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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)

**CONNECTED TRANSACTION
SUPPLEMENTAL AGREEMENT IN RELATION TO
THE SALE AND PURCHASE AGREEMENT
AND
COMPLETION OF ACQUISITION OF 50% EQUITY INTERESTS
OF THE TARGET COMPANIES**

Reference is made to the announcement of Union Medical Healthcare Limited (the “**Company**”) dated 2 November 2016 (the “**Announcement**”) in relation to the Sale and Purchase Agreement for the acquisition of the Sale Shares in the Target Companies. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As set out in the Announcement, on 2 November 2016, the Purchaser entered into the Sale and Purchase Agreement with each of the Sellers and each of the Target Companies, pursuant to which the Sellers agreed to sell, and the Purchaser agreed to purchase the Sale Shares, being 75% of the equity interest in each of the Target Companies, at the Consideration of HK\$37,731,000. Pursuant to the Sale and Purchase Agreement, the Purchaser will acquire 50% equity interest and 25% equity interest in each of the Target Companies from Redhill and Mr. Cheng respectively.

THE SUPPLEMENTAL AGREEMENT

The Board announces that, subsequent to the signing of the Sale and Purchase Agreement and fulfilment of the conditions precedent in the Sale and Purchase Agreement by the Target Companies, Redhill and the spouse of Mr. Tang, one of the conditions precedent has not been

fulfilled by Mr. Cheng. Accordingly, on 25 November 2016, the Purchaser, Mr. Cheng, Redhill and each of the Target Companies entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend and supplement certain terms of the Sale and Purchase Agreement. The principal amendments under the Supplemental Agreement are summarised below:

- (a) Mr. Cheng will no longer sell his 25% equity interest in each of the Target Companies to the Purchaser. The Purchaser will only acquire the 50% equity interest in each of the Target Companies (the “**New Sale Shares**”) from Redhill at a consideration of HK\$25,154,000;
- (b) pursuant to the Sale and Purchase Agreement, the Completion is conditional upon conditions precedent fulfilled or waived by the Purchaser on or before 30 November 2016. It was agreed in the Supplemental Agreement that all conditions precedent in the Sale and Purchase Agreement have been fulfilled or waived by the Purchaser; and
- (c) the profit guarantee in respect of the Target Profits and the Payback mechanism in the Sale and Purchase Agreement shall remain valid for Redhill.

Save for the above amendments, all other material terms and conditions of the Sale and Purchase Agreement remain unchanged and in full force and effect.

The Board is pleased to announce that all of the conditions precedent set out in the Sale and Purchase Agreement and the Supplemental Agreement with respect to the New Sales Shares have been fulfilled and Completion of the acquisition of New Sale Shares from Redhill took place on 25 November 2016. Upon Completion, the Target Companies will become jointly controlled entities of the Company and the financial results, assets and liabilities of the Target Companies will be accounted for as jointly controlled entities in the financial statements of the Group.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Board believes that the acquisition of 50% interest in the Target Companies from Redhill will (i) complement and provide synergy to medical services and medical aesthetic services that the Group can offer, (ii) provide the Group with priority access to new medical technology, medical equipment and medication, (iii) diversify the Group’s business portfolio, and (iv) expand the scope of the Group as a one-stop platform to further attract distributorship opportunities in the Greater China. The terms of the Supplemental Agreement were arrived at after arm’s length negotiations between the Purchaser, the Sellers and the Target Companies. The Directors consider that the terms of the Supplemental Agreement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

Should the Company enters into further negotiation with respect to shareholding changes of the Target Companies, the Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

LISTING RULES IMPLICATION

As disclosed in the Announcement, each of the Target Companies was owned as to 50% (through Redhill) by the spouse of Mr. Tang. Mr. Tang is the chairman, executive Director and chief executive officer of the Group, Redhill and the Target Companies are therefore connected persons of the Group.

Redhill, a substantial Shareholder of each of the Target Companies, is regarded as an associate of a controller of the Company under Rule 14A.28 of the Listing Rules. As such, the acquisition of the New Sale Shares under the Supplemental Agreement, constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As all the percentage ratios (as defined in the Listing Rules) are more than 0.1% but less than 5%, the acquisition of the New Sale Shares is only subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under the Listing Rules.

Save for Mr. Tang, no Director has a material interest in the acquisition of the New Sale Shares, nor is required to abstain from voting on the resolutions approving the acquisition of the New Sale Shares. Mr. Tang had abstained from voting on the resolutions approving the acquisition of the New Sale Shares.

By Order of the Board of
Union Medical Healthcare Limited
Lee Gabriel
Executive Director

Hong Kong, 25 November 2016

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 Nam, Dr. Yu Ka Fai Alexis and Mr. Look Andrew.

**for identification purpose only*