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EC Healthcare
醫思健康

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2138)

DISCLOSEABLE TRANSACTION
(1) COMPLETION OF ACQUISITION OF 100% OF ISSUED SHARE CAPITAL OF
THE TARGET COMPANY AND
DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY; AND
(2) PROVISION OF SUPPLEMENTAL INFORMATION

Reference is made to the announcement of EC Healthcare (the “**Company**”) dated 7 February 2023 (the “**Announcement**”) in relation to the discloseable transaction of the Acquisition and the Disposal. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

COMPLETION OF THE ACQUISITION AND THE DISPOSAL

The Board is pleased to announce that on 1 April 2023, the Completion of the Acquisition and the Disposal pursuant to the Sale and Purchase Agreement took place, and the initial cash consideration of HK\$100,000,000 has been settled in full and the Consideration Shares have been transferred by Union Group to Mighty Able. After the Completion, the Target Company has become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Group, and the Company’s indirect shareholding in the Purchaser has reduced from 100% to 75%. In addition, the Seller has become one of the shareholders of the Purchaser.

PROVISION OF SUPPLEMENTAL INFORMATION

The Board would like to provide the following supplemental information in relation to the Consideration, the Consideration Shares, the Options and the Option Shares:

Reasons of and Benefits for the Acquisition

The aesthetic medical industry is highly competitive. In particular, the market of distribution of non-surgical aesthetic devices is highly specialized, exclusive and concentrated. The distribution of non-surgical

aesthetic devices to a certain geographical location is commonly exclusive to a designated distributor. As such, the Target Group has an enormous competitive advantage in the non-surgical aesthetic devices market in Hong Kong by having entered into exclusive distribution agreements with various overseas non-surgical aesthetic devices manufacturers. By acquiring the Target Group, the Group will be able to strengthen and stabilize the supply chain of non-surgical aesthetic devices in support of its businesses and achieve business synergies. After the Completion of the Acquisition and the Disposal, the Seller would become a strategic shareholder of the Purchaser, which aims at establishing a platform to capture and consolidate market shares and expand into the Southeast Asian and Asian markets by way of uniting the influence of the stakeholders in the upstream and downstream businesses in the medical and aesthetic medical industry. Such platform aims at empowering the aesthetic medical and medical stakeholders with a view to enhance the quality of services in the industry and the accessibility and prevalence of the relevant technology.

Consideration

In determining the Consideration, the Company has, among others, assessed the valuation of the Target Group by applying a price-to-earnings multiplier (the “**PE Multiplier**”) on the net profit after tax of the Target Group for the financial year ended 31 December 2021. Such PE Multiplier was determined after arm’s length negotiations with the Seller with reference to, among others, the Company’s domain knowledge in the aesthetic medical industry and its experiences in previous acquisitions of companies/businesses that are principally engaged in the medical and aesthetic medical businesses.

In view of the above, the Board considers that the Consideration is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole.

Consideration Shares

The valuation of the Purchaser and its subsidiaries as at 31 March 2022 was determined by applying the PE Multiplier on the unaudited net profit after tax of the Purchaser and its subsidiaries for the financial year ended 31 March 2022.

Option and Option Shares

The Option was granted by Union Group to Mighty Able to incentivize the Seller to use his best endeavours to provide necessary assistance (including but not limited to sharing his expertise on business development) in relation to the principal business activities of the Target Group and help to achieve integration and synergies between the Purchaser and the Target Group as soon as practicable before he is entitled to exit and reduce his shareholding in the Purchaser.

Reference is made to the abovementioned basis of determination of the Consideration which, after taking into account both the Acquisition and the Disposal, represents the value of 75% equity interests in the Target Group prior to the Completion and the consolidation of the Target Group into the Group. Whereas the consideration of the Option Shares represents the value of 20% equity interests in the Purchaser after the Completion and the consolidation of the Target Group into the Group, which has factored in, among others, the value of 100% equity interests in the Target Group which was determined as mentioned above.

In the event that the consideration of the Option Shares shall be settled by allotment and issuance of shares in the Company, subject to the grant of specific mandate at a general meeting, the Company will issue and allot its ordinary shares to Mighty Able by adopting the prevailing market price based on the average closing price of the ordinary shares of the Company for the five trading days immediately before the date of the exercise of the Option as the issue price and with a total value equivalent to HK\$110,000,000.

Saved as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

By order of the Board
EC Healthcare
Raymond Siu
Company Secretary

Hong Kong, 11 April 2023

As at the date of this announcement, the executive Directors of the Company 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. Au Tsun.