entire issued share capital of the Target Company, as at the date of this announcement
“First Seller”	Mr. Ma Chi Min Effinie, holder of the First Sale Shares and an Independent Third Party
“Fourth Sale Shares”	1,500,000 Sale Shares held by the Fourth Seller, representing 10.0% of the entire issued share capital of the Target Company, as at the date of this Announcement
“Fourth Seller”	Mr. Ho Ken Woon, holder of Fourth Sale Shares and an Independent Third Party
“Further Consideration Share”	the new Shares to be allotted and issued by the Company to the First Seller for settlement of the Further Consideration, being part of the Consideration Share”
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 21 August 2019 to exercise the power of the Company to allot, issue and deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of the said annual general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKFRSs”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Net Profit”	the net profit of the Target Company which shall be determined with reference to the audited accounts for the year ending such Year of the Target Company and subject to the adjustments pursuant to the Sale and Purchase Agreement
“Net Profit of New Clinic Company”	the net profit of New Clinic Company which shall be determined with reference to the audited accounts of the New Clinic Company for the year ending such Year of the New Clinic Company and subject to the adjustments pursuant to the Sale and Purchase Agreement
“Net Profit of Subsidiary of New Holdco”	the net profit of a subsidiary of the New Holdco, excluding the Target Company and the New Clinic Company, which shall be determined with reference to the audited accounts for the year ending such Year of the subsidiary of New Holdco and subject to the adjustments pursuant to the Sale and Purchase Agreement
“New Clinic Company”	Causeway Bay Clinic Company or any subsidiary of the New Holdco with its principal business in medical services as the Purchaser and the First Seller mutually agree in writing
“New Holdco”	New Medical Center Holding Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company as at the date of this Announcement
“New Holdco Shares”	10,000 issued shares of the New Holdco
“Overall Net Profit”	the summation of (i) Net Profit, (ii) Net Profit of New Clinic Company, and (iii) Net Profit of Subsidiary of New Holdco, which shall be determined within 30 days after the audited accounts for the year ending that Year is issued and in any event no later than four months after the relevant Year
“Profit Guaranteed Year”	means any of a year during the profit guaranteed period commencing from the date of 1 April of a year and ending the date of 31 March of the next year (both dates inclusive), save for the profit guaranteed year ending Year 1 which means the period commencing from the Completion Date to Year 1
“Profit Shortfall”	if the Overall Net Profit for a Year is less than the Guaranteed Net Profit for that Year, the difference between the Overall Net Profit and the Guaranteed Net Profit for that Year
“Profit Shortfall Compensation”	the Profit Shortfall times the percentage in the issued share capital of the New Holdco owned by the Purchaser, and the Profit Shortfall Compensation shall not in any circumstances exceed 51% of the Profit Shortfall
“Purchaser”	Jade Master International Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company
“Rental Payment”	the aggregate rental payment for the period of five months from 1 March 2020 to 31 July 2020 (both dates inclusive) payable by the subsidiaries of the Company to Renaissance City Development Company Limited under several lease agreements, in the total amount of approximately HK\$33.9 million

“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 18 May 2020 entered into among the Company, the Purchaser, the New Holdco, the Sellers and the Target Company for the Acquisition
“Sale Shares”	the First Sale Shares, the Second Sale Shares, the Third Sale Shares, the Fourth Sale Shares and the Fifth Sale Shares collectively, which is a total of 15,000,000 issued shares of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement
“Second Sale Shares”	750,000 Sale Shares held by the Second Seller, representing 5.0% of the entire issued share capital of the Target Company, as at the date of this announcement;
“Second Seller”	Mr. Ma Shun Shan Alfred, holder of the Second Sale Shares and an Independent Third Party
“Sellers”	the First Seller, Second Seller, Third Seller, Fourth Seller and Fifth Seller collectively
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of HK\$0.00001 each
“Shareholder(s)”	holder(s) of Share(s)
“SME-FRS”	the Hong Kong Small and Medium-Sized Equity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountant
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	The New Medical Center Limited, a company incorporated in Hong Kong with limited liability
“Third Sale Sales”	means 750,000 Sales Shares held by the Third Seller, representing 5.0% of the entire issued share capital of the Target Company, as at the date of this announcement
“Third Seller”	Mr. Chan Kwok On, holder of the Third Sale Shares and an Independent Third Party
“Year 1”	31 March 2021
“Year 2”	31 March 2022
“Year 3”	31 March 2023
“Year 4”	31 March 2024
“Year 5”	31 March 2025

“Year 6”	31 March 2026
“Year 7”	31 March 2027
“Year 8”	31 March 2028
“Years”	collectively, Year 1, Year 2, Year 3, Year 4, Year 5, Year 6, Year 7 and Year 8 and each as a “Year”
“%”	Per cent

By Order of the Board of  
**Union Medical Healthcare Limited**  
**Raymond Siu**  
*Company Secretary*

Hong Kong, 18 May 2020

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Wong Chi Cheung and Mr. Lee Heung Wing, and two non-executive Directors, namely Mr. Luk Kun Shing Ben and Dr. Wang Steven Dasong, and three independent non-executive Directors, namely Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Lam Chi Hang Josekin.*

*\*For identification purpose only*