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Union Medical Healthcare Limited

香港醫思醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2138)

PROPOSED CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus of Union Medical Healthcare Limited (the “**Company**“, together with its subsidiaries, the “**Group**”) dated 1 March 2016 (the “**Prospectus**“) relating to the listing (the “**Listing**“) of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus.

The below table sets out the planned application of the net proceeds from Listing (the “**Net Proceeds**”), and actual usage from Listing Date up to the date of this announcement:

Use of proceeds	Percentage of total Net Proceeds	Planned Applications	Actual usage up to the date of this announcement HK\$ in million	Unutilised Net Proceeds as at the date of this announcement
i. Establishing new, as well as expanding the scale of our existing, aesthetic medical service centres and clinics in Hong Kong and the rest of Greater China	40%	281.4	36.4	245.0
ii. Acquiring aesthetic medical centres and aesthetic medical clinics and entering into joint ventures	25%	175.9	69.6	106.3

Use of proceeds	Percentage of total Net Proceeds	Planned Applications	Actual usage up to the date of this announcement HK\$ in million	Unutilised Net Proceeds as at the date of this announcement
iii. Expanding our dental service business	10%	70.3	1.5	68.8
iv. Establishing our dermatology-related business line	10%	70.3	-	70.3
v. Upgrading and improving our information technology systems	5%	35.2	1.1	34.1
vi. Working capital and for other general corporate purposes	10%	70.3	67.5	2.8
		703.4	176.1	527.3

The Board has resolved to reallocate and change in the use of idle Net Proceeds of the remaining balance of unutilized Net Proceeds (the “**Proposed Reallocation**“) in the revised manner as set out below:

	Proposed Reallocation (Approximately HK\$ in million)	Approximate Percentage of the Remaining Balance of Unutilised Net Proceeds
i. Establishing and expanding the scale of our medical, aesthetic and beauty service businesses, centres and clinics	334.2	63.4%
ii. Acquiring of medical, aesthetic and beauty service businesses, centres and clinics, and entering into of joint ventures	106.3	20.1%
iii. Upgrading and improving our information technology systems	34.1	6.5%
iv. Working capital and for other general corporate purpose	52.7	10.0%
	527.3	100.0%

REASONS FOR THE PROPOSED REALLOCATION

Investment opportunities often do not come along on a standalone basis, but as a combination of businesses and across multiple disciplines. In view of the recent business development strategies and investment opportunities as mentioned above and to cope with enriching the product offerings and service ranges to satisfy diverse customers’ needs by adding on new treatments and procedures, the Company proposes to reallocate the use of Net Proceeds to enhance the Company’s capability to grasp the investment opportunities.

With the objective of improving the efficiency in the deployment and management of the Net Proceeds to the extent that they remain temporarily idle, in the circumstance where there will have no impact on the subsequent application and utilisation of the Net Proceeds in accordance to the Proposed Reallocation, the Board has resolved to utilise part of the temporarily idle Net Proceeds to purchase wealth management products as the Board deems appropriate and in accordance with to the Company's Investment Policy, which in turn will allow the Company to generate a new source of capital revenue, efficiently and effectively manage the Company's temporarily idle Net Proceeds and pursue better investment return with its currently available internal resources for the Company and the Shareholders as a whole.

Pursuant to the Company's investment policy, any wealth management product portfolio to be purchased would be subject to the internal authorisation, risk limits as well as regular reviews by the Board on a quarterly basis with reference to the product types, the potential and historical performance, risk profile, price or interest rate movements of the relevant products, the total investment positions held and the then capital needs of the Group. If the investment of the wealth management products would constitute notifiable transaction(s) under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), further announcement(s) will be made by the Company in this regard as and when appropriate in accordance with the Listing Rules.

The Board is of the view that there are no material changes in the nature of business objectives as set out in the Prospectus and that the proposed change in the use of the Net Proceeds is in the interest of the Company and its Shareholders as a whole.

The Board would like to put the Proposed Reallocation to vote by the Shareholders by way of ordinary resolution at the AGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions relating to the Proposed Reallocation at the AGM. A circular containing, among other things, the details of the Proposed Reallocation and the notices convening the AGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

By order of the Board
Union Medical Healthcare Limited
Gabriel LEE
Executive Director

Hong Kong, 18 July 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Luk Kun Shing Ben and Mr. Yeung Chin Wan, and three independent non-executive directors, namely Mr. Ma Ching Wan, Dr. Yu Ka Fai Alexis and Mr. Look Andrew.