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EC Healthcare

醫思健康

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

SHARE TRANSACTION

ACQUISITION OF 7.5% EQUITY INTEREST IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

THE ACQUISITION

On 30 September 2022 (after trading hours), the Purchaser, the Company, the Sellers, the CEVL Shareholder and the DTHL Shareholders entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, an aggregate of 7.5% equity interest in the Target Company at a total consideration of HK\$4,375,515, which shall be satisfied by the allotment and issue of an aggregate of 852,922 Consideration Shares, credited as fully paid, by the Company to the CEVL Shareholder and the DTHL Shareholders under the General Mandate.

The Consideration Shares represent (i) approximately 0.07% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.07% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion save for the issue of the Consideration Shares).

The Consideration Shares are to be allotted and issued under the General Mandate and is not

subject to Shareholders' approval. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued and fully paid, will rank *pari passu* in all respects with each other and with the Shares in issue at the time of issue of the Consideration Shares.

As at the date of this announcement, the Target Company is indirectly owned as to 70% by the Purchaser. Upon the Completion, the Company's interests in the Target Company will increase from 70% to 77.5% and the financial results of the Target Company will continue to be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, DTHL holds 20.4% equity interest in the Target Company, Ms. Ho Siu Mei Sandy and Ms. Chan Ching Yi are the shareholders and directors of the Target Company. As the Target Company is an "insignificant subsidiary" of the Company pursuant to Rule 14A.09 of the Listing Rules, neither DTHL, Ms. Ho Siu Mei Sandy and Ms. Chan Ching Yi is a connected person of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the Acquisition are less than 5% and the Consideration will be satisfied by the allotment and issue of Consideration Shares, the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

Completion of the Acquisition is conditional upon the fulfilment or waiver (as the case may be) of the conditions pursuant to the Sale and Purchase Agreement, 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 securities of the Company.

INTRODUCTION

On 30 September 2022 (after trading hours), the Purchaser, the Company, the Sellers, the CEVL Shareholder and the DTHL Shareholders entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, an aggregate of 7.5% equity interest in the Target Company at a total consideration of HK\$4,375,515, which shall be satisfied by the allotment and issue of an aggregate of 852,922 Consideration Shares, credited as fully paid, by the Company to the CEVL Shareholder and the DTHL Shareholders under the General Mandate.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date	30 September 2022 (after trading hours)
Parties	<ol style="list-style-type: none"> (1) the Purchaser (as purchaser) (2) CEVL and DTHL (as sellers) (3) the CEVL Shareholder (4) the DTHL Shareholders (5) the Company <p>For further details of the counterparties, please refer to the paragraph headed “Information on the Sellers, the CEVL Shareholder and the DTHL Shareholders” in this announcement.</p>
Assets to be acquired	The Purchaser has conditionally agreed to acquire, and CEVL and DTHL have conditionally agreed to sell, 2.4% and 5.1% equity interest in the Target Company, respectively.
Consideration	<p>HK\$1,400,165 for the Sale Shares to be acquired from CEVL and HK\$2,975,350 for the Sale Shares to be acquired from DTHL, which shall be satisfied by the allotment and issue of 272,936 and 579,986 Consideration Shares, credited as fully paid, by the Company upon the instructions of CEVL to the CEVL Shareholder and upon the instructions of DTHL to the DTHL Shareholders, respectively. The number of 579,986 Consideration Shares to be allotted and issued to the DTHL Shareholders will be in proportion to their respective shareholding in DTHL.</p> <p>The Consideration Shares will be allotted and issued to the Sellers at the issue price of HK\$5.13 per Shares, representing (i) a premium of approximately 5.12% over the closing price per Share of HK\$4.88 as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement (the “Agreement Date Closing Price”) and (ii) a discount of approximately 0.08% of the average of the closing price per Share of HK\$5.134 as quoted on the Stock Exchange for the period of five (5) consecutive trading days ending on the trading day immediately preceding the date of the Sale and Purchase Agreement (the “Average Closing Price”).</p> <p>The Consideration was determined after arm’s length negotiations among the Company and the Sellers on normal commercial terms with reference to (i) the profit after taxation of the Target Company for the year ended 30 June 2022; and (ii) the net assets of the Target Company as at 30 June 2022.</p>
Dividend	It is expected the Target Company will distribute certain portion of the reserve available for distribution as at the date of Completion after the signing of the Sale and Purchase Agreement, the amount of which will be determined by the board of directors of the Target Company (the “ Completion Dividend ”). It is agreed that the Purchaser will not be entitled to the portion of the Completion

Dividend attributable to the Sale Shares, which shall be on the account of the Sellers (in their respective proportion of Sale Shares).

**Lock up of
Consideration
Shares**

Each of the CEVL Shareholder and DTHL Shareholders has unconditionally and irrevocably undertaken with the Purchaser and the Company that he/she will not deal in the Consideration Shares within six months from the date of the allotment and issue of the Consideration Shares.

The Consideration Shares

The Consideration Shares are to be allotted and issued under the General Mandate. The Company may allot and issue up to 235,675,453 Shares under the General Mandate. As at the date of this announcement, the General Mandate has not been utilised, and therefore, the General Mandate will be sufficient for the allotment and issue of the Consideration Shares and the issue of the Consideration Shares is not subject to Shareholders' approval.

Given the issue price of the Consideration Shares represents a premium over the Agreement Date Closing Price and a slight discount of the Average Closing Price, the Directors confirm that the allotment and issue of the Consideration Shares will comply with the requirements applicable to issue of Shares under the General Mandate.

The Consideration Shares, when issued and fully paid, will rank *pari passu* in all respects with each other and with the Shares in issue at the time of issue of the Consideration Shares.

As at the date of this announcement, the total number of Shares in issue of the Company is 1,180,377,267 Shares. The Consideration Shares represent (i) approximately 0.07% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.07% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion save for the issue of the Consideration Shares).

Condition Precedent

Completion is conditional upon all requisite consents and approvals from the relevant regulatory bodies and/or the shareholders of the Company (if applicable) which are required for the Acquisition pursuant to the Listing Rules, including approval of the listing of, and permission to deal in, the Consideration Shares, from the Stock Exchange, having been obtained and not having been revoked.

The Purchaser shall procure the Company, and the Company shall, within four weeks after signing the Sale and Purchase Agreement (or such other later date as the parties may agree), procure all requisite consents and approvals from the relevant regulatory bodies and/or the shareholders of the Company (if applicable) which are required for the allotment and issue of

the Consideration Shares pursuant to the Listing Rules having been obtained (where applicable) and not having been revoked.

Completion

Upon the fulfilment of the conditions precedent, the Completion shall take place at such time and place as the Purchaser, the Company, the Sellers, the CEVL Shareholder and the DTHL Shareholders may agree in writing.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors are optimistic about the development prospects of the Target Company and consider that an increase in stake in the Target Company through the Acquisition would be in the interests of the Company and the Shareholders as a whole. The allotment and issue of the Consideration Shares to the CEVL Shareholder and the DTHL Shareholders will also align their interests with that of the Company for long term value creation for the Group.

The terms of the Sale and Purchase Agreement are determined after arm's length negotiations among the parties thereto. The Directors consider that the terms of the Sale and Purchase Agreement (including the Consideration and the issue of Consideration Shares) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE PURCHASER

The Company was 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, a wholly-owned subsidiary of the Company, is a company incorporated in the British Virgin Islands with limited liability principally engaged in investment holding.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands with limited liability and a non-wholly-owned subsidiary of the Company. As at the date of this announcement, the Target Company is owned as to 70% by the Purchaser (a wholly-owned subsidiary of the Company), 9.6% by CEVL and 20.4% by DTHL. The Target Company is principally engaged in the provision for multi-channel networking services.

Based on the financial statements of the Target Company, the financial information of the Target Company for each of the two years ended 30 June 2022 are set out as follows:

Year ended 30 June

	2022 (unaudited) (HK\$'000)	2021 (unaudited) (HK\$'000)
Profit/(loss) before taxation	13,458	10,765
Profit/(loss) after taxation	11,249	10,157

As at 30 June 2022, based on the unaudited financial statements of the Target Company, the Target Company had unaudited net assets of approximately HK\$12,090,000.

INFORMATION ON THE SELLERS, THE CEVL SHAREHOLDER AND THE DTHL SHAREHOLDERS

Each of CEVL and DTHL is a company incorporated in the British Virgin Islands with limited liability principally engaged in investment holding. To the best of the Directors' knowledge, information and belief, CEVL is wholly owned by the CEVL Shareholder. The following table sets out the shareholding structure of DTHL to the best of the Directors' knowledge, information and belief:

Name of DTHL Shareholder	Percentage of shareholding in DTHL
Ms. Ho Siu Mei Sandy	39%
Ms. Chan Ching Yi	39%
Mr. Leung Ho Tai	4%
Mr. Wu Tit Yeung	4%
Ms. Leung Pui Shan Astor	3%
Mr. Tseung Kwok Yung	2%
Mr. Chu Kwok Cheong	2%
Ms. Siu Hiu Man	2%
Mr. Leung Hoi Fung Alex	1%
Mr. Lam Kwan Wai	1%
Ms. Shum Chit	1%
Mr. Cheung Chin Man	1%
Ms. Fung Cheuk Man	1%
Total	100%

Ms. Ho Siu Mei Sandy and Ms. Chan Ching Yi are the directors of the Target Company. The other minority shareholders of DTHL are employees of a wholly-owned operating subsidiary of the Target Company.

As further detailed in the paragraph headed “Listing Rules Implications” in this announcement, neither DTHL (holding more than 10% equity interest in the Target Company), Ms. Ho Siu Mei Sandy nor Ms. Chan Ching Yi (the shareholders and directors of the Target Company) is a connected person of the Company under Chapter 14A of the Listing Rules. To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, save for his/her/its interests in the Target Company, each of CEVL, DTHL, the CEVL Shareholder and the DTHL Shareholders is an Independent Third Party as at the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, DTHL holds 20.4% equity interest in the Target Company, and Ms. Ho Siu Mei Sandy and Ms. Chan Ching Yi are the shareholders and directors of the Target Company. As the Target Company is an “insignificant subsidiary” of the Company pursuant to Rule 14A.09 of the Listing Rules, neither DTHL, Ms. Ho Siu Mei Sandy nor Ms. Chan Ching Yi is a connected person of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in relation to the Acquisition are less than 5% and the Consideration will be satisfied by the allotment and issue of Consideration Shares, the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

Application for listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

GENERAL

Completion of the Acquisition is conditional upon the fulfilment or waiver (as the case may be) of the conditions pursuant to the Sale and Purchase Agreement, 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 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 an aggregate of 7.5% equity interest in the Target Company by the Purchaser from the Sellers pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“CEVL”	Champion Epoch Ventures Limited, a company incorporated in the British Virgin Islands with limited liability
“CEVL Shareholder”	Ms. Chan Ching Yi, the sole shareholder of CEVL
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in the amount of HK\$4,375,515 payable for the Acquisition
“Consideration Shares”	the Shares to be allotted and issued to the CEVL Shareholder and the DTHL Shareholders for the settlement of the Consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“DTHL”	Dynamic Team Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“DTHL Shareholders”	the shareholders of DTHL, namely Ms. Ho Siu Mei Sandy, Ms. Chan Ching Yi, Mr. Leung Ho Tai, Mr. Wu Tit Yeung, Ms. Leung Pui Shan Astor, Mr. Tseung Kwok Yung, Mr. Chu Kwok Cheong, Ms. Siu Hiu Man, Mr. Leung Hoi Fung Alex, Mr. Lam Kwan Wai, Ms. Shum Chit, Mr. Cheung Chin Man and Ms. Fung Cheuk Man
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 23 August 2022 pursuant to which the Directors are authorised to allot, issue and deal with Shares of up to 20% of the total number of issued Shares on the date of the passing such resolution (i.e. up to 235,675,453 Shares)
“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
“Purchaser”	Team Expert Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional agreement dated 30 September 2022 and entered into among the Purchaser, the Company, the Sellers, the CEVL Shareholder and the DTHL Shareholders in relation to the Acquisition
“Sale Shares”	75 ordinary shares of the Target Company, representing 7.5% of its entire issued share capital as at the date of this announcement, free from all encumbrances, together with all rights and benefits (if any) pertaining, attaching or attached thereto as at Completion to be transferred to the Purchaser under the Sale and Purchase Agreement
“Sellers”	CEVL and DTHL
“Share(s)”	the ordinary share(s) of HK\$ 0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Prime Inspire Limited, a company incorporated in the British Virgin Islands with limited liability and a non-wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

By order of the Board
EC Healthcare
Raymond Siu
Company Secretary

Hong Kong, 30 September 2022

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.