

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



EC Healthcare

醫思健康

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2138)

DISCLOSEABLE TRANSACTION ACQUISITION OF MEDICAL BUSINESS

THE ACQUISITION

On 16 February 2022 (after trading hours), the Purchaser (being an indirect wholly-owned subsidiary of the Company), the Seller, an indirect wholly-owned subsidiary of HKR and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell the Sale Share (being the entire issued share capital of the Target Company) and the Sale Loan, for the total consideration of HK\$68 million, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Group will own the entire issued share capital of the Target Company, which will become a wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% and all the applicable percentage ratios are less than 25%, the Acquisition constitutes a disclosable transaction for the Company under Chapter 14 of the Listing Rules.

Completion of the Acquisition is conditional upon the fulfilment or waiver (as the case maybe) of the conditions pursuant to the Sale and Purchase Agreement (including but not limited to satisfactory results of business, financial and legal due diligence review on the Target Group), which may or may not be fulfilled. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.

INTRODUCTION

On 16 February 2022 (after trading hours), the Purchaser (being an indirect wholly-owned

subsidiary of the Company), the Seller, an indirect wholly-owned subsidiary of HKR and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Seller has conditionally agreed to sell the Sale Share (being the entire issued share capital of the Target Company) and the Sale Loan, for the total consideration of HK\$68 million, subject to the terms and conditions of the Sale and Purchase Agreement.

Upon Completion, the Group will own the entire issued share capital of the Target Company, which will become a wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date	16 February 2022
Purchaser	Union (Group) Investment Limited, an indirect wholly-owned subsidiary of the Company
Seller	GenRx Holdings Limited, an indirect wholly-owned subsidiary of HKR
Guarantor	HKR International Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 480)
	To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Seller, the Guarantor (being the sole indirect shareholder of the Seller) and the controlling shareholders of the Guarantor are Independent Third Parties.
Target Company	Excellent Power Investments Limited, a wholly-owned subsidiary of the Seller as at the date of this announcement
Consideration and Payment terms	<p>CONSIDERATION</p> <p>The total consideration payable by the Purchaser to the Seller for the Sale Share and the Sale Loan is the aggregate of the Share Consideration and Loan Consideration, that is, HK\$68 million, which shall be payable in cash.</p>

PAYMENT TERMS

- 1) Upon the signing of the Sale and Purchase Agreement, a deposit equivalent to 10% of the Consideration shall be paid by the Purchaser to the Seller. The Deposit shall become and form part of the Consideration upon Completion; and
- 2) the remaining balance shall be paid by the Purchaser to the Seller upon Completion.

If the Sale and Purchase Agreement is terminated, the Deposit shall be returned to the Purchaser (or its nominee) without interest within 14 days of termination.

FUNDING OF THE CONSIDERATION

The Consideration will be funded by the internal resources of the Group.

Conditions Precedent

The obligation of the Purchaser to complete the sale and purchase of the Sale Share and the Sale Loan pursuant to the Sale and Purchase Agreement is conditional on the following conditions having been fulfilled (or waived in accordance with the Sale and Purchase Agreement):

- (a) each of the warranties being true, accurate and not misleading as at the date of the Sale and Purchase Agreement and as at the Completion Date as though restated on and as at the Completion Date with respect to facts, events and circumstances existing as at such date;
- (b) the Purchaser having completed its due diligence over the business, assets, financial results, material contracts, licenses, legal aspects and corporate structure of the Target Group, and being satisfied with the results of the due diligence in its absolute discretion;
- (c) there has been no breach by the Seller or the Guarantor of certain pre-completion restrictions as set out in the Sale and Purchase Agreement;
- (d) there has been no material adverse change from the date of the Sale and Purchase Agreement and including and up to the Completion Date;
- (e) the relevant companies of the Target Group having entered into supplemental agreements to certain tenancy agreements to extend the term of three years from the Completion Date with option to renew for two years thereafter;
- (f) the relevant companies of the Target Group having obtained all necessary approvals, consents or clearances from the landlord of all the tenancy agreements as required in respect of the Sale and Purchase Agreement;
- (g) an internal corporate restructuring of the Target Group being legally completed;
- (h) the parties having complied with the applicable requirements under the Listing Rules, and/or having completed, obtained and fulfilled all necessary approvals, notices, clearances of any relevant regulatory authorities or other relevant third parties as required in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, if applicable; and
- (i) no order or judgement (whether temporary, preliminary or permanent) of any relevant regulatory authority having been issued or made prior to Completion, and no legal or regulatory requirements remained to be satisfied, which has the effect of ruling unlawful or otherwise prohibiting or restricting the transfer of the Sale Share to the Purchaser or any transactions contemplated by the Sale and Purchase Agreement.

In the event that any of the conditions precedent is not fulfilled (or waived) at least three days before the Completion Date (or such longer time to be agreed between the parties), the Purchaser shall be entitled to terminate the Sale and Purchase Agreement with immediate effect without liability on the part of the Purchaser and the deposit will be refunded to the Purchaser.

Completion

Subject to the fulfilment (or waiver) of the conditions precedent set out above, Completion shall take place on the Completion Date. Upon Completion, the Target Company will be held as to 100% by the Purchaser.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, the Target Group operates a comprehensive healthcare service network in Hong Kong and Macau. It covers specialist services that focus on chronic disease management and dental care, supported by medical diagnostic services, and administers a comprehensive medical network of over 250 affiliated clinics providing general practitioners, specialists and physiotherapy services. The Target Company is complementary to the existing healthcare portfolio of the Group. Upon Completion, the Group will be able to extend its medical and healthcare services coverage to Macau.

The Acquisition shall enable the Group to further enhance its medical and healthcare services as a leading one-stop medical service provider and allow the Group to have 12 additional medical centres in Hong Kong and Macau, including (i) dental services, (ii) specialty services (iii) imaging and diagnostic services, (iv) general practitioners, specialists and physiotherapy services.

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 leveraging on the Group's operational excellences and efficiencies, the Acquisition will further increase the market share of the Group in Hong Kong's healthcare market and is expected to improve the results of 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 Seller with reference to, amongst others, the business, historical performance and prospects of the Target Group and the profitability of the Target Group. The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. No Director was required to abstain from voting at the Board meeting approving the Acquisition.

INFORMATION ABOUT THE COMPANY AND THE PURCHASER

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.

The Purchaser is incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in the provision of medical and beauty services.

INFORMATION ABOUT THE TARGET GROUP, THE SELLER AND THE GUARANTOR

The Target Company is incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Target Group is undergoing internal corporate restructuring. Upon completion of the internal corporate restructuring of the Target Group, the Target Company will directly or indirectly hold 100% of the issued share capitals of Health & Care Dental Services Limited, Health & Care Dental Clinic Limited, Health & Care (Macau) Dental Group Limited, Qualigenics Medical Limited, AmMed Cancer Center (Central) Limited and Humphrey & Partners Medical Services Management Limited. Its subsidiaries operate a

comprehensive healthcare service network in Hong Kong and Macau, covering specialist services that focus on chronic disease management and dental care, supported by medical diagnostic services. It administrates a comprehensive medical network of over 250 affiliated clinics, providing general practitioners, specialists and physiotherapy services.

As at the date of this announcement, the Seller is incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is indirect wholly owned by HKR, a company listed on the Main Board of the Stock Exchange (stock code: 480). HKR and its subsidiaries are principally engaged in property development, property investment, transportation services and property management, hotel operations, leisure businesses and healthcare services.

FINANCIAL INFORMATION OF THE TARGET GROUP

The illustrative unaudited pro forma combined financial information of the Target Group for each of the two financial years ended 31 March 2021 and for the six months ended 30 September 2021 as if the internal corporate restructuring of the Target Group has been completed compiled in accordance with the generally accepted accounting principles of Hong Kong are as follows:

	For the year ended 31 March 2020	For the year ended 31 March 2021	For the six months ended 30 September 2021
	HK\$'000	HK\$'000	HK\$'000
Revenue	131,234	130,488	82,519
(Loss)/Profit before tax	(3,467)	10,779	7,682
(Loss)/Profit after tax	(3,651)	10,115	7,170

The unaudited pro forma combined net assets value of the Target Company as at 30 September 2021 as if the internal corporate restructuring of the Target Group has been completed was approximately HK\$45,809,069.

GUARANTEE

In consideration of the Purchaser entering into the Sale and Purchase Agreement with the Seller, the Guarantor irrevocably and unconditionally guarantees to the Purchaser the due and punctual performance of all present and future obligations and the payment of all present and future liabilities of the Seller under the Sale and Purchase Agreement and shall on demand by the Purchaser perform those obligations or pay those liabilities in the manner specified in the Sale and Purchase Agreement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5% and all the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

Completion of the Acquisition is conditional upon the fulfilment or waiver (as the case maybe) of the conditions pursuant to the Sale and Purchase Agreement (including but not

limited to satisfactory results of business, financial and legal due diligence review on the Target Group), which may or may not be fulfilled. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Purchaser from the Seller pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and a day on which a tropical cyclone warning no. 8 or above is hoisted or a “black rainstorm warning signal” or “extreme conditions” caused by a super typhoon 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”	EC Healthcare (stock code: 2138), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Sale and Purchase Agreement
“Completion Date”	31 March 2022 (or such other date as agreed by the Purchaser and the Seller in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate amount of the Share Consideration and the Loan Consideration
“Deposit”	the deposit for the Acquisition pursuant to the Sale and Purchase Agreement, being 10% of the total consideration of HK\$6,800,000.00
“Director(s)”	the director(s) of the Company
“HKR” or “Guarantor”	HKR International Limited (stock code: 480), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“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 Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	the consideration for the sale and purchase of the Sale Loan, namely, HK\$67,999,992.00
“Purchaser”	Union (Group) Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional agreement dated 16 February 2022 and entered into among the Purchaser, the Seller and the Guarantor in relation to the Acquisition
“Sale Loan”	all debts owing by the Target Company to the Seller
“Sale Share”	1 ordinary share of the Target Company, representing the entire issued share capital of the Target Company, free from all Encumbrances together with all rights and benefits (if any) pertaining, attaching or attached thereto on the Completion Date to be transferred to the Purchaser under the Sale and Purchase Agreement
“Seller”	GenRx Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is indirect wholly-owned by HKR as at the date of this announcement
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of HK\$0.00001 each
“Share Consideration”	the consideration for the sale and purchase of the Sale Share, namely, US\$1.00, to be converted as HK\$8.00 for the purpose of calculation of the Share Consideration
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Target Company”	Excellent Power Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Seller as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries from time to time

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

By order of the Board
EC Healthcare
Raymond Siu
Company Secretary

Hong Kong, 16 February 2022

As at the date of this announcement, the executive Directors are Mr. Tang Chi Fai, Mr. Lu Lyn Wade Leslie, Mr. Lee Heung Wing, Ms. Wong Ka Ki Ada and Mr. Wong Chi Cheung, the non-executive Director is Mr. Luk Kun Shing Ben, and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Lam Chi Hang Josekin.