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**MEGA MEDICAL TECHNOLOGY LIMITED**

**美加醫學科技有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 876)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**THE DISPOSAL**

The Board is pleased to announce that on 24 January 2017 (after trading hours), the Purchaser and the Vendor, an indirect wholly owned subsidiary of the Company, entered into the Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Interests and the Sale Loan at the Consideration to be settled entirely by way of cash.

**GENERAL**

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but all applicable percentage ratios less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this announcement, the Purchaser owns 30% of the entire issued share capital and is therefore a substantial shareholder of Common Glory, a subsidiary of the Company. Further, Ms. Shen, a director of the Disposal Company, Common Glory, Cancare and Cancare Industrial, all being subsidiaries of the Company, is the ultimate beneficial owner indirectly owning 100% equity interest of the Purchaser which is therefore an associate of Ms. Shen. Therefore, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than profit ratio) with respect to the Disposal are less than 25% and the consideration is less than HK\$10,000,000, the Disposal is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 24 January 2017 (after trading hours), the Purchaser and the Vendor, a wholly owned subsidiary of the Company, entered into the Agreement, pursuant to which the Purchaser has agreed to acquire and the Company has agreed to dispose of the Sale Interests and the Sale Loan at the Consideration to be settled entirely by way of cash.

## **THE DISPOSAL**

Set out below are the principal terms of the Agreement:

### **Date of the Agreement**

24 January 2017

### **Parties to the Agreement**

- (1) the Vendor (as vendor), an indirect wholly owned subsidiary of the Company and principally engaged in investment holding; and
- (2) the Purchaser (as purchaser), a company incorporated under the laws of BVI and principally engaged in investment holding. Mr. Wu Xiaolin, our executive Director, is one of the directors of the Purchaser. As at the date of this announcement, the Purchaser owns 30% of the entire issued share capital and is therefore a substantial shareholder of Common Glory, a subsidiary of the Company. Further, Ms. Shen, a director of the Disposal Company, Common Glory, Cancare and Cancare Industrial, all being subsidiaries of the Company, is the ultimate beneficial owner, indirectly owning 100% equity interest of the Purchaser which is therefore an associate of Ms. Shen. Therefore, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules.

### **Subject matter**

Pursuant to the Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Sale Interests, representing the entire issued share capital of the Disposal Company, and the Sale Loan.

Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial results of the Group.

### **Consideration**

The consideration for the Sale Interests is HK\$2,799,900 and the consideration of the Sale Loan is HK\$100 (together the “**Consideration**”) and shall be payable by the Purchaser in cash to the Company via bank transfer or cheque upon Completion.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Company and on an aggregate basis given that the disposal of Sale Interests and Sale Loan are inter-conditional. The consideration for the Sale Loan is arbitrary for the purpose to provide a nominal value for ease of executing the Agreement.

In arriving the Consideration, the Directors have taken into consideration of various factors including: (i) the valuation of the Disposed Group of approximately HK\$2,800,000 as at 31 October 2016 conducted by an independent firm of professional valuer appointed by the Company, by discounted cash flow method under income approach; (ii) the recent financial position and performance of the Disposed Group; (iii) the outlook of the wire and cabling business in the PRC and (iv) the commercial reasons and benefits set out in the paragraph headed “Reasons for and benefits of the Disposal” below.

The Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **Completion**

Completion shall take place within 14 business days from the signing of the Agreement (or a date which may be agreed by the Vendor and the Purchaser).

## **INFORMATION OF THE DISPOSAL GROUP**

### **(1) The Disposal Company**

The Disposal Company is an investment holding company incorporated in BVI on 28 April 2014 with limited liability and is wholly owned by the Company. As at the date of this announcement, apart from holding 70% equity interest in Common Glory and 100% equity interest in Cancare Industrial, the Disposal Company does not have any business operation.

**(2) Common Glory**

Common Glory is an investment holding company incorporated in BVI on 2 January 2013 with limited liability and is 70% owned by the Disposal Company and 30% owned by the Purchaser. As at the date of this announcement, apart from holding 100% equity interest in Cancare, Common Glory does not have any business operation.

**(3) Cancare**

Cancare is an investment holding company incorporated in Hong Kong on 8 December 2008 with limited liability and is wholly owned by Common Glory. As at the date of this announcement, apart from its 100% equity interest in ZWL Shenzhen and ZWL Yixing, Cancare did not have any business operation.

**(4) ZWL Shenzhen**

ZWL Shenzhen is a company established in the PRC on 26 March 2009 with limited liability and is wholly owned by Cancare. The principal business activity of ZWL Shenzhen is the production of electrical components, including electronic wire, PC connecting wire, power plug cable and other hardware accessories.

**(5) ZWL Yixing**

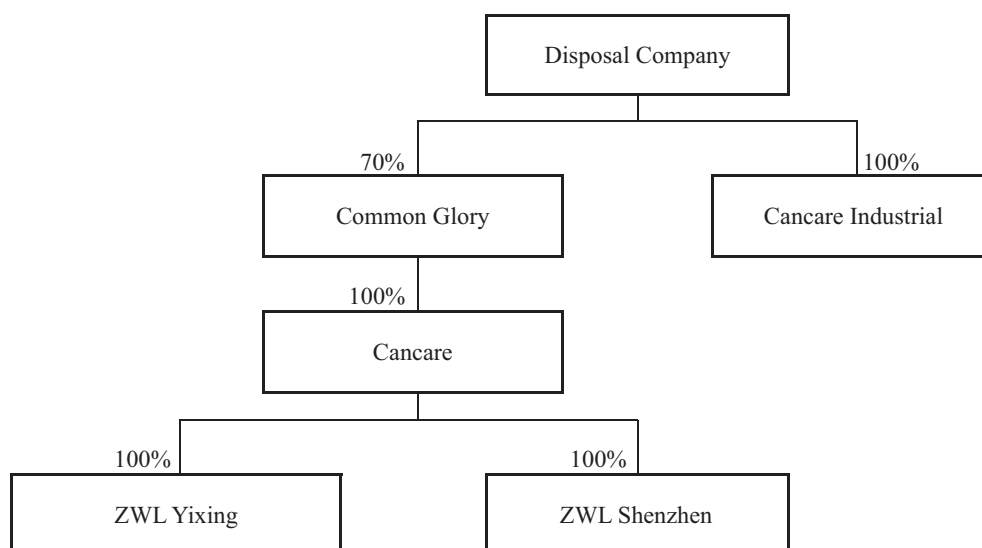
ZWL Yixing is a company established in the PRC on 30 November 2009 with limited liability and is wholly owned by Cancare. ZWL Yixing is a dormant company and does not have any business operation.

**(6) Cancare Industrial**

Cancare Industrial is a company incorporated in Hong Kong on 20 June 2014 with limited liability and is wholly owned by the Disposal Company. Cancare Industrial is a dormant company and does not have any business operation.

## Shareholding structure of the Disposal Group

Set out below is the shareholding structure of the Disposal Group as at the date of this announcement:



## Financial information of the Disposal Group

Set out below is the unaudited consolidated financial information of the 2014 Acquired Group (Disposal Group excluding the Disposal Company) for the two financial years ended 31 December 2015 and 10 months ended 31 October 2016 prepared in accordance with the Hong Kong Financial Reporting Standards:

|  | Year ended<br>31 December 2014<br>(unaudited)<br><i>(Note 1)</i><br><i>(HK\$)</i><br><i>(approximate)</i> | Year ended<br>31 December 2015<br>(unaudited)<br><i>(HK\$)</i><br><i>(approximate)</i> | 10 months ended<br>31 October 2016<br>(unaudited)<br><i>(HK\$)</i><br><i>(approximate)</i> |
|--|---|--|--|
| Net loss before gain on disposal of Properties Holding Subsidiaries and tax                | (5,501,000)   | (1,241,000)  | (3,091,000)  |
| Net (loss)/profit after gain on disposal of Properties Holding Subsidiaries but before tax | (5,501,000)   | (1,241,000)  | 2,642,000  |
| Net (loss)/profit after gain on disposal of Properties Holding Subsidiaries and tax        | (5,701,000)   | (1,251,000)  | 2,642,000  |

|                    | <b>31 December 2014</b><br><b>(unaudited)</b><br><i>(Note 1)</i><br><i>(HK\$)</i><br><i>(approximate)</i> | <b>31 December 2015</b><br><b>(unaudited)</b><br><br><i>(HK\$)</i><br><i>(approximate)</i> | <b>31 October 2016</b><br><b>(unaudited)</b><br><br><i>(HK\$)</i><br><i>(approximate)</i> |
|--------------------|---|--|---|
| Total assets value | 202,446,000<br><i>(Note 2)</i>  | 255,203,000<br><i>(Note 2)</i>   | 17,645,000<br><i>(Note 2)</i>   |
| Net assets value   | 177,400,000   | 170,954,000  | 5,037,000   |

The unaudited financial information of the Disposal Company for the two financial years ended 31 December 2015 and 10 months ended 31 October 2016 prepared in accordance with the Hong Kong Financial Reporting Standards are as follows:

|                     | <b>Year ended</b><br><b>31 December 2014</b><br><b>(unaudited)</b><br><i>(HK\$)</i><br><i>(approximate)</i> | <b>Year ended</b><br><b>31 December 2015</b><br><b>(unaudited)</b><br><i>(HK\$)</i><br><i>(approximate)</i> | <b>10 months ended</b><br><b>31 October 2016</b><br><b>(unaudited)</b><br><i>(HK\$)</i><br><i>(approximate)</i> |
|---------------------|---|---|---|
| Net loss before tax | (12,000)  | (8,000)   | (8,000)   |
| Net loss after tax  | (12,000)  | (8,000)   | (8,000)   |

|                    | <b>31 December 2014</b><br><b>(unaudited)</b><br><i>(HK\$)</i><br><i>(approximate)</i> | <b>31 December 2015</b><br><b>(unaudited)</b><br><i>(HK\$)</i><br><i>(approximate)</i> | <b>31 October 2016</b><br><b>(unaudited)</b><br><i>(HK\$)</i><br><i>(approximate)</i> |
|--------------------|--|--|---|
| Total assets value | 134,381,000  | 135,485,000  | 10,618,000  |
| Capital deficiency | (12,000)   | (20,000)   | (28,000)  |

The unaudited consolidated financial information of the Disposal Group for the two financial years ended 31 December 2015 and 10 months ended 31 October 2016 prepared in accordance with the Hong Kong Financial Reporting Standards are as follows:

|  | <b>Year ended<br/>31 December 2014<br/>(unaudited)<br/>(HK\$)<br/>(approximate)</b> | <b>Year ended<br/>31 December 2015<br/>(unaudited)<br/>(HK\$)<br/>(approximate)</b> | <b>10 months ended<br/>31 October 2016<br/>(unaudited)<br/>(HK\$)<br/>(approximate)</b> |
|--|---|---|---|
| Net loss before gain on disposal of Properties Holding Subsidiaries, tax and non-controlling interests                   | –   | (1,249,000)   | (3,107,000)   |
| Net (loss)/profit after gain on disposal of Properties Holding Subsidiaries but before tax and non-controlling interests | –   | (1,249,000)   | 2,626,000   |
| Net (loss)/profit after gain on disposal of Properties Holding Subsidiaries, tax and non-controlling interests           | –   | (585,000)   | 1,850,000   |
|  | <b>31 December 2014<br/>(unaudited)<br/>(HK\$)<br/>(approximate)</b>                | <b>31 December 2015<br/>(unaudited)<br/>(HK\$)<br/>(approximate)</b>                | <b>31 October 2016<br/>(unaudited)<br/>(HK\$)<br/>(approximate)</b>                     |
| Total assets value   | 202,446,000<br>(Note 2)   | 255,203,000<br>(Note 2)   | 17,645,000<br>(Note 2)  |
| Net assets value/<br>(capital deficiency)  | 1,800,000   | (3,417,000)   | 1,864,000   |

*Notes:*

1. The 2014 Acquired Group was acquired by the Disposal Company on 31 December 2014 and the financial information of the 2014 Acquired Group for the financial year ended 31 December 2014 was prepared by the former board of directors of the 2014 Acquired Group.
2. Total assets of the 2014 Acquired Group include assets of the Properties Holding Subsidiaries which have not yet been disposed of as at 31 December 2014 and as at 31 December 2015. After the disposal of the Properties Holding Subsidiaries on 23 June 2016, the Disposal Company together with the remaining companies of the 2014 Acquired Group became the Disposal Group in this transaction.

## **REASONS FOR AND BENEFIT OF THE DISPOSAL**

The Group is principally engaged in the dental prosthetics business.

As disclosed in the Company's announcement dated 2 December 2016, the Board has decided to discontinue the electronic manufacturing services business and it is expected that the discontinuation of the electronic manufacturing services business will allow the Group to reallocate its resources and effort to the dental prosthetics business. Moreover, the Disposal Group was loss making for the two years ended 31 December 2014 and 31 December 2015 and the 10 months ended 31 October 2016. The Directors consider that the Disposal represents a good opportunity for the Company to realise the value of the Disposal Group at a reasonable price. In view of the above factors, the Directors consider that it is in the interests of the Company and its Shareholders to dispose of the Disposal Group.

Having considered the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable, and the Disposal is on normal commercial terms and in the ordinary and usual course of business of the Company, and that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

Mr. Wu Xiaolin is one of the directors of the Purchaser and abstained from voting on the relevant Board resolutions. Save for Mr. Wu, none of the Directors have any material interest in the Agreement and the transactions contemplated thereunder and none of them abstained from voting on the relevant Board resolutions.



## EXPECTED LOSS OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that the Company would record an estimated loss of approximately HK\$4,821,000 (subject to final audit) from the Disposal upon Completion, being calculated as follows:

|  | <b>Approximate amount</b><br><i>(HK\$)</i> |
|--|--|
| The Consideration  | 2,800,000                                  |
| <i>minus</i>   |  |
| The Sale Loan  | (3,136,000)                                |
| The unaudited consolidated net asset value of the Disposal Group     | (1,864,000)                                |
| The estimated tax provision, relevant expenses and transaction costs | (300,000)                                  |
| Release of exchange reserves   | (2,321,000)                                |
|  | <hr/>                                      |
| Estimated loss from Disposal   | (4,821,000)                                |
|  | <hr/> <hr/>                                |

The net proceeds from the Disposal is expected to be approximately HK\$2,500,000 (“**Net Proceeds**”). Therefore, the Net Proceeds attributable to the owners of the Company is expected to be approximately HK\$2,500,000. The Company should apply such amount for general working capital of the Group.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but all applicable percentage ratios less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

As at the date of this announcement, the Purchaser owns 30% of the entire issued share capital and is therefore a substantial shareholder of Common Glory, a subsidiary of the Company. Further, Ms. Shen, a director of the Disposal Company, Common Glory, Cancare and Cancare Industrial, all being subsidiaries of the Company, is the ultimate beneficial owner indirectly owning 100% equity interest of the Purchaser which is therefore an associate of Ms. Shen. Therefore, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (other than profit ratio) with respect to the Disposal are less than 25% and the consideration is less than HK\$10,000,000, the Disposal is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

|                       |  |
|-----------------------|--|
| “2014 Acquired Group” | Common Glory, Cancare, ZWL Shenzhen, ZWL Yixing, Cancare Industrial together with the Properties Holding Subsidiaries acquired by the Disposal Company as announced on 10 October 2014 and completed on 31 December 2014 |
| “Agreement”           | the agreement dated 24 January 2017 entered into between the Purchaser and the Vendor in relation to the Disposal  |
| “associate(s)”        | has the meaning ascribed thereto under the Listing Rules   |
| “Board”               | the board of Directors   |
| “BVI”                 | the British Virgin Islands   |
| “Cancare”             | Cancare China Merchants Group (H.K.) Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by Common Glory   |
| “Cancare Industrial”  | Cancare Industrial Investment Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by the Disposal Company  |
| “Common Glory”        | Common Glory Global Limited, a company incorporated in the BVI with limited liability and is 70% owned by the Disposal Company and 30% owned by the Purchaser  |
| “Company”             | Mega Medical Technology Limited (美加醫學科技有限公司) (formerly known as Wing Tai Investment Holdings Limited), a limited liability company incorporated in Bermuda whose Shares are listed on the Stock Exchange                 |

|                       |   |
|-----------------------|---|
| “Completion”          | completion of the Disposal  |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules  |
| “Consideration”       | collectively the consideration of HK\$2,799,900 for disposal of the Sale Interests and the consideration of HK\$100 for disposal of the Sale Loan pursuant to the Agreement |
| “Director(s)”         | the director(s) of the Company  |
| “Disposal”            | the disposal of the Sale Interests and the Sale Loan pursuant to the Agreement  |
| “Disposal Company”    | Modern Success Holdings Limited, a wholly owned subsidiary of the Company incorporated under the laws of BVI  |
| “Disposal Group”      | the Disposal Company, Common Glory, Cancare, ZWL Shenzhen, ZWL Yixing and Cancare Industrial  |
| “Group”               | the Company and its subsidiaries  |
| “HK\$”                | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”           | Hong Kong Special Administrative Region of the PRC  |
| “Listing Rules”       | the Rules Governing the Listing of the Securities on the Stock Exchange   |
| “Ms. Shen”            | Ms. Shen Jing, spouse of Mr. Wen Jialong, the former chairman and executive director of the Company   |
| “PRC”                 | the People’s Republic of China  |

|                                   |  |
|-----------------------------------|--|
| “Properties Holding Subsidiaries” | Decent Choice Limited, Rewarding Addition (Hong Kong) Limited, Shenzhen Yong Feng Li Technology Limited* and Shenzhen Chuanhu Enterprise Limited*, being the former subsidiary group which holds the land in Chuan Hu Industrial District in Shenzhen and the disposal of which by the Group has been completed on 23 June 2016. Reference is made to the announcements of the Company dated 24 July 2015 and 23 June 2016 and the circular of the Company dated 25 April 2016 |
| “Purchaser”                       | Dragon Fortune Group Holdings Limited (formerly known as Jialong Investment Co., Limited), a company incorporated in BVI and is wholly owned by Glory Gate International Limited, which is wholly owned by Ms. Shen  |
| “Sale Interests”                  | the entire issued share capital of the Disposal Company  |
| “Sale Loan”                       | the total amount of shareholders’ loan owing by the Disposal Group to the Vendor on the date of Completion   |
| “Share(s)”                        | ordinary share(s) of HK\$0.00125 each in the share capital of the Company  |
| “Shareholder(s)”                  | holder(s) of the Shares  |
| “Stock Exchange”                  | The Stock Exchange of Hong Kong Limited  |
| “Vendor”                          | Mega Smart Holdings Limited, a company incorporated in BVI and is an indirect wholly owned subsidiary of the Company   |
| “ZWL Shenzhen”                    | 智偉龍電線(深圳)有限公司 (Zhiweilong Cable (Shenzhen) Limited*), a company established in the PRC with limited liability and is wholly owned by Cancare   |

“ZWL Yixing”

招商智偉龍電線(宜興)有限公司 (Zhaoshang Zhiweilong Cable (Yixing) Limited\*), a company established in the PRC with limited liability and is wholly owned by Cancare

“%”

per cent.

*\* Translation for identification purpose only*

By order of the Board  
**Mega Medical Technology Limited**  
**LUO Jun**  
*Chairman*

Hong Kong, 24 January 2017

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Luo Jun (Chairman), Mr. Wu Tianyu (Chief Executive Officer) and Mr. Wu Xiaolin, two non-executive Directors, namely, Dr. Jiang Feng and Mr. Xu Hao, and three independent non-executive Directors, namely Dr. Liu Yanwen, Mr. Song Qun and Mr. Guo Peineng.*