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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)

SALE OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SHARE SALE AND SUBSCRIPTION AGREEMENT

The Board announces that on 25 September 2020 (after trading hours), the Company entered into the Share Sale and Subscription Agreement with the Purchaser and the Seller, pursuant to which (i) the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, an aggregate of 10,000,000 existing Shares at a price of HK\$4.25 per Share, and (ii) the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 10,000,000 new Shares at the Subscription Price of HK\$4.25 per Share.

The Sale Shares represent (i) approximately 0.98% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.97% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares in aggregate (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issuance of the Subscription Shares).

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be allotted and issued under the General Mandate. Completion of the Subscription is conditional upon:

- (a) the Listing Committee agreeing to grant the listing of, and permission to deal in, the Subscription Shares; and
- (b) Closing of the Sale having occurred pursuant to the terms of the Share Sale and Subscription Agreement.

Completion of the Share Sale and Subscription Agreement is subject to fulfilment of the conditions precedent therein and the Sale and the Subscription may or may not proceed. As the Share Sale and Subscription Agreement may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.

THE SHARE SALE AND SUBSCRIPTION AGREEMENT

Date

25 September 2020 (after trading hours)

Parties

- (1) the Company;
- (2) the Purchaser; and
- (3) Union Medical Care Holding Limited as the Seller. Union Medical Care Holding Limited is a company wholly owned by Mr. Tang Chi Fai (“**Mr. Tang**”). As at the date of this announcement, the Seller is the controlling shareholder of the Company holding 721,231,230 Shares, representing approximately 70.32% of the existing issued share capital of the Company as at the date of this announcement.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its respective ultimate beneficial owner(s) is an Independent Third Party.

Sale and Subscription

Pursuant to the Share Sale and Subscription Agreement, (i) the Seller has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, an aggregate of 10,000,000 existing Shares at a price of HK\$4.25 per Share, and (ii) the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 10,000,000 new Shares at the Subscription Price of HK\$4.25 per Share.

Sale Shares

As at the date of this announcement, the Company has in aggregate 1,025,611,195 Shares in issue. The 10,000,000 Sale Shares represent (i) approximately 0.98% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.97% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issuance of the Subscription Shares). The aggregate nominal value of the Sale Shares under the Sale will be HK\$100.00.

The Sale Shares rank pari passu among themselves and with the other Shares in issue as at the date of this announcement.

Sale Price

The Sale Price of HK\$4.25 per Sale Share represents:

- (a) a discount of approximately 10.34% to the closing price of HK\$4.74 per Share as quoted on the Stock Exchange on the Last Trading Day; and

- (b) a discount of approximately 7.61% to the average closing price of approximately HK\$4.60 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Sale Price was determined after arm's length negotiations between the Company, the Purchaser and the Seller with reference to the prevailing market price of the Shares and the market conditions. The Directors (including all independent non-executive Directors) consider that the Sale Price and the terms of the Sale are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Rights

The Sale Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of the Share Sale and Subscription Agreement, including the right to receive all dividends or other distributions declared, made or paid after the date of the Share Sale and Subscription Agreement.

Conditions Precedent to the Sale

The Sale is conditional upon the following:

- (a) the Share Sale and Subscription Agreement having been entered into by the Company, the Purchaser and the Seller; and
- (b) there not having come to the attention of the Purchaser at any time prior to the closing of the Sale that (i) any breach of, or any event rendering untrue, inaccurate or misleading in any of the representations, warranties or undertakings referred to in the Share Sale and Subscription Agreement; or (ii) any breach of, or failure to perform, any of the obligations of the Company or the Seller required to be performed at or before the closing of the Sale.

Completion of the Sale

The Sale is expected to be completed on second Business Day after the date of the Share Sale and Subscription Agreement (or such other date as the Company, the Seller and the Purchaser may agree in writing).

Subscription Shares

The Seller will subscribe for, and the Company will allot and issue 10,000,000 Subscription Shares with an aggregate nominal value of HK\$100.00, which is equivalent to the number of the Sale Shares. The 10,000,000 Subscription Shares represent, (i) approximately 0.98% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.97% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issuance of the Subscription Shares).

The Subscription Shares rank pari passu among themselves and with the other Shares in issue as at the date of the allotment and issuance of the Subscription Shares.

Subscription Price

The Subscription Price is equivalent to the Sale Price of HK\$4.25 per Share. The Subscription Shares have a nominal value of HK\$0.00001 each and a market value of HK\$47.4 million, based on the closing price of HK\$4.74 on the Last Trading Day.

The Directors (including all independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent to the Subscription

The Subscription is conditional upon the following:

- (a) the approval (either unconditionally or subject to allotment and matters ancillary thereto) to be granted by the Listing Committee for the listing of, and permission to deal in, the Subscription Shares having been granted and not having been subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares or depositing the certificates into the account of the relevant CCASS participant in accordance with the Seller's instructions; and
- (b) closing of the Sale having occurred pursuant to the terms of the Share Sale and Subscription Agreement.

None of the conditions precedent stated above can be waived. In the event that the conditions precedent are not fulfilled within 14 days after the date of the Share Sale and Subscription Agreement, the obligations and liabilities of the Purchaser, the Seller and the Company under the Subscription shall be null and void and neither the Purchaser, the Seller and the Company shall have any claim against the other for costs, damages, compensation or otherwise in respect of the Share Sale and the Subscription.

General Mandate to Issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate, which has been granted to the Directors to allot and issue up to 200,605,439 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issuance of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Completion of the Subscription

Subject to the fulfilment of the conditions precedent under the Share Sale and Subscription Agreement, completion of the Subscription will take place on the second Business Day following the day on which all the conditions precedent of the Subscription referred to above are satisfied or such other date as the Purchaser, the Seller and the Company may agree, and in any event no later than a date 14 days after the date of the Share Sale and Subscription Agreement.

Application for Listing of the Subscription Shares

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

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,025,611,195 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Sale and the Subscription, assuming there is no other change to the share capital and in the shareholding structure of the Company (other than the issue of the Subscription Shares) between the date of this announcement and completion of the Subscription:

Shareholders	As at the date of this announcement		Immediately after completion of the Sale and the Subscription	
	Number of shares	%	Number of shares	%
Mr. Tang ¹	728,988,230	71.08	728,988,230	70.07
Core Connected Persons of the Company	39,753,968	3.87	39,753,968	3.82
	768,742,198	74.95	768,742,198	73.89
OrbiMed Asia Partners III, L.P. ²	63,806,686	6.22	63,806,686	6.13
Purchaser	-	-	10,000,000	0.96
Other public shareholders ³	193,062,311	18.83	197,867,721	19.02
	256,868,997	25.05	271,674,407	26.11
Total issued shares	1,025,611,195	100.00	1,040,416,605	100.00

Notes:

1. 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.
2. 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
3. On 24 September 2020, the Company has entered into an agreement with Renaissance City Development Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Champion Real Estate Investment Trust (REIT), the units of which are listed on the Stock Exchange (stock code: 2778). Pursuant to the agreement, the Company has conditionally agreed to allot and issue, and Renaissance City Development Company Limited has conditionally agreed to subscribe for, 4,805,410 shares. Completion of the issue and allotment of the aforesaid shares has not yet taken place as at the date of this announcement.

INFORMATION ON THE PURCHASER

The Purchaser, a company incorporated in British Virgin Islands, is wholly-owned by a non-executive director of Agile Group Holdings Limited (Stock Code: 3383) and an Independent Third Party. He is a businessman with extensive experiences in property development and business management. As at the date of this announcement, the Purchaser does not hold any Share in the Company.

INFORMATION ON THE GROUP

The Company is incorporated in the 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. To the best knowledge of the Directors, as at the date of this announcement, there is no material adverse change to the cash position of the Company since 31 March 2020.

REASONS FOR THE BENEFITS OF THE SHARE SALE AND SUBSCRIPTION AGREEMENT

The Directors believe that the Sale and Subscription will introduce strategic investor to the Group to empower the Group's development in the mainland China through extending the Group's clinic network in the Purchaser's property development resources and optimize the shareholders base of the Company. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Sale and Subscription Agreement (including the Sale Price and the Subscription Price) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds and the net proceeds (after deducting all costs and expenses incurred) from the Sale and the Subscription are expected to be approximately HK\$42.5 million and approximately HK\$42.3 million, respectively. The net Subscription Price, after deducting such fees, costs and expenses, will be approximately HK\$4.23 per Subscription Share. It is intended that the net proceeds received by the Company from the Subscription will be utilised for general corporate purposes of the Group.

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN 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:

Date of announcement	Fund raising activities	Gross proceeds	Net proceeds	Intended use of proceeds	Actual use of proceeds
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 rental payment
24 September 2020	Issue and subscription of new Shares under the General Mandate	Approximately HK\$20.4 million	Approximately HK\$20.4 million	The gross proceeds will be fully applied to set off the rental payment	The gross proceeds has been fully applied to set off rental payment

Completion of the Share Sale and Subscription Agreement is subject to fulfilment of the conditions precedent therein and the Sale and the Subscription may or may not proceed. As the Share Sale and Subscription Agreement may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors from time to time;
“Business Day”	any day (excluding Saturday, Sunday, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong;
“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 (Stock Code: 2138);
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 21 August 2020 to allot and issue up to 200,605,439 Shares
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the Seller and their respective associates and connected persons in accordance with the Listing Rules;
“Last Trading Day”	25 September 2020, being the date of the Share Sale and Subscription Agreement;
“Listing Committee”	the listing committee of the Stock Exchange;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Purchaser”	Renowned Idea Investments Limited, a company incorporated in British Virgin Islands with limited liability;
“Sale”	sale of Sale Shares from the Seller to Purchaser under the Share Sale and Subscription Agreement;
“Sale Price”	price payable for the Sale Shares in respect of the Sale at HK\$4.25 per Shares;
“Sale Shares”	10,000,000 existing Shares to be sold by the Seller to the Purchaser pursuant to the Share Sale and Subscription Agreement;
“Seller” or “Subscriber”	Union Medical Care Holding Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary shares of the Company with a nominal value of HK\$0.00001 each;
“Share Sale and Subscription Agreement”	the share sale and subscription agreement dated 25 September 2020 entered into between the Seller, the Purchaser and the Company in respect of the Sale and the Subscription;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Share Sale and Subscription Agreement;
“Subscription Price”	price payable for the new Shares in respect of the Subscription at HK\$4.25 per Share;
“Subscription Shares”	10,000,000 new Shares to be allotted by the Company and subscribed by the Subscriber pursuant to the Share Sale and Subscription Agreement;
“%”	per cent.

By order of the Board
Union Medical Healthcare Limited
Siu Chun Pong Raymond
Company Secretary

Hong Kong, 28 September 2020

As at the date of this announcement, the board of Directors comprises four executive Directors, namely Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Lee Heung Wing and Mr. Wong Chi Cheung; 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*