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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)

CONDITIONAL ADOPTION OF THE CO-OWNERSHIP PLAN; SCHEME MANDATE TO ISSUE NEW SHARES UNDER THE CO-OWNERSHIP PLAN; PROPOSED CONNECTED TRANSACTIONS INVOLVING THE PURCHASE OF AWARD SHARES AND THE POTENTIAL GRANT OF SHARES TO CONNECTED PARTICIPANTS

1. CONDITIONAL ADOPTION OF THE CO-OWNERSHIP PLAN

On 21 February 2020, the Board considered and approved the adoption of the Co-Ownership Plan subject to the satisfaction of the Approval Conditions.

2. REASONS, PURPOSES AND OBJECTIVES OF THE CO-OWNERSHIP PLAN

The reasons, purposes and objectives of the Co-Ownership Plan are to incentivise skilled and experienced Eligible Participants to remain with the Group and to motivate them to strive for the future development and expansion of the Group in order to create value for the Shareholders, by providing Eligible Participants with an opportunity to acquire equity interests in the Company according to the Rules, and further aligning their interests with those of the long term Shareholders.

3. CONDITIONS

The Co-Ownership Plan, and any participation in the Co-Ownership Plan, are in all respects conditional upon:

- (A) the passing of each of the Plan Resolutions by the Independent Shareholders at the Extraordinary General Meeting; and

- (B) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, all the new Shares which may be allotted and issued under the Scheme Mandate

(together, the “**Approval Conditions**”).

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the new Shares which may be allotted and issued under the Scheme Mandate.

4. KEY FEATURES OF THE CO-OWNERSHIP PLAN

- **Term:** The Co-Ownership Plan shall be valid and effective for the period commencing on the Effective Date, and shall expire on the earliest of: (i) the date on which all Award Shares have been Settled; (ii) 31 December 2023; and (iii) the date on which the Co-Ownership Plan is terminated in accordance with the Rules (see the section headed “Termination”, below).
- **Administration:** The Co-Ownership Plan shall be administered by the Committee and the Plan Trustees.
- **Eligible Participants:** Only Eligible Participants shall be eligible to participate in the Co-Ownership Plan. As of the date of this announcement, there are approximately 100 Eligible Participants. The Committee will invite Eligible Participants to participate in the Co-Ownership Plan and become Participants in accordance with the terms of the Rules and subject to the satisfaction of the Approval Conditions. An Eligible Participant will only become a Participant once the Committee confirms such Eligible Participants’ acceptance of an invitation to participate. Each Eligible Participant has been selected on the basis of such person’s: (i) tenure and / or business relationship with the Group being one year or more; (ii) professional qualification(s); (iii) position being assistant manager-grade or above; and / or (iv) overall contribution to the Group as assessed by the Committee.
- **Investment Shares:** Award Shares will only be Granted (in the manner determined based on the matching ratio as discussed in the section headed “Basis for determining number of Award Shares” below) to Participants who have contributed Investment Amounts (in cash and / or Contribution Shares) for Investment Shares in accordance with the Rules.

During the Invitation Period, the Committee will invite each Eligible Participant to participate in the Co-Ownership Plan. Eligible Participants who have communicated their acceptance in an Acceptance Letter, and are accepted by the Committee (subject to the satisfaction of the Approval Conditions), will: (i) transfer their cash Investment Amount in immediately available funds to the relevant Plan Trustee through the Company; and / or (ii) transfer to the relevant Plan Trustee legal title to their Contribution Shares.

As soon as practicable after the Investment Amount Settlement Date, the Committee will direct and procure the Plan Trustees to acquire Shares in the manner specified in the paragraph headed “Acquisition of Investment Shares”, below, on behalf of the Participants who have transferred cash to satisfy their Investment Amount, until the aggregate cash Investment Amounts transferred by those Participants have been utilised. The Shares acquired will be allocated among the Participants who have transferred cash to satisfy their Investment Amount on a pro-rata basis, based on such Participant’s respective Investment Amounts settled in cash (and disregarding any contribution of Contribution Shares).

The Participants will not be entitled to any interest in respect of the Investment Amounts or any other monies held in a Plan Trust.

The relevant Plan Trustee will hold the purchased Shares and Contribution Shares as Investment Shares on trust for the benefit of each Participant until the earlier of: (a) the date of service of a valid transfer notice by the relevant Participant to transfer any Investment Shares to the Participant prior to the Grant Date; and (b) the Grant Date. As soon as reasonably practicable after the date of service of a transfer notice (or the Grant Date, for Participants who have not served a notice before such date), the Committee will arrange for the legal title to the Investment Shares to be transferred to the relevant Participant.

Participants whose Investment Shares are held by a Plan Trustee shall be entitled to cash dividends, distributions and bonus Shares (but not other distributions such as nil-paid rights) made by the Company with respect to the Investment Shares in respect of the period they are so held.

- **Acquisition of Investment Shares:** As soon as practicable after the Investment Amount Settlement Date, and in any event prior to 31 July 2020, the cash Investment Amounts of Participants will be utilised in the following manner:

(A) In respect of the cash Investment Amounts of Connected Participants, the Committee will:

- (i) direct and procure the Plan Trustee of the Connected Plan Trust to purchase up to 1,700,000 Connected Seller’s Qualifying Shares as committed by Mr. Lee at a price per Share equal to the Investment Share VWAP; and
- (ii) if after such purchase there remain unutilised cash Investment Amounts of Connected Participants, either (as the Committee deems appropriate in its sole discretion, taking into account the Company’s Public Float Requirement) direct and procure the Plan Trustee of the Connected Trust to endeavour to: (a) subscribe for new Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP; or (b) purchase Connected Seller’s Qualifying Shares from Mr. Tang at a price per Share equal to the Investment Share VWAP,

until the aggregate cash Investment Amounts of such Connected Participants have been utilised; and

(B) In respect of the cash Investment Amounts of Non-Connected Participants, the Committee will:

(i) direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Investment Share VWAP; and

(ii) if at the close of the Stock Exchange on 16 July 2020 there remain unutilised cash Investment Amounts of Non-Connected Participants, direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to subscribe for new Shares to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP,

until the aggregate cash Investment Amounts of such Non-Connected Participants have been utilised.

- **Investment Amount Range:** The total Investment Amount to be contributed by a Participant (in cash and / or Contribution Shares) must be within the Investment Amount Range.
- **Invitation Period:** The Eligible Participants may only accept an invitation to take part in the Co-Ownership Plan during the Invitation Period.
- **Plan Trustees:** The Company will appoint the Plan Trustees to administer the Co-Ownership Plan. The Plan Trustees will hold the relevant Investment Shares for each Participant in one of the two following Plan Trusts:
 - (A) for Participants who are Connected Participants, in the Connected Plan Trust; and
 - (B) for Participants who are Non-Connected Participants, in the Non-Connected Plan Trust.

Each Plan Trust will be administered on substantially the same terms.

- **Basis for determining the number of Award Shares:** A Participant who has his / her Investment Shares held by a Plan Trustee at all times until the Grant Date will be entitled to a Grant of Award Shares (if any) on the Grant Date in accordance with the following provisions (subject to any adjustments provided for in the Rules, including those described in the section headed "Corporate Events"):

For every whole multiple of 10 Investment Shares beneficially held by a Participant, the Participant shall receive a number of Award Shares equal to **Y** or, if lower, **Z** where:

“Y” is calculated as follows:

- (A) if the 2023 EPS is less than 1.33 times the 2020 EPS, then Y is zero;
- (B) if the 2023 EPS is greater than or equal to 1.33 times the 2020 EPS and less than 1.73 times the 2020 EPS, then Y is two;
- (C) if the 2023 EPS is greater than or equal to 1.73 times the 2020 EPS and less than 2.20 times the 2020 EPS, then Y is three;
- (D) if the 2023 EPS is greater than or equal to 2.20 times the 2020 EPS and less than 2.75 times the 2020 EPS, then Y is four; or
- (E) if the 2023 EPS is greater than or equal to 2.75 times the 2020 EPS, then Y is five; and

“Z” is calculated as follows:

- (A) if the Cumulative EPS is less than 3.64 times the 2020 EPS, then Z is zero;
- (B) if the Cumulative EPS is greater than or equal to 3.64 times the 2020 EPS and less than 4.37 times the 2020 EPS, then Z is two;
- (C) if the Cumulative EPS is greater than or equal to 4.37 times the 2020 EPS and less than 5.19 times the 2020 EPS, then Z is three;
- (D) if the Cumulative EPS is greater than or equal to 5.19 times the 2020 EPS and less than 6.11 times the 2020 EPS, then Z is four; or
- (E) if the Cumulative EPS is greater than or equal to 6.11 times the 2020 EPS, then Z is five.

For illustrative purposes, if on the Grant Date, the 2023 EPS is 1.75 times the 2020 EPS and the Cumulative EPS is 5.20 times the 2020 EPS (in each case assuming no adjustments), a Participant would be awarded three Award Shares for every 10 Investment Shares held by such Participant through the relevant Plan Trustee.

A Participant’s maximum entitlement is five Award Shares for every whole multiple of 10 Investment Shares beneficially held by such Participant through the Plan Trustee. If the total number of Investment Shares beneficially held by a Participant is less than 10, such Participant shall not receive any Award Shares. No Award Shares will be Granted if the Company achieves a 2023 EPS below 1.33 times the 2020 EPS or a Cumulative EPS below 3.64 times the 2020 EPS.

- **Award Share Limit:** The maximum number of Award Shares that may be Granted to all Participants shall be the Award Share Limit. If the number of Award Shares to be Granted to all Participants based on the provisions above is greater than the Award Share Limit, then a number of Award Shares equal to the Award Share Limit will be allocated among the Participants on a pro-rata basis, based on their respective entitlements to Award Shares if the Award Share Limit was not in place, provided that the number of Award Shares allocated to each of those Participants will be rounded down to the nearest whole number.

- **Award Shares Grant Settlement:** As soon as practicable after the Grant Date, and in any event prior to 30 September 2023, the Company will Settle the Award Shares in the following manner:
 - (A) subject to the Public Float Requirement being complied with, the Committee will direct and procure the Plan Trustees to endeavour to purchase existing Shares on-market over a reasonable period of time (without delay) as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Award Share VWAP; and

 - (B) if at the close of the Stock Exchange on 16 September 2023 there remain Award Shares to be Settled, the Committee will direct and procure the Plan Trustees to make an offer after the close of trading on the Stock Exchange on such date to purchase Connected Seller's Qualifying Shares from the Connected Sellers up to such number of remaining Award Shares, at a price per Share equal to the Award Share VWAP and:
 - (i) if either or both of the Connected Sellers accept such offer prior to opening of the Stock Exchange on the first Business Day after 16 September 2023, endeavour to purchase such number of Connected Seller's Qualifying Shares that the Connected Seller(s) have agreed to sell in accordance with the above mentioned terms and, if the Shares available to be purchased from the Connected Sellers exceed the number of remaining Award Shares, in proportion to their respective shareholding in the Company; or

 - (ii) if, having taken into account the Connected Seller's Qualifying Shares to be purchased from the Connected Seller(s), at the opening of the Stock Exchange on the first Business Day after 16 September 2023 there remain Award Shares to be Settled, direct and procure the Plan Trustees to endeavour to subscribe for new Shares to Settle the remaining Award Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Award Share VWAP,

and such Shares so subscribed for and/or purchased by the Plan Trustees shall then be transferred to the relevant Grantee.

- **Early Termination by Participant:** A Participant may serve a notice prior to the Grant Date to have all, but not less than all, Investment Shares to which such Participant holds beneficial title transferred to such Participant. Upon receipt of notice of such transfer, such Participant shall cease to participate in the Co-Ownership Plan and shall not be entitled to any Award Shares.
- **Entitlement of Good Leaver:** If a Participant becomes a Good Leaver prior to the Grant Date, the number of Award Shares to be Granted shall be pro-rated by dividing the number of calendar days during which such Participant has participated in the Co-Ownership Plan (from and including the Investment Amount Settlement Date until and including the date such Participant ceases his or her employment, engagement or office) by the total number of calendar days in the period from and including the Investment Amount Settlement Date until and including the Grant Date.
- **Corporate Events:**

(A) If, prior to the making of a Grant, an M&A Event or a Strategic Investment Event occurs the Committee may either (in its sole discretion):

- (i) resolve to terminate the Co-Ownership Plan, in which case the Committee shall determine the timing of the Grant Date of any of the Award Shares (the date of such Grant then being the "Grant Date") and the number of Award Shares to be Granted and such Grant shall be: (a) made on a pro-rata basis by dividing the number of calendar days during which Participants have participated in the Co-Ownership Plan (from and including the Investment Amount Settlement Date until and including the Grant Date determined by the Committee) by the total number of calendar days in the period from and including the Investment Amount Settlement Date until and including 30 September 2023; and (b) subject to any Equitable Adjustments; or
- (ii) resolve not to so terminate the Co-Ownership Plan, in which case the Committee shall determine the number of Award Shares to be Granted and such Grant shall be subject to any Equitable Adjustments,

and an independent financial adviser to the Company must confirm to the Committee in writing that any such determination and Equitable Adjustments are in their opinion fair and reasonable.

(B) If, after a Grant has been made and prior to the Settlement of an Award Share:

- (i) a general offer by way of takeover or otherwise (other than by way of scheme of arrangement below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) by any person and such offer becomes or is declared unconditional, then prior to the offer becoming or being declared unconditional; or

- (ii) a general offer for Shares by way of a scheme of arrangement is made by any person to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings of such Shareholders, then prior to such meetings; or
- (iii) pursuant to the Companies Law, a compromise or arrangement (other than a scheme of arrangement contemplated above) between the Company and the Shareholders and/or the creditors of the Company is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (iv) a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company,

the Committee shall determine in its absolute discretion whether and, if so, the number of Award Shares (if any) that: (a) shall be Settled and the period within which such Award Shares shall be Settled; and/or (b) shall not be Settled and regarding which the Grant shall lapse and when such lapse shall occur, but treating all Participants fairly and taking into account the number of calendar days during which such Participant has participated in the Co-Ownership Plan, whether the Participant is a Good Leaver or a Bad Leaver (where applicable) and the calculation for determining the number of Award Shares (if any) that would be Granted if the relevant event as referred to in this paragraph had not occurred.

- (C) In the event of a Reorganisation of Capital Structure while no Settlement has taken place for the Grant of any Award Share:
 - (i) such corresponding adjustments (if any) shall be made to: (a) the Award Share Limit and Scheme Mandate Limit; and (b) the number or nominal value of Award Shares so far as not yet Settled (such adjustment shall be proportionate to the change in the share capital of the Company); provided that any such adjustments give a Grantee no less proportion of the share capital of the Company than that to which that Grantee was previously entitled; and
 - (ii) in respect of any such adjustments, the auditors or an independent financial adviser to the Company (as the case may be) must confirm to the Committee in writing that the adjustments are in their opinion fair and reasonable.

- **Termination:** The Co-Ownership Plan shall terminate automatically on the earlier of: (x) the date when all Award Shares have been Settled and (y) 31 December 2023, unless terminated earlier by the Committee if: (i) the Approval Conditions have not been satisfied by 30 June 2020; (ii) an ordinary resolution to terminate the Co-Ownership Plan has been passed at a general meeting of the Company; (iii) the Committee resolves to terminate the Co-Ownership Plan upon the occurrence of an M&A Event or Strategic Investment Event; or (iv) the Committee determines that the Company has achieved a 2023 EPS below 1.33 times the 2020 EPS or a Cumulative EPS below 3.64 times the 2020 EPS. Upon termination, the legal title to the Investment Shares will be transferred to the relevant Participants, to the extent not already so transferred, and no further Award Shares may be offered, granted or Settled.

5. SCHEME MANDATE TO ISSUE NEW SHARES AS INVESTMENT SHARES AND / OR AWARD SHARES

On 21 February 2020, the Board has resolved to, subject to the approval of the Independent Shareholders, allot and issue new Shares up to the Scheme Mandate Limit (as may be adjusted in the event of certain Reorganisation of Capital Structure, subject to applicable laws and regulations) to Participants under the Co-Ownership Plan as Investment Shares and / or Award Shares, by way of allotment and issue of new Shares pursuant to the Scheme Mandate, which may be granted by the Independent Shareholders at the Extraordinary General Meeting.

As of the date of this announcement, the number of the total issued Shares is 985,277,448. Assuming that there will be no change in the number of issued Shares between the date hereof and the date of the Extraordinary General Meeting, if the Scheme Mandate is approved and is utilised to the fullest extent, 29,558,323 new Shares would be issued and (assuming there is no Reorganisation of Capital Structure of the Company, subject to applicable laws and regulations) will represent approximately 3% of the current total issued Shares of the Company and approximately 2.91% of the total issued Shares as enlarged by and immediately following such full utilisation of the Scheme Mandate and issue of new Shares (assuming no other Shares will be issued or repurchased by the Company from the date of this announcement and until such full utilisation of the Scheme Mandate).

6. THE CONNECTED PURCHASE OF SHARES TO SATISFY THE SETTLEMENT OF GRANT OF AWARD SHARES

As the Connected Sellers are connected persons of the Company, the purchase of any Shares from the Connected Sellers by the Plan Trustees to satisfy the Settlement of the grant of Award Shares to Participants (including Non-Connected Participants) will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Any such Connected Purchase of Award Shares will be subject to, among other things, the approval by the Independent Shareholders at the Extraordinary General Meeting.

The Connected Purchase of Award Shares will be made at the Award Share VWAP. The maximum number of Shares which could be purchased from the Connected Sellers under the Connected Purchase of Award Shares to Settle the grant of Award Shares is the total number of Award Shares issuable, which is approximately 6,965,971 Shares (based on the Assumptions). Only Connected Seller's Qualifying Shares may be sold by the Connected Sellers pursuant to the Connected Purchase of Award Shares, such Shares having been confirmed by the Connected Sellers to have been acquired by the Connected Sellers either on the open market, pursuant to awards made to them under the Company's share award scheme or prior to the Company's initial public offering. Based on disclosure of interest filings pursuant to Part XV of the Securities and Futures Ordinance, the weighted average acquisition price at which Mr. Tang acquired his Connected Seller's Qualifying Shares was HK\$0.00376^[1] and the weighted average acquisition price at which Mr. Lee acquired his Connected Seller's Qualifying Shares was HK\$0.3197.

The Company believes that the Settlement of Award Shares by way of Connected Purchase of Award Shares to Settle the Grant of Award Shares for Participants (including the Connected Participants and Non-Connected Participants) will have the advantage of limiting the dilutive impact on the share capital of the Company.

7. PROPOSED CONNECTED TRANSACTIONS INVOLVING THE POTENTIAL GRANT OF AWARD SHARES TO CONNECTED PARTICIPANTS

A connected person is eligible to participate in the Co-Ownership Plan if the person meets the selection criteria of an Eligible Participant (please refer to the section headed "4. Key Features of the Co-Ownership Plan – Eligible Participants").

The Grant of any Award Shares to the Connected Participants under the Co-Ownership Plan will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. To the extent that Settlement of such Awards Shares is satisfied by issuing new Shares of the Company or, if the Settlement of the Award Shares is satisfied by the transfer of existing Shares to a Connected Participant and the relevant de minimis exemption under Listing Rule 14A.76(2) cannot be relied on, shareholders' approval is required. The Settlement of Award Shares to the Connected Participant will involve a transfer of cash (to acquire Shares) and / or Shares to the Plan Trustee of the Connected Plan Trust, who itself is a connected person by virtue of holding Investment Shares in trust for Connected Participants. The participation of the Connected Participants in the Co-Ownership Plan and the Connected Grant will, to the above extent, be subject to, among other things, the approval by the Independent Shareholders at the Extraordinary General Meeting.

The 15 Specified Persons are the only connected persons who may be Eligible Participants and therefore considered to be Connected Participants. On the basis of the Assumptions, the maximum total number of Award Shares that would be awarded to such Connected Participants is approximately 3,217,358.

[1] This price excludes 735,000,000 Shares Mr. Tang acquired during the period from when he founded the Company in November 2005 and the Company's listing on the Stock Exchange on 11 March 2016. Mr. Tang's disclosure of interest filing pursuant to Part XV of the Securities and Futures Ordinance in respect of these Shares listed a consideration of HK\$0.

The potential Grant of Award Shares to the Connected Participants may be less than the above maximum amount depending on any deviations from the Assumptions.

8. THE PLAN TRUSTS FOR CONNECTED PARTICIPANTS AND NON-CONNECTED PARTICIPANTS

The Company bears the costs of establishing and administering the Co-Ownership Plan including the payment of fees and expenses incurred by the Plan Trustees.

The Plan Trustee holding Shares for Connected Participants will be a connected person of the Company as it is holding Investment Shares on behalf of connected persons of the Company. As the amount of annual fees payable to such Plan Trustee under the Connected Plan Trust is less than 0.1% of the percentage ratios as defined under the Listing Rules, the Connected Plan Trust will be fully exempted under Listing Rule 14A.76 (1).

9. INFORMATION ABOUT THE GROUP

The Group is principally engaged in the provision of medical and healthcare services.

10. IMPLICATIONS UNDER THE LISTING RULES

Special Mandate

The Co-Ownership Plan does not constitute a share option scheme under Chapter 17 of the Listing Rules as no options are granted over new Shares of the Company. A special mandate will be sought from Independent Shareholders at the Extraordinary General Meeting for the Directors to be authorised to allot and issue new Shares up to the Scheme Mandate Limit (as may be adjusted in the event of certain Reorganisations of Capital Structure, subject to applicable laws and regulations) to Participants under the Co-Ownership Plan as Investment Shares and / or Award Shares.

Connected Transactions

In order for the Connected Sellers to sell their Shares under the Connected Purchase of Award Shares and the Connected Participants to participate in the Co-Ownership Plan, the Company is required to comply with the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules as discussed in sections 6 and 7 above.

As discussed in section 8 above, the trust deed between the Company and the Plan Trustee holding Shares for Connected Participants is fully exempt from the requirements of the Listing Rules.

Public Float

The Connected Sellers are "core connected persons" under Rule 1.01 of the Listing Rules and Shares held by them are not counted towards the Public Float Requirement. The Connected Participants are also "core connected persons" under Rule 1.01 of the Listing Rules, as such the Investment Shares held by the Plan Trustee on behalf of such Connected Participants will also not count towards the Public Float Requirement.

To ensure that the purchase of Investment Shares on behalf of Connected Participants will not affect the Company's ability to comply with the Public Float Requirement, the Connected Sellers have agreed to sell their Connected Seller's Qualifying Shares to the Plan Trustee administering the Connected Plan Trust only. For more information, please refer to the section headed "4. Key Features of the Co-Ownership Plan – Acquisition of Investment Shares".

Directors' Views

The Directors (other than the independent non-executive Directors whose view will be set out in the Letter from the Independent Board Committee of the circular to be dispatched to the Shareholders) are of the view that the terms and conditions of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As Mr. Wong Chi Cheung and Mr. Lee Heung Wing are expected to be Eligible Participants under the Co-Ownership Plan, and Mr. Tang and Mr. Lee are expected to be Connected Sellers and are therefore materially interested in the Co-Ownership Plan, each of the foregoing Directors has abstained from voting on the relevant board resolutions of the Company approving the conditional adoption of the Co-Ownership Plan.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants. Altus Capital Limited has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Extraordinary General Meeting

The Company will seek its Independent Shareholders' approval at the Extraordinary General Meeting for the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants.

11. DESPATCH OF CIRCULAR

A circular of the Company containing, among other things, further details of the Co-Ownership Plan, the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants and a notice convening the Extraordinary General Meeting is expected to be despatched to the Shareholders on or before 16 March 2020.

WARNING: The information above represents only a summary of certain terms of the Co-Ownership Plan, including the bases for determining the respective conditions for the Grant of Award Shares. They do not represent a forecast or projection of the Company's share price, future performance, cash flow or profitability. As the adoption of the Co-Ownership Plan is subject to the Approval Conditions, the Co-Ownership Plan may or may not be implemented and such bases for Grant may or may not materialise. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

12. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

Term	Definition
“2020 EPS”	the basic earnings per Share for the Financial Year ending 31 March 2020, as set out in the Company’s published annual results announcement in respect of such Financial Year;
“2023 EPS”	the basic earnings per Share for the Financial Year ending 31 March 2023, as set out in the Company’s published annual results announcement in respect of such Financial Year, provided that if there has been a Reorganisation of Capital Structure prior to the Grant Date, the calculation of the basic earnings per Share for the Financial Year ending 31 March 2023 for the purposes of calculating the 2023 EPS shall be calculated as though the number of issued Shares as at the relevant calculation date for such Financial Year is the same as the number of issued Shares used in the calculation of the 2020 EPS;
“Acceptance Letter”	a letter of acceptance to be sent by an Eligible Participant which specifies his / her Investment Amount and indicates whether any part of the Investment Amount will be settled in the form of Contribution Shares;
“Annual Remuneration Package”	with respect to an Eligible Participant, the total income reported by such Eligible Participant in his / her latest annual tax return in respect of his / her employment or engagement with the relevant Group Company filed with the Inland Revenue Department (or its equivalent outside of Hong Kong) prior to the date of the relevant invitation to participate in the Co-Ownership Plan;
“Approval Conditions”	is defined in the section headed “3. Conditions”;
“Assumptions”	(i) all the Eligible Participants will participate, in the Co-Ownership Plan to the fullest extent; (ii) all conditions to the Grant of the Award Shares have been satisfied and the maximum entitlements to the Award Shares are Granted; (iii) all the Participants (including Connected Participants) are Grantees of Award Shares, and (iv) on the basis of the Award Share Limit, the Scheme Mandate Limit, the Investment Share VWAP, and assuming there is no Reorganisation of Capital Structure, M&A Event or Strategic Investment Event or other corporate events described under the Section “Corporate Events” in this announcement from the date of this announcement to the date the Grant of the Award Shares are Settled;

“Award Share”	a Share awarded to a Grantee on the Grant Date;
“Award Share Limit”	the total maximum number of Award Shares that may be transferred or allotted and issued (as the case may be) by the Company pursuant to the Co-Ownership Plan, being 3% of the issued Shares on the day of the Extraordinary General Meeting (as may be adjusted in the event of Reorganisation of Capital Structure, such to applicable laws and regulations);
“Award Share VWAP”	the 30-day volume-weighted average closing price of a Share on the Stock Exchange, where such 30-day period begins on the Business Day after the date on which the Company’s annual results announcement for the Financial Year ending 31 March 2023 is published;
“Board”	the board of Directors from time to time;
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which the Stock Exchange is open for the business of dealing in securities and on which banks are open for normal banking business in Hong Kong;
“Co-Ownership Plan”	the co-ownership scheme adopted by the Company and constituted by the Rules as amended from time to time;
“Committee”	the remuneration committee of the Company or such other committee as the Board may authorise to administer the Co-Ownership Plan;
“Companies Law”	the Cayman Islands Companies Law, as amended and restated from time to time;
“Company”	Union Medical Healthcare Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;
“Connected Grant(s)”	the proposed Grant(s) of Award Shares to the Connected Participants who will become Grantees under the Co-Ownership Plan;
“Connected Participant(s)”	a Participant who is a connected person of the Company, including a Director, chief executive or substantial shareholder of the Company or a director, chief executive or substantial shareholder of any of its subsidiaries, as at the relevant time;
“connected person”	has the meaning ascribed to it in Chapter 14A of the Listing Rules;
“Connected Plan Trust”	the Co-Ownership Plan trust constituted under the relevant Plan Trust Deed to hold Shares on trust for Connected Participants;

“Connected Purchase of Award Shares”	the purchase of Shares by a Plan Trustee from the Connected Sellers to satisfy Award Share Grants;
“Connected Sellers”	Mr. Tang and Mr. Lee;
“Connected Seller’s Qualifying Share(s)”	Shares that the relevant Connected Seller has been holding at all times since the Business Day before the date of this announcement;
“Contribution Share(s)”	Shares that an Eligible Participant: (A) has held at all times since the Business Day before the date of this announcement and up to and including the date he / she transfers such Shares’ legal title to the relevant Plan Trustee; and (B) indicates in his/her Acceptance Letter he / she intends to contribute to the Co-Ownership Plan to settle any part of his/her Investment Amount (the deemed price of each such Share, for the purposes of administering the Co-Ownership Plan and ensuring the total Investment Amount of such Participant falls within his/her Investment Amount Range, shall be the Investment Share VWAP);
“Cumulative EPS”	the total aggregate basic earnings per Share for the Financial Years ending 31 March 2021, 2022 and 2023, as set out in the Company’s published annual results announcement in respect of such Financial Years, provided that if there has been a Reorganisation of Capital Structure prior to the Grant Date, the calculation of the basic earnings per Share for the Financial Years ending 31 March 2021, 2022 and 2023 for the purposes of calculating the Cumulative EPS shall be made as though the number of issued Shares as at the relevant calculation date for each such Financial Year is the same as the number of issued Shares used in the calculation of the 2020 EPS;
“Director”	a director of the Company;
“Effective Date”	the date on which the last in time of the Approval Conditions is satisfied;
“Eligible Participant(s)”	a director, employee or service provider of a Group Company (including a Specified Person), in each case that has been selected by the Committee and who has not given to such Group Company nor has such Group Company given to such person a notice of resignation or notice of termination (as the case may be) of employment, engagement, office or contract, provided that neither of the Connected Sellers nor any non-executive Director shall be Eligible Participants;
“Equitable Adjustments”	such equitable adjustments to the 2023 EPS, Cumulative EPS and the Award Share VWAP as the Committee deems appropriate in order to take into account the occurrence of an M&A Event or a Strategic Investment Event, as the case may be;

“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened by the Company to approve, among other things, the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants as described herein;
“Financial Year”	in respect of any calendar year, the Company’s financial year ending on 31 March of the relevant year;
“Good Leaver”	<p>a person who ceases to be employed or engaged by the Company or any other Group Company, or ceases to be a director of any Group Company:</p> <p>(A) by reason of: (i) death; (ii) retirement at or after the age of 60; (iii) permanent ill health or physical or mental disability which renders him/her incapable of continued employment, engagement or holding office in his/her current position carrying out the normal duties for that position, as certified by a general medical practitioner, or other specialist medical professional; or (iv) the relevant circumstances as set out in this announcement in the section headed “4. Key Features of the Co-Ownership Plan - Corporate Events”; and</p> <p>(B) who has been determined by the Committee to be a Good Leaver;</p>
“Grant”	the grant (including the Connected Grant) of Award Shares to a Participant (including the Connected Participants) under the Co-Ownership Plan;
“Grant Date”	a date, to be determined by the Committee, falling after the publication of the Company’s annual results announcement for the Financial Year ending 31 March 2023 and the determination of the 2023 EPS and Cumulative EPS, or as determined by the Committee under the terms of the Rules in the event of an M&A Event or a Strategic Investment Event, and in any event prior to 30 September 2023 unless decided otherwise by the Committee;
“Grantee”	any Participant to whom a Grant is made in accordance with the terms of these Rules or, in the event of such person’s death, his estate or legally appointed representative;
“Group”	the Company and its subsidiaries and a “Group Company” means any of the aforesaid companies;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors who do not have a material interest in the Co-Ownership Plan, which was established to advise the Independent Shareholders in relation to the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants;
“Independent Shareholders”	Shareholders other than those who have a material interest in: the adoption of the Co-Ownership Plan, the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants, and are required to abstain from voting on the relevant resolutions at the Extraordinary General Meeting;
“Investment Amount Range”	for any Eligible Participant, an amount: (i) equal to or greater than 25% of such Eligible Participant’s Annual Remuneration Package; and (ii) not more than 100% of his / her Annual Remuneration Package;
“Investment Amount Settlement Date”	the date on which the total Investment Amounts of all of the Participants have been transferred to the Company and/or the Plan Trustees (as the case may be);
“Investment Amount”	the amount a Participant nominates to invest into the relevant Plan Trust, in the form of cash and/or Contribution Shares;
“Investment Share VWAP”	HK\$5.3201, being the 30-trading-day volume-weighted average closing price of a Share on the Stock Exchange, where such 30-day period is ended on 24 February 2020;
“Investment Share(s)”	the Share(s) acquired by the Plan Trustees using the cash Investment Amounts in the manner set out in the paragraph headed “Acquisition of Investment Shares” and the Contribution Shares, in each case, held in accordance with the Co-Ownership Plan;
“Invitation Period”	the period of five Business Days commencing on the date of this announcement, or such other period and commencement date as the Committee determines and notifies to the Eligible Participants;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;
“M&A Event”	any transaction by any member of the Group which constitutes a ‘notifiable transaction’ of the Company (such term having the meaning given to it in Chapter 14 of the Listing Rules);
“Mr. Lee”	Mr. Lee Gabriel, the Chief Operating Officer of the Company and an executive Director;

“Mr. Tang”	Mr. Tang Chi Fai, the Chief Executive Officer of the Company, chairman of the Board, chairman of the nomination committee of the Company and an executive Director;
“Non-Connected Participant”	a Participant who is not a Connected Participant, as at the relevant time;
“Non-Connected Plan Trust”	the Co-Ownership Plan trust constituted under the relevant Plan Trust Deed to hold Shares on trust for Non-Connected Participants;
“Participant”	an Eligible Participant who has accepted an invitation to participate in the Co-Ownership Plan and whose acceptance is accepted by the Committee pursuant to the terms of the Rules;
“Plan Resolutions”	the resolutions to be put to Independent Shareholders at the Extraordinary General Meeting to approve: (i) the grant of the Scheme Mandate; (ii) the Connected Purchase of Award Shares; and (iii) the Connected Grants as described herein;
“Plan Trustee”	the third-party professional trustee(s) of the Plan Trusts appointed by the Company from time to time;
“Plan Trust”	the Connected Plan Trust and/or the Non-Connected Plan Trust, as the case may be;
“Plan Trust Deeds”	the trust deeds entered into between the Company and the Plan Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Plan Trustee for the administration of the Connected Plan Trust and the Non-Connected Plan Trust;
“Public Float Requirement”	the requirement under the Listing Rules for the Company to have 25% or more of its issued Shares held by the “public”, as such term is defined in Chapter 8 of the Listing Rules;
“Reorganisation of Capital Structure”	an alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, issue of shares on exercise of share options, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and the Listing Rules (other than by way of an M&A Event or Strategic Investment Event);
“Rules”	the rules of the Co-Ownership Plan as amended from time to time;
“Scheme Mandate”	a special mandate to be sought from the Shareholders at the Extraordinary General Meeting to authorise the Directors to allot and issue new Shares under the Rules up to the Scheme Mandate Limit;

“Scheme Mandate Limit”	the total maximum number of new Shares that may be allotted and issued by the Company pursuant to the Co-Ownership Plan, being 3% of the issued Shares on the day of the Extraordinary General Meeting (as may be adjusted in the event of certain Reorganisations of Capital Structure, subject to applicable laws and regulations);
“Settle” or “Settlement”	in respect of a Grant, the transfer of the relevant Award Share(s) to the relevant Grantee;
“Shareholder(s)”	holder(s) of Shares;
“Shares”	ordinary share(s) in the share capital of the Company; and
“Specified Person(s)”	Lee Heung Wing and Wong Chi Cheung each of whom is a Director, and Chu Chun Pu, Cheung Man Sze, Chui Sin Heng, Ip Shing Fai, Chow Chi Lei Julie, Wong Miu Yee, Tan Ho Yin Timothy, Leung Lok Yan, Leung Shu Cheong Mark, Tsang Lai Man, Wong Yu Man, Wong Wan and Young Arnold Jonathan each of whom is a director or a substantial shareholder of a subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Investment Event”	any issue and allotment by way of private placement of Shares or securities convertible into Shares.

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

Hong Kong, 25 February 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Wong Chi Cheung and Mr. Lee Heung Wing; the non-executive Directors are Mr. Luk Kun Shing Ben and Dr. Wang David Guowei, and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Lam Chi Hang Josekin.

If there is any inconsistency between the English and the Chinese versions of this announcement, the English version shall prevail.

*For identification purposes only