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UMP HEALTHCARE HOLDINGS LIMITED

聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE MEDICAL SERVICES AGREEMENT

Reference is made to the announcement and supplemental announcement of UMP Healthcare Holdings Limited (the “**Company**”) dated 1 October 2022 and 7 October 2022 respectively (collectively, the “**Announcements**”) in relation to the Medical Services Agreement, pursuant to which UMP Professional has been engaged in the provision and administration of Medical Services to FTLife Members and/or respective Family Members. Unless otherwise specified, capitalised terms used herein shall have the same meaning defined in the announcement dated 1 October 2022.

The actual demand for the Medical Services under the Medical Services Agreement has exceeded the original expectations which has resulted in a corresponding increase in the total amount of Service Fees payable by FTLife to UMP Professional under such agreement. As such, the aggregate amount of Service Fees payable by FTLife to UMP Professional under the Medical Services Agreement are expected to be higher than the level envisaged at the time when the parties entered into the Medical Services Agreement. The Board expects that the annual caps of HK\$18 million, HK\$25 million, HK\$28 million and HK\$8 million for the nine months period ending 30 June 2023, year ending 30 June 2024, 2025, and three months period ending 30 September 2025 respectively (the “**Existing Annual Caps**”) may not be sufficient and proposes such annual caps be revised and increased to the revised annual caps of HK\$30 million, HK\$60 million, HK\$80 million and HK\$20 million for the nine months period ending 30 June 2023, year ending 30 June 2024, 2025, and three months period ending 30 September 2025 (the “**Revised Annual Caps**”).

IMPLICATIONS UNDER THE LISTING RULES

FTLife is an indirect wholly-owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD and CTFE (a substantial shareholder of the Company) is a controlling shareholder of NWD. Hence, FTLife is a connected person of the Company and the transactions contemplated under the Medical Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest of all applicable percentage ratios in respect of the Revised Annual Caps for the transactions contemplated under the Medical Service Agreement is higher than 5% on an annual basis, the transactions contemplated under the Medical Service Agreement are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will convene an EGM to consider and, if appropriate, approve the resolution to be proposed and in relation to the Revised Annual Caps, among other things.

A circular containing, among other things, (i) further information of the Revised Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Revised Annual Caps; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps; and (iv) a notice of the EGM with the proxy form is expected to be dispatched to the Shareholders on or before 11 April 2023.

INTRODUCTION

Reference is made to the announcement and supplemental announcement of UMP Healthcare Holdings Limited (the "**Company**") dated 1 October 2022 and 7 October 2022 respectively (collectively, the "**Announcements**") in relation to the Medical Services Agreement, pursuant to which UMP Professional has been engaged in the provision and administration of the Medical Services to FTLife Members and/or respective Family Members. The principal terms of the Medical Service Agreements and details of the price determination (which shall remain unchanged) are set out in the Announcements. Unless otherwise specified, capitalised terms used herein shall have the same meaning defined in the announcement dated 1 October 2022.

The actual demand for the Medical Services under the Medical Services Agreement has exceeded the original expectations which has resulted in a corresponding increase in the total amount of Service Fees payable by FTLife to UMP Professional under such agreement. As such, the aggregate amount of Service Fees payable by FTLife to UMP Professional under the Medical Services Agreement are expected to be higher than the level envisaged at the time when the parties entered into the Medical Services Agreement. The Board expects that the annual caps of HK\$18 million HK\$25 million, HK\$28 million and HK\$8 million for the nine months period ending 30 June 2023, year ending 30 June 2024, 2025, and three months period ending 30 September 2025 respectively (the “**Existing Annual Caps**”) may not be sufficient and proposes such annual caps be revised and increased to the revised annual cap of HK\$30 million, HK\$60 million, HK\$80 million and HK\$20 million for the nine months period ending 30 June 2023, year ending 30 June 2024, 2025, and three months period ending 30 September 2025 (the “**Revised Annual Caps**”).

Save for the revision of the Existing Annual Caps, all other terms and conditions under the Medical Services Agreement remain unchanged.

HISTORICAL TRANSACTION AMOUNT

Based on the Group’s management accounts, the unaudited total transaction amount for the four months ended 31 January 2023 under the Medical Services Agreement is HK\$10.1 million.

REVISION OF ANNUAL CAPS

The table below sets out the aggregate amount of Existing Annual Caps and the Revised Annual Caps for the provision of Medical Services by the UMP Professional to FTLife for the nine months period ending 30 June 2023, two years ending 30 June 2024 and 2025 and the three months period ending 30 September 2025:

| | Nine months period ending 30 June 2023 <i>HK\$ million</i> | Year ending 30 June 2024 <i>HK\$ million</i> | Year ending 30 June 2025 <i>HK\$ million</i> | Three months period ending 30 September 2025 <i>HK\$ million</i> |
|----------------------|---|---|---|---|
| Existing Annual Caps | 18 | 25 | 28 | 8 |
| Revised Annual Caps | 30 | 60 | 80 | 20 |

The Revised Annual Caps for the provision of Medical Services are determined after taking into account the following factors:

- (i) the historical transaction amounts for the provision of Medical Services and the significant increase in the transaction amount in December 2022 and January 2023. As at 31 January 2023, nearly 56% of the Existing Annual Caps for the four months ended 31 January 2023 has been utilised as a result of high demand for Medical Services of the new FTLife Members and the popularity of the program;
- (ii) the estimated medical services fee as utilized by the FTLife Members and Family Members during the two years ending 30 June 2024 and 2025 and the three months period ending 30 September 2025;
- (iii) the expected increase in demand of medical services in consideration of the increase in public healthcare awareness and the aging population; and
- (iv) a buffer of 10% to cater for any additional demand of the new FTLife Members and Family Members.

REASON FOR REVISION OF THE EXISTING ANNUAL CAPS

The Company believes that, due to an increase in public healthcare awareness and aging population, the increase in Medical Services, especially the in-patient surgical procedures and the relevant medical consultation services and diagnostic imaging services under the Clinical Services utilised by the FTLife Members and/or Family Members have exceeded expectations which has resulted in a corresponding increase in the total amount of Service Fees payable by FTLife to UMP Professional under the Medical Services Agreement. Accordingly, the actual amount of Service Fees payable by FTLife to UMP Professional under the Medical Services Agreement are expected to be higher than the level envisaged at the time when the parties entered into the Medical Services Agreement. In light of this, the Board proposes the Revised Annual Caps in place of the Existing Annual Caps.

The Revised Annual Caps was determined with reference to (i) the unaudited total transaction amount of the total Service Fees payable to the Group for the Medical Services under the Medical Services Agreement for the four months ended 31 January 2023; and (ii) the estimated increase in future usage of the Medical Services for the remaining period during the year ending 30 June 2023, 2024, 2025 and 3 months ended 30 September 2025.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Medical Services Agreement and the Revised Annual Caps are on normal commercial terms or better, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

INFORMATION ABOUT THE PARTIES

(i) The Company and the Group

The Company is an investment holding company. The Group is principally engaged in the provision of healthcare services, which include corporate healthcare solution services, medical and dental services, medical imaging and laboratory services and other auxiliary medical services.

(ii) UMP Professional

UMP Professional is a company incorporated in Hong Kong with limited liability which is principally engaged in the provision of medical and healthcare services and is an indirect wholly-owned subsidiary of the Company.

(iii) FTLife

FTLife is a company incorporated in Bermuda with limited liability which is an insurer authorized by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap.41) and is principally engaged in insurance business and is an indirect wholly owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD and CTFE (a substantial shareholder of the Company) is a controlling shareholder of NWD.

IMPLICATIONS UNDER THE LISTING RULES

FTLife is an indirect wholly-owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD and CTFE (a substantial shareholder of the Company) is a controlling shareholder of NWD. Hence, FTLife is a connected person of the Company and the transactions contemplated under the Medical Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules applicable to the relevant continuing connected transactions.

As the highest of all applicable percentage ratios in respect of the Revised Annual Caps for the transactions contemplated under the Medical Service Agreement is higher than 5% on an annual basis, the transactions contemplated under the Medical Service Agreement are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will convene an EGM to consider and, if appropriate, approve the resolution to be proposed and in relation to the Revised Annual Caps, among other things.

GENERAL

An Independent Board Committee comprising Dr. LI Kwok Tung, Donald, Mr. YEUNG Wing Sun, Mike and Mr. CHAU, Chit Jeremy, each an independent non-executive Director with no material interest in the transactions contemplated under the Medical Services Agreement and the Revised Annual Caps, has been established to advise the Independent Shareholders as to whether the terms of the Medical Services Agreement in respect of the Revised Annual Caps and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM.

Gram Capital has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this respect. The Company will convene the EGM to consider and, if thought fit, to approve, among other things, the Revised Annual Caps and the transactions contemplated thereunder. As at the date of this announcement, (i) CTFE and its associates are interested in 119,180,175 Shares, representing approximately 14.69% of the total issued share capital of the Company, (ii) Mr. TSANG On Yip, Patrick and Mr. LEE Kar Chung, Felix (both executive Directors), due to their senior roles in CTFE; and (iii) Mr. LEE Luen Wai, John (an independent non-executive Director), due to his position in NWD as an independent non-executive director, will abstain from voting on the relevant resolutions approving the Revised Annual Caps and the transactions contemplated thereunder at the EGM. In addition, Dr. SUN Yiu Kwong (Chairman) and Dr. SUN Man Kin, Michael (directly or through company(ies) controlled by any of them) are interested in an aggregate of 318,108,022 Shares, representing approximately 39.22% of the total issued share capital of the Company, also intend to abstain from voting on the relevant resolutions approving the Revised Annual Caps and the transactions contemplated thereunder at the EGM, taking into account their relationship with Mr. TSANG On Yip, Patrick.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the relevant resolutions approving the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further information of the Revised Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Revised Annual Caps; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps; and (iv) a notice of the EGM with the proxy form is expected to be dispatched to the Shareholders on or before 11 April 2023.

DEFINITIONS

Capitalised terms used herein shall have the same meaning defined in the Announcements and/or defined below:

- “Company” : UMP Healthcare Holdings Limited;
- “EGM” : an extraordinary general meeting or any adjournment thereof of the Company to be convened to consider and, if thought fit, approve the Revised Annual Caps and the transactions contemplated thereunder;
- “Existing Annual Caps” : the existing annual caps for the transactions contemplated under the Medical Services Agreement as disclosed in the Announcements;
- “Independent Board Committee” : an independent committee of the Board comprising Dr. LI Kwok Tung, Donald, Mr. YEUNG Wing Sun, Mike and Mr. CHAU, Chit Jeremy, each an independent non-executive Director with no material interest in the transactions contemplated under the Medical Services Agreement and the Revised Annual Caps, established to advise the Independent Shareholders in respect of the Medical Services Agreement, the Revised Annual Caps and the transactions contemplated thereunder;
- “Independent Financial Adviser” or “Gram Capital” : Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of annual caps under the Medical Services Agreement;

- “Independent Shareholders” : the Shareholders who are not required to abstain from voting at the EGM to approve the Revised Annual Caps and the transactions contemplated thereunder;
- “Medical Services Agreement” : the medical services agreement dated 1 October 2022 entered into between FTLife and UMP Professional; and
- “Revised Annual Caps” : the proposed revised annual caps for the transactions contemplated under the Medical Services Agreement.

By Order of the Board
UMP Healthcare Holdings Limited
SUN Yiu Kwong
Chairman

Hong Kong, 16 March 2023

As at the date of this announcement, the Executive Directors of the Company are Dr. SUN Yiu Kwong (Chairman), Dr. SUN Man Kin, Michael (Vice-chairman and Co-Chief Executive Officer), Ms. KWOK Cheuk Kwan, Jacquen (Co-Chief Executive Officer), Mr. TSANG On Yip, Patrick, Dr. LEE Pak Cheung, Patrick and Mr. LEE Kar Chung, Felix; and the Independent Non-executive Directors are Mr. LEE Luen Wai, John, Dr. LI Kwok Tung, Donald, Mr. YEUNG Wing Sun, Mike and Mr. CHAU, Chit Jeremy.