

[FOR IMMEDIATE RELEASE]



**Union Medical Healthcare acquires medical laboratory institution  
in Hong Kong  
to enhance capability in providing Nucleic Acid screening tests for COVID-19 and  
diverse diagnostic tests**

(15 December 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), the largest non-hospital medical group in Hong Kong\*, is pleased to announce that the Group will acquire a total 97% equity interests of a leading medical laboratory company in Hong Kong. The total consideration will be paid in cash and Union Medical Healthcare’s shares which are to be allotted and issued.

The acquisition target is one of the largest private medical laboratories in Hong Kong and was established over 40 years ago. It is one of the first local institutions recognized by the Hong Kong government to conduct COVID-19 nucleic acid screening test. The medical laboratory company provides full diagnostic laboratory testing services to doctors and medically-related institutions with over 40 registered medical laboratory technicians, which is one of the largest teams in terms of lab professionals in the private sector. The target currently operates five medical laboratories in Hong Kong. The target company recorded an audited net profit of HK\$26.65 million for the year ended 31 March 2020. During the pandemic, the demand for COVID-19 related testing surged and the target company recorded an unaudited net profit of HK\$46.16 million for the six months ended 30 September 2020. In addition, the target company also provides diversified medical testing services, such as Obstetrics and Gynecology related tests, allergy profiles, anti-aging, cancer markers, dengue fever profile, gastrointestinal and reproductive medicine related tests.

Pursuant to a sale and purchase agreement, the acquisition will be conducted in two phases. The consideration for the first tranche of the equity interests, namely a 75% equity stake, in the medical laboratory company is HK\$337.5 million. The Group will pay HK\$229.5 million of the consideration in cash and allot and issue HK\$108 million worth of consideration shares to pay the remainder.

In the final phase of the acquisition, Union Medical Healthcare will acquire the remaining equity interests in the medical laboratory company. The amount of the consideration depends on the growth rate of medical laboratory company’s profit in 2023 and is subject to the terms and

conditions of the sale and purchase agreement. The consideration for the final tranche equity interests acquisition will not exceed HK\$238 million. The medical laboratory company will guarantee that the aggregate net profits for three financial years ending March 31, 2023 will be no less than HK\$100 million. After the transaction is completed, Union Medical Healthcare will hold 97% of the total issued share capital of the medical laboratory company while the remaining 3% will be held by the target company's key personnel.

**Mr. Eddy Tang, Chairman, Executive Director and Chief Executive Officer of Union Medical Healthcare said,** "As the local demand for COVID-19 nucleic acid testing has surged, the medical laboratory company to be acquired will enable the Group to provide COVID-19 testing related services. In addition, the medical laboratory company conducts diverse diagnostic tests so it will become an indispensable part of the entire ecosystem of the Group's businesses, enabling the Group to access to medical practitioners and develop the reproductive medicine related testing services. The Group has been actively looking for opportunities for suitable investment to implement a strategy for developing its medical business, the acquisition will create a new growth driver that contributes to the Group's profit. We believe that the acquisition can further expand the scope of the Group's medical services, consolidate its industry leadership as a one-stop comprehensive medical service provider, and effectively expand its share of the medical care market."

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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, New York Spine and Physiotherapy Center NYMG, 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, a specialty clinic SPECIALISTS CENTRAL, Hong Kong International Cardiology Center and a professional hair care center HAIR FOREST.

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

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