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**EC Healthcare**

**醫思健康**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2138)**

- (1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
DISPOSAL OF 51% OF ISSUED SHARE CAPITAL  
IN THE TARGET COMPANY**
- (2) DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF 40% OF ISSUED SHARE CAPITAL  
IN A NON-WHOLLY OWNED SUBSIDIARY**

#### **THE DISPOSAL OF THE TARGET COMPANY**

On 6 November 2024 (after trading hours), the Company, the First Seller (an indirect wholly-owned subsidiary of the Company), the Second Seller, the Third Seller and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and each of the First Seller, the Second Seller and the Third Seller has conditionally agreed to sell 51%, 48% and 1% of the issued share capital in the Target Company respectively, subject to the terms and conditions thereunder. The Sale Shares represent an entire issued share capital of the Target Company. The First Sale Shares Consideration payable by the Purchaser to the First Seller is HK\$437,580,000 (subject to adjustments).

Moreover, pursuant to the Share Purchase Agreement:

- (i) the Company will procure UAIHL (an indirect wholly-owned subsidiary of the Company) and the other two shareholders of HKMAI TST (namely, Dr. Hui and Dr. Shum) to transfer in aggregate 49% issued shares of HKMAI TST to the Target Company (the “**HKMAI TST Transfer**”, which includes the Acquisition (as defined and described below)). The consideration payable by the Target Company to each of UAIHL, Dr. Hui and Dr. Shum for the HKMAI TST Transfer shall be HK\$3,814,000, HK\$8,471,000 and HK\$8,471,000, respectively; and

- (ii) the Sellers shall procure the Target Company to transfer 5.1% and 4.9% issued shares of HKMAI to UAIHL and the Second Seller, respectively (the “**HKMAI Transfer**”, and together with the HKMAI TST Transfer, the “**HKMAI Transfers**”). The transfer of 4.9% issued shares of HKMAI from the Target Company to the Second Seller alone shall be referred to as the “**Second Seller HKMAI Transfer**”). The consideration payable to the Target Company by each of UAIHL and the Second Seller for the HKMAI Transfer shall be nil.

After the completion of the HKMAI Transfers, the Group will cease to own any shares in HKMAI TST whereas the Target Company will cease to own any shares in HKMAI.

Upon completion of the Disposal, the Target Group will include 100% of the issued shares in HKMAI TST and exclude any interests in HKMAI, and will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Group.

Furthermore, the Company and the Target Company have entered into a Services Agreement, pursuant to which the Company shall agree to provide the Services to HKMAI TST for three years after the Completion.

### **Listing Rules Implications**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As the Second Seller holds 48% equity interest in the Target Company, being an indirect subsidiary of the Company, and the Third Seller is a director of the Target Company, each of the Second Seller and the Third Seller is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder and a director of the Target Company, respectively. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of the Second Seller and the Third Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Disposal are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Disposal and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Disposal are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders’ approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any material interests in the Disposal. Therefore, none of the Directors is required to abstain from voting on relevant resolutions of the Board.

For reasons set out above, the Second Seller HKMAI Transfer also constitutes a connected transaction under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Second Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Second Seller HKMAI Transfer are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Second Seller HKMAI Transfer and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Second Seller HKMAI Transfer are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **THE ACQUISITION OF SHARES IN A NON-WHOLLY OWNED SUBSIDIARY**

On 6 November 2024 (after trading hours), Dr. Hui, Dr. Shum and the Target Company entered into the Acquisition Agreement, pursuant to which the Target Company has conditionally agreed to purchase, and each of Dr. Hui and Dr. Shum has conditionally agreed to sell 20% and 20% of the issued share capital in HKMAI TST, respectively, subject to the terms and conditions thereunder. The Acquisition Consideration payable by the Target Company to Dr. Hui and Dr. Shum is HK\$16,942,000 in aggregate.

Upon the completion of the Acquisition and the HKMAI TST Transfer, HKMAI TST will be a wholly-owned subsidiary of the Target Company.

### **Listing Rules Implications**

While the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition is part and parcel of the Disposal, the highest applicable percentage ratio of which (as defined in Rule 14.07 of the Listing Rules) exceeds 75%. As such, pursuant to Rule 14.24 of the Listing Rules, the Acquisition will be classified by reference to the larger of the two elements, i.e. the Disposal, which constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As each of Dr. Hui and Dr. Shum holds 20% equity interest in HKMAI TST, being an indirect subsidiary of the Company, each of Dr. Hui and Dr. Shum is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of HKMAI TST. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of the Dr. Hui and Dr. Shum is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Acquisition are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Acquisition and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interests of the Company and Shareholders as a whole, the transactions contemplated under the Acquisition are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any material interests in the Acquisition. Therefore, none of the Directors is required to abstain from voting on relevant resolutions of the Board.

## **THE CIRCULAR**

The Circular containing, amongst other things, (a) further information on the Disposal and the Acquisition, (b) other information as required under the Listing Rules and (c) a notice of the EGM is expected to be made available to the Shareholders on or before 31 December 2024 as additional time is required for the preparation of the relevant information to be included in the Circular.

**Each of the Disposal and the Acquisition is subject to a number of conditions, which may or may not be fulfilled. There is therefore no assurance that each of the Disposal and the Acquisition will proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **(A) DISPOSAL OF THE TARGET COMPANY**

On 6 November 2024 (after trading hours), the Company, the First Seller (an indirect wholly-owned subsidiary of the Company), the Second Seller, the Third Seller and the Purchaser entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and each of the First Seller, the Second Seller and the Third Seller has conditionally agreed to sell 51%, 48% and 1% of the issued share capital in the Target Company, respectively, subject to the terms and conditions thereunder.

## **The Share Purchase Agreement**

The principal terms of the Share Purchase Agreement are set out below:

### ***Date***

6 November 2024

### ***Parties***

The parties to the Share Purchase Agreement are as follows:

- (i) Jade Master International Limited as the First Seller;
- (ii) Dr. Ma Chi Min Effinie as the Second Seller;
- (iii) Wu Yun Chai as the Third Seller;
- (iv) the Company as the guarantor of the First Seller; and
- (v) AIA Hong Kong Medical Services Limited as the Purchaser.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

### ***The Sale Shares***

Pursuant to the Share Purchase Agreement, each of the Sellers has conditionally agreed to sell their respective Sale Shares, and the Purchaser has conditionally agreed to purchase the Sale Shares (representing the entire issued share capital of the Target Company) in accordance with the terms and conditions thereunder.

The table below sets forth the number of issued shares and the corresponding percentage of shareholdings in the Target Company to be disposed of by each of the Sellers:

<b>Sellers</b>	<b>Number of issued shares in the Target Company to be disposed of</b>	<b>Percentage of shareholdings in the Target Company to be disposed of</b>
First Seller	5,100	51%
Second Seller	4,800	48%
Third Seller	100	1%
<b>Total</b>	<b>10,000</b>	<b>100%</b>

## ***Consideration***

The Consideration for the Disposal is HK\$858,000,000 (subject to the adjustments as stated below). The Consideration shall be payable to the Sellers in the respective proportion as set out below at Completion:

<b>Sellers</b>	<b>Respective amount (and proportion) of Consideration (HK\$)</b>
First Seller	437,580,000 (51%)
Second Seller	411,840,000 (48%)
Third Seller	8,580,000 (1%)

The First Sale Shares Consideration was determined after arm's length negotiation between the Company, the First Seller and the Purchaser on normal commercial terms after taking into account of (a) the preliminary value of the Target Group as at the Valuation Date appraised by the Valuer, which is within a difference of 5% in relation to the Consideration when calculated on a pro rata basis; (b) the financial performance of the Target Group and the potential for its future growth; and (c) industry benchmarks and comparable transactions to ensure that the agreed-upon price reflected a fair and equitable assessment of the shares' worth.

The Valuation was based on the market approach. The Target Group is principally engaged in the provision of medical services and medical imaging services. The Target Group was profit-making for the last financial year and the profitability is widely accepted as the primary value driver of a business.

The Company adopted a market approach based on the comparable companies in the market, which can better reflect the industry situation and objectively reflect the value of the Target Group. The Company considers that the market approach is appropriate as it can reflect the current market's investment preferences and provide a mark-to-market value comparison. In addition, the Company was able to identify sufficient comparable companies with similar scope of business in the market to facilitate a meaningful comparison. The Company has identified a list of comparable companies based on the following screening criteria:

- the comparable companies are listed on the Stock Exchange (such that relatively accurate and reliable financial information would be readily available from the relevant regulatory filings);
- the comparable companies should be principally engaged in the provision of medical services and medical imaging services. These businesses are benchmarked because the Target Group derives a majority of its revenue from the provision of medical services and medical imaging services;

- The comparable companies' primary operations should be based in Hong Kong. This geographical location is chosen because the Target Group derives a majority of its revenue from Hong Kong. However, there are insufficient comparable companies whose operations are based in Hong Kong. Considering that a larger group of comparable companies can reduce the effects of potential anomalies that may arise from a limited number of comparable companies, the screening criteria are extended to include comparable companies whose primary operations are based in the PRC. Having a larger group of comparable companies increases the likelihood that more of the Target Group's characteristics can be reflected in the list of comparable companies; and
- the comparable companies should have recorded positive EBITDA and profit in the latest published financial period.

The above screening criteria was devised with a view to identifying a sufficiently representative number of comparable companies that have a business profile similar to that of the Target Group (in terms of line of principal business and geographical locations) to yield an acceptable indication of value for the purpose of the market approach. The Company did not exclude any companies that meet the criteria; a principal advantage of having a relatively large number of comparable companies is to remove selection bias and the need to make adjustments due to the characteristics of each of the comparable companies (which involves management judgment that may introduce more uncertainties and assumptions). Accordingly, the Company considers that the selection criteria is fair and reasonable.

The Company considered the EV to EBITDA ratio to determine the consideration under the Share Purchase Agreement. EV to EBITDA multiple is a metric that looks at a company's wholistic worth relative to a proxy for cash flow that is available to investors. The Target Company is under normal operation and profitable. Considering that the operations of some of the selected comparable companies are located at different countries, regions or locations (i.e. Hong Kong or PRC) which are under different tax jurisdictions, and their depreciation and amortisation, and the financing structures are not similar to those of the Target Company, EBITDA excludes the impact of tax, depreciation and amortisation, and financing cost on profitability and thus can directly reflect the operating performance of a company.

The Consideration payable by the Purchaser to the Sellers shall be settled by the Purchaser by wire transfer or delivery of other immediately available funds to the respective bank accounts of the Sellers at Completion.

#### ***Adjustment of Consideration***

The Consideration shall be adjusted based on the Completion Statement in the following manner:

- (a) if the amount determined by Consideration minus Initial Consideration plus the Completion Adjustment Amount is a positive number, the Purchaser shall pay such amount to the Sellers; or



- (b) if the amount determined by Consideration minus Initial Consideration plus the Completion Adjustment Amount is a negative number, the Sellers shall, on a joint and several basis, pay such amount to the Purchaser.

### ***Earn-out Adjustment***

The Purchaser shall pay to the Sellers (in the respective proportion as set out in the paragraph headed “Consideration” above) the earn-out consideration (“**Earn-out Consideration**”) for each of the earn-out years, being the 2025, 2026 and 2027 calendar years (each an “**Earn-out Year**”) within 10 Business Days after the date on which the respective earn-out statement is determined pursuant to the Sale and Purchase Agreement.

The Earn-out Consideration shall be determined as follows:

$$\text{Earn-Out Consideration} = [(A-B) \div (C-B)] \times \text{HK\$}36,400,000$$

where:

- A** = The gross profit amount generated by the two premises operated by the Target Company as set out in the final earn-out statement (as agreed by the Parties in accordance with the Sale and Purchase Agreement) (“**Earn-out Gross Profits**”)
- B** = The earn-out threshold for such Earn-out Year (as determined in accordance with the Sale and Purchase Agreement) (“**Earn-out Threshold**”), being HK\$132,000,000, HK\$145,000,000 and HK\$167,000,000 for 2025, 2026 and 2027, respectively
- C** = The earn-out target for such Earn-out Year (as determined in accordance with the Sale and Purchase Agreement), being HK\$145,000,000, HK\$167,000,000 and HK\$200,000,000 for 2025, 2026 and 2027, respectively

The Earn-out Consideration in respect of any Earn-out Year shall not exceed HK\$36,400,000. If the Earn-out Gross Profits in respect of any Earn-out Year does not exceed the Earn-out Threshold for such Earn-out Year, the Sellers shall lose the right to any Earn-out Consideration for such Earn-out Year.

### ***Guarantee***

Pursuant to the Share Purchase Agreement, the Company, as the guarantor of the First Seller, guarantees to the Purchaser the due and punctual performance and observance by the First Seller of all its obligations thereunder, and agrees to indemnify the Purchaser against all losses which the Purchaser suffers arising under, relating to or resulting from any act or omission constituting a breach by the First Seller thereunder.



### *Conditions precedent*

Completion is conditional upon, among others, the following Conditions being satisfied (or waived by the Purchaser and/or by the Purchaser and the Sellers, as the case may be):

- (a) where required by the Listing Rules, the Shareholders having approved the transactions contemplated by the Transaction Documents in accordance with the Listing Rules;
- (b) the HKMAI Transfers having been completed in accordance with the Share Purchase Agreement (please refer to the paragraph headed “Reorganisation of HKMAI TST and HKMAI” below for further details);
- (c) the actions in relation to the separation of HKMAI TST required to be taken under the Share Purchase Agreement prior to Completion having been taken, comprised of handover activities for the operation of HKMAI TST between the First Seller and the Purchaser in relation to information technology, human resources, finance and operations, customer services, marketing and medical equipment of HKMAI TST;
- (d) no order or injunction having been issued by any court of competent jurisdiction or governmental authority and no ruling having been issued, or action taken, by any relevant stock exchange that, in each case, is in effect at Completion and prevents or materially hinders completion of the transactions contemplated by the Transaction Documents;
- (e) no material adverse change having occurred after the date of the Share Purchase Agreement which is continuing;
- (f) each Seller not being in material breach of any undertaking or covenant given under the Share Purchase Agreement; and
- (g) each representation or warranty given by a Seller under the Share Purchase Agreement as at Completion being materially correct, complete and not misleading.

The Company shall use its best endeavours to ensure that the Conditions (a), (b) and (c) are fulfilled as soon as reasonably practicable and, in any event, by the Long Stop Date. The Purchaser may waive Conditions (b), (c), (e), (f) or (g) by notice in writing to the Sellers. The Sellers and the Purchaser may waive Condition (d) by mutual consent.

As at the date of this announcement, none of the Conditions has been fulfilled or waived.

In the event that any of the Conditions has not been fulfilled or waived prior to the Long Stop Date, the Purchaser may on that date, at its option, by notice in writing to the Sellers:

- (a) postpone the Long Stop Date to such other date as agreed among the Parties in writing; or
- (b) terminate the Share Purchase Agreement.

### ***Completion***

Subject to the satisfaction or waiver (as the case may be) of all Conditions, Completion shall take place on the Completion Date.

If a party fails to comply with any obligations at Completion under the Share Purchase Agreement, the compliant Parties are entitled by written notice to the non-compliant party:

- (a) if the Long Stop Date has passed, to terminate the Share Purchase Agreement;
- (b) to effect Completion so far as practicable having regard to the defaults which have occurred, including by exercising any right to specific performance; or
- (c) to fix a new date for Completion (not being more than one month after the agreed date for Completion).

Following the Completion, the Purchaser will hold the entire issued share capital of the Target Company, and the First Seller will not hold any shares in the Target Company and the Target Company will cease to be a subsidiary of the Company.

Prior to the completion of the Disposal, the Target Group is included in the medical business segment of the Group, providing medical services in general surgery, medical imaging diagnostic and other medical specialties. Upon the Disposal, the remaining principal business operations of the Company after the Disposal shall remain unchanged, and shall be the provision of medical services, aesthetic medical and beauty and wellness services, and veterinary and other services. In particular the Group will continue to offer the same medical services (including medical specialty services) and medical imaging diagnostic services through other subsidiaries after the Disposal.

Pursuant to the terms of the Share Purchase Agreement, the Group shall not (and shall procure its Affiliates not to), except for the operation of twelve permitted facilities currently in operation or to be established and operated (including a medical complex of over 100,300 square feet which entails various brands of the Group on Cameron Road, Tsim Sha Tsui), medical facilities which may be acquired but do not directly compete with the Target Group, and such other medical facilities which may be approved by the Purchaser (collectively, the “**Permitted Facilities**”) in Tsim Sha Tsui, for two years after the Completion Date, directly compete with the Target Group in terms of providing certain specialty medical services (including gynecology or neurology) or certain medical imaging services (including mammogram or computed tomography) within 500 metres and one kilometre, respectively to medical centre(s) of the Target

Group in Tsim Sha Tsui. Such restriction does not affect the current business operations or business plan of the Group since, as at the date of this announcement, the Group can continue to operate an extensive network of medical facilities and centres which are the Permitted Facilities in Tsim Sha Tsui and there was no plan to establish any new service centres in Tsim Sha Tsui in addition to the Permitted Facilities.

As, to the best information and knowledge of the Directors, it is common market practice that the above restrictions constitute an integral term of transfers on arm's length basis such as the Disposal for the Purchaser to protect their legitimate interests, and for reasons as set out above and in the paragraph headed "Reasons for and benefits of the Disposal", the Directors are of the view that the above restrictions are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

As (1) the Group has already established its brand image and reputation in the field of medical services over the years, (2) the Group will continue to operate over 160 service centres after the Disposal and (3) the Disposal shall not affect or reduce the service scope offered by the Group, the Directors consider that the Disposal will not have a material adverse effect on the business operations of the Group.

### ***Reorganisation of HKMAI TST and HKMAI***

#### ***HKMAI TST***

As of the date of this announcement, HKMAI TST is an indirect non-wholly owned subsidiary of the Company in which 51% and 9% of its issued share capital are held by the Target Company and UAIHL, respectively, and the remaining 40% of its issued share capital are held by two other individual shareholders, namely Dr. Hui and Dr. Shum, who are registered medical practitioners.

HKMAI TST is principally engaged in provision of medical imaging services, including MRI, CT scan, 3D mammogram, ultrasound scan, transient elastography and X-ray examination and is operating one imaging centre in Tsim Sha Tsui, Hong Kong.

As set out in the paragraph headed "Conditions precedent" above, the Company shall procure UAIHL and the two other shareholders of HKMAI TST (namely, Dr. Hui and Dr. Shum) to transfer the HKMAI TST Transfer Shares, representing 49.0% of the issued shares of HKMAI TST, to the Target Company prior to Completion.

The consideration payable by the Target Group to each of UAIHL, Dr. Hui and Dr. Shum for the HKMAI TST Transfer shall be HK\$3,814,000, HK\$8,471,000 and HK\$8,471,000, respectively. The consideration payable by the Target Group to UAIHL for the HKMAI Transfer, which shall be settled by cheque or wire transfer on or before the Completion Date, was determined after arm's length negotiations among UAIHL and the Target Company having taken into account of, among other things, the net asset value of HKMAI TST, and the benefits that would be brought to the Group by the Acquisition and the Disposal as explained in more detail in the sections headed "Reasons for and benefits of the Disposal" and "Reasons for and benefits of the Acquisition" in this announcement. For the basis of the consideration payable to each of Dr. Hui and Dr. Shum (namely, the Acquisition Consideration) and the payment

terms under the HKMAI TST Transfer, please refer to the section headed “(B) Acquisition of Share in a Non-wholly Owned Subsidiary — The Acquisition Agreement — Consideration and payment terms” in this Announcement.

Upon completion of HKMAI TST Transfer, UAIHL will cease to own any shares in HKMAI TST, and HKMAI TST will be wholly owned by the Target Company.

#### *HKMAI*

As of the date of this announcement, HKMAI is owned as to 10%, 26.5%, 20%, 3.5%, 20% and 20% by the Target Company, UAIHL, Honour Year Limited (an indirect non-wholly owned subsidiary of the Company), HKOCM Holdings Limited (an indirect non-wholly owned subsidiary of the Company), Dr. Hui and Dr. Shum, respectively. HKMAI is a subsidiary of the Company as the Company effectively holds 60% of HKMAI’s issued shares via the Target Company, UAIHL, Honour Year Limited and HKOCM Holdings Limited, each being a subsidiary of the Company.

HKMAI is principally engaged in provision of medical imaging services, including MRI, CT scan, PET scan, EOS imaging, 3D mammogram, ultrasound scan, transient elastography, X-ray examination, and bone densitometry, and is operating one imaging centre in Mong Kok, Hong Kong.

As set out in the paragraph headed “Conditions precedent” above, the Company shall procure the Target Company to transfer the HKMAI Transfer Shares, representing 10% of the issued shares of HKMAI, of which 5.1% shall be transferred to UAIHL and of which 4.9% shall be transferred to the Second Seller (namely, the Second Seller HKMAI Transfer), prior to Completion.

The consideration payable to the Target Company by each of UAIHL and the Second Seller for the HKMAI Transfer shall be nil. There is no consideration payable by the UAIHL to the Target Company for its transfer under the HKMAI Transfer as it only constitutes an internal reorganisation within the Group. No consideration is payable for the Second Seller HKMAI Transfer as it is already factored into the consideration payable to the Second Seller under the Disposal.

Upon completion of the HKMAI Transfer, the Target Company will cease to own any shares in HKMAI. HKMAI will be owned as to 31.5%, 3.5%, 20%, 20%, 20% and 0.5% by UAIHL, HKOCM Holdings Limited, Honour Year Limited, Dr. Hui, Dr. Shum and the Second Seller, respectively. As such, the Company will effectively hold 55% of HKMAI’s issued shares via UAIHL, HKOCM Holdings Limited and Honour Year Limited, and HKMAI will remain a subsidiary of the Company after completion of the HKMAI Transfer.

## *Services Agreement*

On 6 November 2024, the Company has also entered into a Services Agreement with the Target Company, pursuant to which the Company shall agree to provide certain operational management services to HKMAI TST (“**Services**”) for three years after the Completion (“**Services Period**”) in accordance with the terms and conditions thereto.

It is expected that the Company will provide the Services with regard to six core functional areas of HKMAI TST, including (a) radiologist services, (b) customer services, (c) human resources services, (d) marketing and referral services, (e) IT and imaging equipment and (f) finance, operational and procurement services during the Service Period, subject to the termination provisions under the Services Agreement.

The Company will use commercially reasonable efforts to provide the Services in a manner which is substantially similar in nature, quality and timeliness to the services provided by the Group to HKMAI TST prior to Completion. Notwithstanding the provision of Services to HKMAI TST, the Company will have no charge, management, control or responsibility of HKMAI TST.

## **Financial Impacts of the Disposal and Intended Use of Proceeds**

Upon completion of the Disposal, the Target Group will include 100% of the issued shares in HKMAI TST and exclude any interests in HKMAI, and will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Group.

Based on the First Sale Shares Consideration of HK\$437,580,000, the Group expects to record an expense of approximately HK\$1.5 million from the Disposal in total comprehensive income, representing a net gain of approximately HK\$338 million recognised in profit or loss, which is calculated based on (i) the First Sale Shares Consideration; (ii) the estimated unaudited net asset value of the Target Group attributable to the First Sale Shares as at the Completion Date; and (iii) transaction costs (including third party professional costs) of the Disposal attributable to the First Sale Shares.

The abovementioned financial effects are shown for illustrative purpose only and the actual gain or loss eventually to be recognised by the Group is subject to review by the auditors of the Company upon finalisation of the consolidated financial statements of the Group.

The Company intends to apply the entire net proceeds of the Disposal of approximately HK\$436 million towards the general working capital requirements of the Group.

## **Information of the Parties Involved in the Disposal**

### ***The Company***

The Company is a company incorporated under the laws of 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 services, aesthetic medical and beauty and wellness services, and veterinary and other services.

### ***The First Seller***

The First Seller, an indirect wholly-owned subsidiary of the Company, is a company incorporated under the laws of the British Virgin Islands with limited liability. The First Seller is principally engaged in investment holding.

### ***The Second Seller***

The Second Seller is a registered medical practitioner on the Specialist Registration in general surgery of the Medical Council of Hong Kong and founder of the Target Company. The Second Seller is also a director of the Target Company, and holds 48% equity interest in the Target Company as at the date of this announcement.

### ***The Third Seller***

The Third Seller is an individual and senior management of the Target Company. The Third Seller is also a director of the Target Company, and holds 1% equity interest in the Target Company as at the date of this announcement.

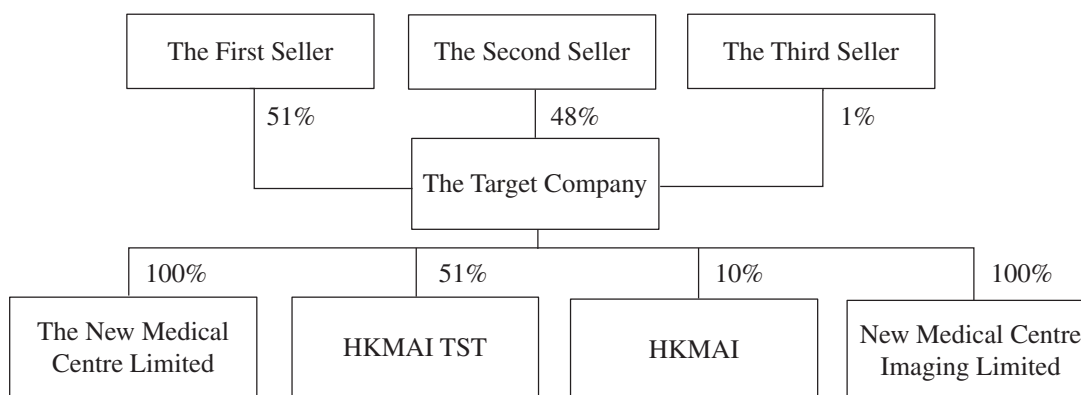
### ***The Purchaser***

The Purchaser, an indirect wholly-owned subsidiary of AIA, is a company incorporated under the laws of Hong Kong with limited liability. The Purchaser is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are independent third parties of the Group.

### ***The Target Company***

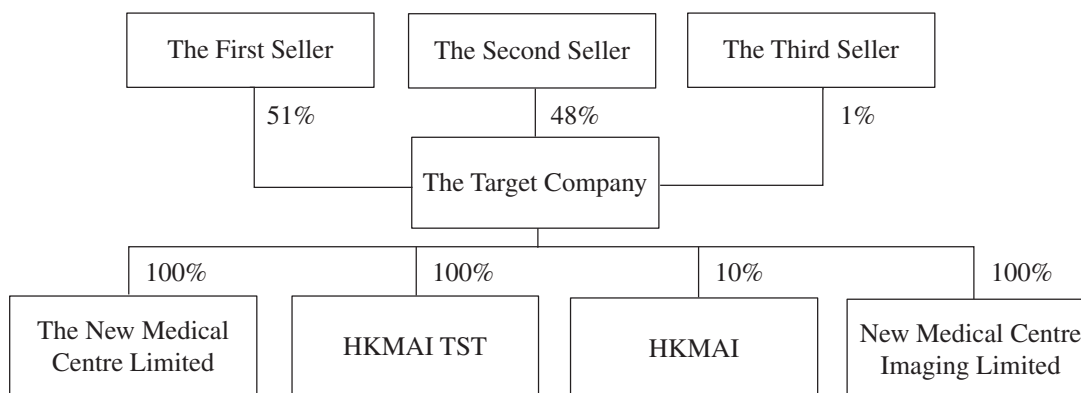
The Target Company is a company incorporated under the laws of Hong Kong with limited liability and is principally engaged in investment holding. Its subsidiaries, The New Medical Centre Limited and New Medical Centre Imaging Limited are principally engaged in the provision of medical services and medical diagnostic services, respectively.

The group structure of the Target Company prior to the Completion and the HKMAI Transfers is as follows:

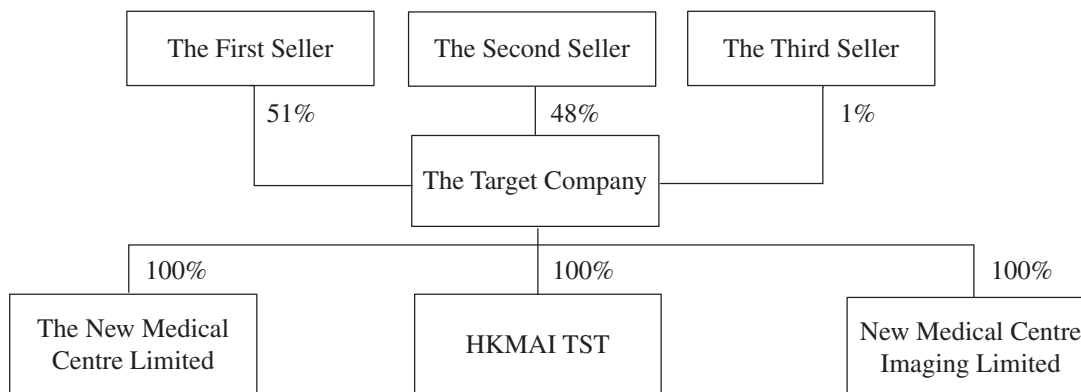


\* *New Medical Centre Imaging Limited is a dormant company*

For illustration purposes, assuming that the HKMAI TST Transfer occurs prior to the HKMAI Transfer, the group structure of the Target Company prior to the Completion and the HKMAI Transfer but after the HKMAI TST Transfer is as follows:



The group structure of the Target Company immediately prior to the Completion but after the HKMAI Transfers (namely, the HKMAI TST Transfer and the HKMAI Transfer) is as follows:





Set out below is the audited and unaudited financial information of each of the Target Company, HKMAI TST and HKMAI for the two financial years ended 31 March 2024:

**The Target Group (including its 51% interest in HKMAI TST and 10% interest in HKMAI)**

	<b>For the year ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK'000</i>	<i>HK'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Net assets	402,973	398,252
Profits before tax	61,049	63,464
Profits after tax	51,721	53,490

**HKMAI TST**

	<b>For the year ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK'000</i>	<i>HK'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Net assets	51,383	44,955
Profits before tax	7,695	8,349
Profits after tax	6,428	7,033

**HKMAI**

	<b>For the year ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<i>HK'000</i>	<i>HK'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Net assets	99,732	94,033
Profits before tax	7,591	11,705
Profits after tax	5,699	11,129

**Reasons for and Benefits of the Disposal**

The Disposal is in line with its strategy to make good use of and manage its resources to better develop its assets portfolio. The Disposal allows the Group to re-allocate the proceeds for other investment opportunities when they arise and adjust, if needed, the overall strategy on its investment portfolio when the market conditions warrant.

Having considered the above, the Directors consider that the First Sale Shares Consideration and the terms of the Share Purchase Agreement, which were determined after arm's length negotiations between the Parties, are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **Listing Rules Implications**

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Second Seller holds 48% equity interest in the Target Company, being an indirect subsidiary of the Company, and the Third Seller is a director of the Target company, each of the Second Seller and the Third Seller is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder and a director of the Target Company, respectively. Therefore, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of the Second Seller and the Third Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Disposal are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Disposal and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Disposal are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any material interests in the Disposal. Therefore, none of the Directors is required to abstain from voting on relevant resolutions of the Board.

For reasons set out above, the Second Seller HKMAI Transfer also constitutes a connected transaction under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) the Second Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Second Seller HKMAI Transfer are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Second Seller HKMAI Transfer and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Second Seller HKMAI Transfer are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **(B) ACQUISITION OF SHARES IN A NON-WHOLLY OWNED SUBSIDIARY**

On 6 November 2024 (after trading hours), Dr. Hui, Dr. Shum and the Target Company entered into the Acquisition Agreement, pursuant to which the Target Company has conditionally agreed to purchase, and each of Dr. Hui and Dr. Shum has conditionally agreed to sell 20% and 20% of the issued share capital in HKMAI TST, respectively, subject to the terms and conditions thereunder.

The Acquisition is conditional on the completion of the Disposal.

### **The Acquisition Agreement**

The principal terms of the Acquisition Agreement in relation to the Acquisition are set out below:

#### ***Date***

6 November 2024

#### ***Parties***

The parties to the Acquisition Agreement are as follows:

- (i) Dr. Hui Kei Tat as seller;
- (ii) Dr. Shum Sing Fai John as seller; and
- (iii) the Target Company as purchaser.

#### ***Assets to be acquired***

Pursuant to the Acquisition Agreement, Dr. Hui and Dr. Shum have agreed to sell, and the Target Company has agreed to acquire 7,000,000 ordinary shares in HKMAI TST (representing 20% of its entire issued share capital) and 7,000,000 ordinary shares in HKMAI TST (representing 20% of its entire issued share capital), respectively.

#### ***Consideration and payment terms***

The Acquisition Consideration payable for the issued share capital in HKMAI TST held by each of Dr. Hui and Dr. Shum shall be HK\$8,471,000 and HK\$8,471,000, respectively. It was determined after arm's length negotiations among Dr. Hui, Dr. Shum and the Target Company having taken into account of, among other things, the net asset value of HKMAI TST, and the benefits that would be brought to the Group by the Acquisition and the Disposal as explained in more detail in the sections headed "Reasons for and benefits of the Disposal" and "Reasons for and benefits of the Acquisition" in this announcement.

The Acquisition Consideration shall be payable by cheque or wire transfer on or before the Completion Date.

The Acquisition Consideration is expected to be funded by the internal resources of the Target Company.

### ***Completion***

Completion of the Acquisition will take place on the date that the Acquisition Consideration is settled, which is expected to be on or before 28 February 2025. Upon the completion of the HKMAI TST Transfer (including the completion of the Acquisition), HKMAI TST will be a wholly-owned subsidiary of the Target Company.

### **Information of the Parties Involved in the Acquisition**

#### ***The Target Company***

Please refer to the section headed “Information of the Parties Involved in the Disposal — The Target Company” in this Announcement.

#### ***Dr. Hui***

Dr. Hui is a registered medical practitioner of the Medical Council of Hong Kong. Dr. Hui holds 20% equity interest in HKMAI TST as at the date of this announcement.

#### ***Dr. Shum***

Dr. Shum is a registered medical practitioner of the Medical Council of Hong Kong. Dr. Shum holds 20% equity interest in HKMAI TST as at the date of this announcement.

#### ***HKMAI TST***

Hong Kong Medical Advanced Imaging (TST) Limited is a company incorporated in Hong Kong with limited liability and is principally engaged in the provision of medical advanced imaging services.

### **Reasons for and Benefits of the Acquisition**

The Acquisition and the HKMAI TST Transfer are part and parcel of the Disposal, the reasons for and the benefits of which are set out in the section headed “Reasons for and Benefits of the Disposal” in this announcement.

Having considered the above, the Directors consider that the Acquisition Consideration and the terms of the Acquisition Agreement, which were determined after arm’s length negotiations, are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

## **Listing Rules Implications**

While the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition is part and parcel of the Disposal, the highest applicable percentage ratio of which (as defined in Rule 14.07 of the Listing Rules) exceeds 75%. As such, pursuant to Rule 14.24 of the Listing Rules, the Acquisition will be classified by reference to the larger of the two elements, i.e. the Disposal, which constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As each of Dr. Hui and Dr. Shum holds 20% equity interest in HKMAI TST, being an indirect subsidiary of the Company, each of Dr. Hui and Dr. Shum is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of HKMAI TST. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of Dr. Hui and Dr. Shum is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Acquisition are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Acquisition and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Acquisition are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any material interests in the Acquisition. Therefore, none of the Directors is required to abstain from voting on relevant resolutions of the Board.

## **THE CIRCULAR**

The Circular containing, amongst other things, (a) further information on the Disposal and the Acquisition, (b) other information as required under the Listing Rules and (c) a notice of the EGM is expected to be made available to the Shareholders on or before 31 December 2024 as additional time is required for the preparation of the relevant information to be included in the Circular.

**Each of the Disposal and the Acquisition is subject to a number of conditions, which may or may not be fulfilled. There is therefore no assurance that each of the Disposal and the Acquisition will proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Acquisition”	the acquisition of the 20% and 20% equity interest in HKMAI TST by the Target Company from each of Dr. Hui and Dr. Shum, respectively, pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional share purchase agreement dated 6 November 2024 entered into between Dr. Hui, Dr. Shum and the Target Company in relation to the Acquisition
“Acquisition Consideration”	the consideration payable by the Target Company to Dr. Hui and Dr. Shum for the shares to be acquired by the Target Company pursuant to the Acquisition Agreement
“Affiliates”	means, with respect to a person, a person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such person
“AIA”	AIA Group Limited (stock code: 1299), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Board”	the board of directors
“Business Day”	Monday to Friday, excluding public holidays, in Hong Kong and excluding any day on which a tropical cyclone warning signing no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Circular”	the circular to be issued to the Shareholders by the Company in accordance with the Listing Rules in respect of, among other things, the Disposal
“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”	the completion of the Disposal pursuant to the Share Purchase Agreement

“Completion Date”	the date on which Completion is required to take place, being the last Business Day of the calendar month in which the last of the Conditions has been satisfied or waived (as the case may be), provided that if such satisfaction or waiver (as the case may be) takes place less than ten (10) Business Days before the end of that calendar month, Completion shall take place at the same location and time on the last Business Day of the calendar month which immediately follows the calendar month in which such satisfaction or waiver takes place
“Completion Adjustment Amount”	the amount determined by the difference between (1) the sum of the net working capital and the net debt of the Target Group and (2) the sum of the target net working capital and the minimum cash requirement of the Target Group as set out in the Completion Statement;
“Completion Statement”	a statement setting out certain financial information (including a consolidated balance sheet of the Target Group) as at the Completion Date to be prepared, finalised and agreed after the Completion in accordance with the terms of the Share Purchase Agreement to be provided by the Purchaser on or before 60 Business Days after the Completion Date
“Conditions”	the conditions precedent to the Completion as stipulated under the Share Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Sellers for the Sale Shares
“Control”	means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities or partnership or other equity interests, the right or ability to appoint directors, by contract or otherwise, provided that the indirect or direct ownership or control of more than 50% of the voting securities in such person shall be deemed to constitute Control; and “ <b>Controlled</b> ” shall be construed accordingly
“Director(s)”	the Director(s) of the Company



“Disposal”	the disposal of the First Sale Shares by the First Seller entire equity interest in the Target Company by the Sellers to the Purchaser pursuant to the terms and conditions of the Share Purchase Agreement
“Dr. Hui”	Dr. Hui Kei Tat, holder of 7,000,000 ordinary shares (representing 20% of its entire issued share capital) in HKMAI TST as at the date of this announcement
“Dr. Shum”	Dr. Shum Sing Fai John, holder of 7,000,000 ordinary shares (representing 20% of its entire issued share capital) in HKMAI TST as at the date of this announcement
“EGM”	an extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve the Disposal and the transactions contemplated thereby
“First Sale Shares”	5,100 Sale Shares held by the First Seller, representing 51% of the entire issued share capital of the Target Company, as at the date of this announcement
“First Sale Shares Consideration”	HK\$437,580,000, being the consideration for the sale of the First Sale Shares by the First Seller
“First Seller”	Jade Master International Limited, holder of the First Sale Shares, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HKMAI”	Hong Kong Medical Advanced Imaging Limited, a company incorporated in Hong Kong with limited liability
“HKMAI Transfer Shares”	8,000,000 ordinary shares in HKMAI held by the Target Company as at the date of this announcement
“HKMAI Transfers”	the transfer of HKMAI Transfer Shares and HKMAI TST Transfer Shares collectively
“HKMAI TST”	Hong Kong Medical Advanced Imaging (TST) Limited, a company incorporated in Hong Kong with limited liability
“HKMAI TST Transfer Shares”	17,150,000 ordinary shares in HKMAI TST held by shareholders other than the Target Company as at the date of this announcement

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Initial Consideration”	an amount equal to 90% of the Consideration
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling three (3) months after the date of the Share Purchase Agreement or such other date as may be agreed in writing among the Sellers and the Purchaser
“Parties”	the Company, the First Seller, the Second Seller, the Third Seller and the Purchaser
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“Purchaser”	AIA Hong Kong Medical Services Limited, a company incorporated in Hong Kong with limited liability
“Sale Shares”	the First Sale Shares, the Second Sale Shares and the Third Sale Shares collectively, which are equivalent to 10,000 ordinary shares and representing the entire issued share capital of the Target Company
“Second Sale Shares”	4,800 Sale Shares held by the Second Seller, representing 48% of the entire issued share capital of the Target Company, as at the date of this announcement
“Second Seller”	Dr. Ma Chi Min Effinie, holder of the Second Sale Shares and a director of the Target Company as at the date of this announcement
“Sellers”	the First Seller, the Second Seller and the Third Seller collectively
“Services Agreement”	the services agreement expected to be entered into between the Target Company and the Company on Completion
“Share Purchase Agreement”	the conditional share purchase agreement dated 6 November 2024 entered into between the Sellers, the Company and the Purchaser in relation to the Disposal

“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	New Medical Centre Holding Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiaries
“Third Sale Shares”	100 Sale Shares held by the Third Seller, representing 1% of the entire issued share capital of the Target Company, as at the date of this announcement
“Third Seller”	Ms. Wu Yun Chai, holder of the Third Sale Shares and a director of the Target Company as at the date of this announcement
“Transaction Documents”	the Share Purchase Agreement, the disclosure letter in relation to the Share Purchase Agreement, the Services Agreement, the chief executive officer agreement to be entered into between the Target Group and the Second Seller, the employment agreement to be entered into between the Target Group and the Third Seller, and the medical services agreement to be entered into between the Target Group and the Second Seller
“UAIHL”	Union Advanced Imaging Holding Limited, a company incorporated in BVI with limited liability, an indirect wholly-owned subsidiary of the Company
“Valuation”	the appraisal of the entire issued share capital in the Target Group, as at the Valuation Date, as appraised by the Valuer
“Valuation Date”	30 September 2024
“Valuation Report”	the valuation report prepared by the Valuer with respect to the Valuation

“Valuer” Valtech Valuation Advisory Limited, an Independent Third Party, engaged by the Company for the purpose of appraisal of the value of Target Group

“%” per cent

By order of the Board  
**EC Healthcare**  
**Raymond Siu**  
*Company Secretary*

Hong Kong, 6 November 2024

*As at the date of this announcement, the executive Directors are Mr. Tang Chi Fai, Mr. Lu Lyn Wade Leslie and Mr. Lee Heung Wing, 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.*