

[FOR IMMEDIATE RELEASE]



Union Medical Healthcare increases stake in Hong Kong Pain and Wellness Solution Limited to 75%

Opportune mergers and acquisitions of medical brands to increase recurring income

(20 July 2020, Hong Kong) **Union Medical Healthcare Limited** (“Union Medical Healthcare” or the “Company”, which together with its subsidiaries is referred to as the “Group”, SEHK stock code: 2138), a leading integrated medical group in Hong Kong¹, is pleased to announce that the Group has increased its holding in Hong Kong Pain and Wellness Solution Limited (the “target company”, which together with its subsidiaries, is collectively referred to as the “target group”) by a 24% equity at a total consideration of RMB94.6 million. The total consideration will be settled by the allotment and issuance of consideration shares of Union Medical Healthcare.

Pursuant to the sale and purchase agreement, Eric Chu and Andy Lin, who are both chiropractic doctors, will sell all their equity interests in Hong Kong Pain and Wellness Solution Limited. Union Medical Healthcare will pay for the acquisition of the stakes by allotting and issuing 22,524,000 consideration shares and issuing 10,000,000 warrants to the two chiropractic doctors. After the issuance and allotment of the consideration shares, Dr. Chu and Dr. Lin will hold 2.25% and 0.11% respectively in Union Medical Healthcare. The consideration shares will be issued at HK\$4.2 each, which represents a premium of 4.2% over Union Medical Healthcare’s closing price of HK\$4.03 per share on July 17.

Upon completion of the transactions, Union Medical Healthcare will hold a 75% equity interest in Hong Kong Pain and Wellness Solution Limited whose financial information will continue to be included in the Group’s consolidated financial statement. As the sellers of the equity stakes, Eric Chu and Andy Lin severally provide a profit guarantee that the aggregate net profit of the target company's subsidiaries shall be no less than HK\$188 million in the next five years as of March 31, 2025. They will continue to manage, consolidate and expand the business of pain and wellness solution in Asia-Pacific. Moreover, they will also be involved in the integration of the Group’s medical services.

Dr. Chu and the Group share common values. Since the Group acquired New York Medical Group, a subsidiary of Hong Kong Pain and Wellness Solution Limited in 2016, Dr. Chu has actively participated in the integration of the Group’s businesses. This has resulted in the continued development of the Group, whose number of clinics has increased from 7 in 2016 to 18 now (including its flagship center in Kowloon East which is scheduled to open before the end of 2020). Moreover, the number of chiropractors and orthopedists doubled from 13 in 2016 to 27 now. Hong Kong Pain and Wellness Solution Limited’s profit has increased sixfold since 2016.

Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said, “The demand for spine health management and pain therapies continues to

Remark¹: According to the independent research conducted by Frost and Sullivan in terms of revenue in 2018 and 2019

increase. Hong Kong Pain and Wellness Solution Limited has outstanding performance in chiropractic, orthopedics, pain therapy and health management services. All these services generate recurrent income for the Group. Through this acquisition, Union Medical Healthcare will be able to increase and concentrate its shareholding in the company. Dr. Chu is the chairman of The Chiropractic Doctors' Association of Hong Kong, and Dr. Lin is a prestigious practitioner of chiropractic. Their expertise and management skillset will strengthen the capability for the development of the Group's medical specialty of pain therapy in Asia-Pacific as well as the optimization of the management and integration of the Group's medical services. The Group will replicate this model to further consolidate the medical industry.”

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About Union Medical Healthcare Limited

Union Medical Healthcare is Hong Kong's largest non-hospital medical service provider*, leveraging its core businesses of preventive and precision medicine, and committed to developing medical artificial intelligence by integrating its multi-disciplinary medical services. The move, which is supported by the Group's high-end branding and quality customer services, is aimed at offering customers safe and effective medical services with professionalism.

The Group principally engages in the provision of one-stop medical and health care services in Greater China. The Group provides a full range of services and products under its well-known brands, including those of its one-stop aesthetic medical solutions provider DR REBORN which has ranked first in Hong Kong by sales for years, primary care clinics jointly established with Tencent Doctorwork, chiropractic services centre SPINE Central, health management centre re:HEALTH, a vaccine centre Hong Kong Professional Vaccine HKPV, a comprehensive dental centre UMH DENTAL CARE, a diagnostic and imaging centre HKAI, an oncology treatment centre reVIVE, a day procedure centre HKMED and a specialty clinic SPECIALISTS CENTRAL.

**According to the independent research conducted by Frost and Sullivan in terms of revenue in 2018 and 2019*

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