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If you have sold or transferred all your shares in the Company, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 MEDICAL SERVICES AGREEMENT AND NOTICE OF EGM

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on pages 4 to 12 of this circular. A letter of advice from Gram Capital (as defined herein) containing its advice and recommendation to the Independent Board Committee (as defined herein) and the Independent Shareholders (as defined herein) is set out on pages 15 to 26 of this circular. A letter from the Independent Board Committee is set out on pages 13 to 14 of this circular.

A notice convening the EGM to be held at 16/F, Wing On House, 71 Des Voeux Road Central, Hong Kong on Thursday, 11 May 2023 at 2:30 p.m. is set out on pages 34 to 35 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.ump.com.hk>).

If you are not able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish, and in such event, the form of proxy shall be deemed to be revoked. In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

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DEFINITIONS

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

“Administrative Services”	various administrative services including, among others, 24/7 hotline services, third-party administrative services and other ancillary digital support for FTLife Members and/or Family Members, as provided by UMP Professional under the Medical Services Agreement;
“Announcements”	announcement and supplemental announcement of the Company dated 1 October 2022 and 7 October 2022, respectively;
“Board”	the board of Directors;
“Company”	UMP Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 722);
“CCT(s)”	continuing connected transactions;
“Clinical Services”	medical services including, among others, day procedures, diagnostic imaging services, in-patient surgical procedures, medical advice and other relevant services, as provided by UMP Professional to FTLife Members and/or Family Members under the Medical Services Agreement;
“CTFE”	Chow Tai Fook Enterprises Limited, a company incorporated with limited liability in Hong Kong and a substantial shareholder of the Company;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules (as may be amended from time to time);
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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;

DEFINITIONS

“Family Members”	respective family members of policyholders of FTLife including spouse and children;
“FTLife”	FTLife Insurance Company Limited, a company incorporated in Bermuda with limited liability which 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;
“FTLife Members”	the insured and/or policyholders of FTLife;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“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;
“Latest Practicable Date”	18 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Medical Services Agreement”	the medical services agreement dated 1 October 2022 entered into between FTLife and UMP Professional;
“Medical Services”	collectively, the Administrative Services and the Clinical Services;
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0017);
“NWS Holdings”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 659);
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules;
“Revised Annual Cap(s)”	the proposed revised annual cap(s) for the transactions contemplated under the Medical Services Agreement as disclosed in the Revised Caps Announcement;
“Revised Caps Announcement”	the announcement of the Company dated 16 March 2023;
“Services”	has the meaning as defined in the paragraph headed “Pricing Policy and Revision of Annual Caps” in the Letter from the Board;
“Shares”	ordinary share(s) with a par value of HK\$0.001 each in the share capital of the Company;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“UMP Professional”	UMP Professional Management Limited, 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; and
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. SUN Yiu Kwong (*Chairman of the Board*)

Dr. SUN Man Kin, Michael

(Vice-chairman of the Board, Co-Chief Executive Officer)

Ms. KWOK Cheuk Kwan, Jacquen (*Co-Chief Executive Officer*)

Mr. TSANG On Yip, Patrick

Dr. LEE Pak Cheung, Patrick

Mr. LEE Kar Chung, Felix

Independent non-executive Directors:

Mr. LEE Luen Wai, John *BBS JP*

Dr. LI Kwok Tung, Donald *SBS JP*

Mr. YEUNG Wing Sun, Mike

Mr. CHAU, Chit Jeremy

Registered Office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

27/F Wing On House

71 Des Voeux Road Central

Hong Kong

24 April 2023

To the Shareholders

Dear Sir/Madam,

**REVISION OF ANNUAL CAPS OF
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO
MEDICAL SERVICES AGREEMENT
AND
NOTICE OF EGM**

1. INTRODUCTION

Reference is made to (1) the Announcements in respect of the Medical Services Agreement, pursuant to which UMP Professional has been engaged in the provision of Medical Services to FTLife Members and/or respective Family Members and (2) the Revised Caps Announcement in relation to the revision of annual caps of CCT in relation to the Medical Services Agreement. The purpose of this circular is to provide you with: (i) further information on the revision of the Existing Annual Caps, (ii) recommendations from the Independent Board Committee to the Independent Shareholders; (iii) the advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules, and (v) the enclosed notice of the EGM so that you can make an informed decision on voting in respect of the relevant resolution(s) at the EGM.

LETTER FROM THE BOARD

2. REVISION OF ANNUAL CAP

Reference is made to the Announcements, pursuant to which UMP Professional has been engaged in the provision of 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.

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 may not be sufficient and proposes such annual caps to 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.

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 approximately HK\$10.1 million.

Pricing Policy and Revision of Annual Caps

UMP Professional agrees to offer the Medical Services to FTLife Members and/or Family Members at normal commercial terms of the agreed charges, fees and expenses (the "Service Fees") in accordance with the scope of services under the Medical Services Agreement, subject to the limits, conditions, and administration procedures in the Medical Services Agreement and usage of the Medical Services. The Service Fees shall comprise of two main components: (a) the fees payable for the provision of various Administrative Services provided by UMP Professional (or its affiliates) from time to time subject to, among others, the rate of user's subscription; and (b) the fees payable in respect of different Clinical Services as required by FTLife Members and/or Family Members from time to time. UMP Professional reserves its right to make reasonable adjustments on charges, fees and expenses from time to time during the term of the Medical Services Agreement in accordance with the Medical Services Agreement.

LETTER FROM THE BOARD

The Service Fees were negotiated and determined by the parties through an arm's length negotiation and on normal commercial terms, and at a price which is no more favourable to FTLife than the price at which the Group provides similar services to other independent third parties having regard to the scope and terms of the services provided, and with reference to the historical service fees paid for medical services and the prevailing price of medical services offered by the Group to other customers with a similar scope of service. In determining the Service Fees under the Medical Services Agreement, the Group has adopted the following approach, which would into account the prevailing market prices and benchmark price information for similar services obtained through the market or third-party customers. Where comparable transactions are available, the business development department of the Group would consider the pricing for at least two transactions in which the Group provides substantially similar services to independent third-party customers during the relevant year, and report the findings, together with the recommended pricing determined based on such findings, to the senior management of the Group. The senior management would then review the recommended pricing to ensure that it complies with the pricing principle under the Medical Services Agreement such that the price is no more favourable to FTLife than the price at which the Group provides similar services to other independent third parties. In the absence of any comparable transaction, the business development department of the Group would conduct market research (through means such as discussions with customers/market surveys) on the prevailing prices charged for similar services in the market in general, and report the findings, together with the recommended pricing determined based on such findings, to the senior management of the Group, which would then determine the prices for the relevant services.

The table below sets out the aggregate amounts of the 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	Year ending 30 June 2024	Year ending 30 June 2025	For the three months period ending 30 September 2025
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Existing Annual Caps	18	25	28	8
Revised Annual Caps	30	60	80	20

LETTER FROM THE BOARD

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 a 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 aging population; and
- (iv) a buffer of 10% to cater for any additional demand of the new FTLife Members and Family Members.

Reasons 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 were 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 ending 30 September 2025.

LETTER FROM THE BOARD

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. Mr. TSANG On Yip, Patrick and Mr. LEE Kar Chung, Felix, each being an executive Director, have abstained from voting on the Board resolution approving the Revised Annual Caps due to their senior roles in CTFE.

Mr. LEE Luen Wai, John, being an independent non-executive Director has also abstained from voting on the Board resolution approving the Revised Annual Caps due to his position in NWD as an independent non-executive director.

In addition, Dr. SUN Yiu Kwong (Chairman) and Dr. SUN Man Kin, Michael abstained from voting on the relevant resolutions approving the Revised Annual Caps and the transactions contemplated thereunder, taking into account that Mr. TSANG On Yip, Patrick is the son-in-law of Dr. SUN Yiu Kwong and the brother-in-law of Dr. SUN Man Kin, Michael.

Information of 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.

LETTER FROM THE BOARD

Internal Control Measures on Continuing Connected Transactions

The Group has adopted the following internal control procedures to manage the CCTs, the Existing Annual Caps and the Revised Annual Caps thereunder:

- (i) the finance department of the Company will closely monitor and record the actual transaction amounts of the CCTs to ensure that the Revised Annual Caps will not be exceeded;
- (ii) the relevant personnel of the business department of the Company will conduct regular checks to review and assess that the transactions contemplated under the Medical Services Agreement are conducted in accordance with the terms of the Medical Services Agreement and will also regularly compare the prices and terms with the market prices or standards of similar transactions to consider whether the prices charged on specific transactions are fair and reasonable and in compliance with the above pricing policies;
- (iii) the auditors of the Company will conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the CCTs on an annual basis and confirm (a) whether the transactions under the Medical Services Agreement have been approved by the Board; (b) whether the transactions are in accordance with the Group's pricing policies in all material respects; (c) whether the transactions are entered into in accordance with the Medical Services Agreement; and (d) whether the Revised Annual Caps are not exceeded; and
- (iv) the independent non-executive Directors will conduct an annual review (which is subject to the annual review and disclosure requirements under the Listing Rules) to confirm that the transactions under the Medical Services Agreement are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) the transactions are conducted in accordance with the Medical Services Agreement, which the terms are fair and reasonable as well as in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

Listing Rules Implications

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 Services Agreement is higher than 5% on an annual basis, the transactions contemplated under the Medical Services Agreement are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The 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 circular, (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 that Mr. TSANG On Yip, Patrick is the son-in-law of Dr. SUN Yiu Kwong and the brother-in-law of Dr. SUN Man Kin, Michael.

LETTER FROM THE BOARD

4. EGM

The EGM will be held at 16/F, Wing On House, 71 Des Voeux Road Central, Hong Kong on Thursday, 11 May 2023 at 2:30 p.m. for the Independent Shareholders to consider and, if thought fit, to approve the Revised Annual Caps and the transactions contemplated thereunder. The notice of the EGM is set on pages 34 to 35 of this circular.

Pursuant to the Listing Rules and the articles of association of the Company, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he is the holder. A Shareholder entitled to more than one vote on a poll needs not to use all his votes or cast all the votes he uses in the same way.

Any Shareholder with a material interest in the Revised Annual Caps and the transactions contemplated thereunder shall not vote at the EGM. To the best of the Directors' knowledge, the information and belief, having made all reasonable enquiry, no Shareholder will be required to abstain from voting on the relevant resolutions approving the Revised Annual Caps and the transactions contemplated thereunder at the EGM.

The Register of Members of the Company will be closed from Tuesday, 9 May 2023 to Thursday, 11 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 May 2023.

A form of proxy for the use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.ump.com.hk>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment(s) thereof or participating in the EGM through the online platform if you so wish.

LETTER FROM THE BOARD

5. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters in the omission of which would make any statement herein or this circular misleading.

6. RECOMMENDATION

The Directors (including the independent non-executive Directors with no material interest in the transactions contemplated under the Medical Services Agreement and the Revised Annual Caps, whose views are set out in the letter from the Independent Board Committee contained in this circular) consider that the terms of the Medical Services Agreement in respect of the Revised Annual Caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors with no material interest in the transactions contemplated under the Medical Services Agreement and the Revised Annual Caps) recommend the Independent Shareholders to vote in favour of the resolution approving the Revised Annual Caps and the transactions contemplated thereunder.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the additional information as set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
For and on behalf of the Board
UMP Healthcare Holdings Limited
SUN Yiu Kwong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee, setting out its recommendation to the Independent Shareholders in relation to the Revised Annual Caps and the transactions contemplated thereunder.



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)

24 April 2023

To the Independent Shareholders,

Dear Sir/Madam,

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

We refer to the circular issued by the Company to the Shareholders of even date (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders as to the fairness and reasonableness of the Revised Annual Caps and the transactions contemplated thereunder and to recommend whether or not the Independent Shareholders should approve the Revised Annual Caps and the transactions contemplated. Gram Capital Limited has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the advice of Gram Capital, together with the principal factors and reasons which Gram Capital has taken into consideration in arriving such advice, are set out on pages 15 to 26 of the Circular.

We wish to draw your attention to the letter from the Board and the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders which contains its advice to us in relation to the Revised Annual Caps and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of transactions contemplated under the Medical Services Agreement, the Revised Annual Caps and the transactions contemplated thereunder, and the advice and recommendation of Gram Capital and the relevant information contained in the letter from the Board, we are of the view that the adoption of the Revised Annual Caps in relation to the Medical Services Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to support and to vote in favour of the resolution approving the Revised Annual Caps and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of
the Independent Board Committee of
UMP Healthcare Holdings Limited
聯合醫務集團有限公司

Dr. LI Kwok Tung, Donald *SBS JP*
Independent non-executive Director

Mr. YEUNG Wing Sun, Mike
Independent non-executive Director

Mr. Chau, Chit Jeremy
Independent non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Revised Annual Caps for the purpose of inclusion in the Circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

24 April 2023

*To: The independent board committee and the independent shareholders
of UMP Healthcare Holdings Limited*

Dear Sir/Madam,

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of annual caps in relation to the Medical Services Agreement for the period from 1 October 2022 to 30 September 2025, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 24 April 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 1 October 2022, UMP Professional, an indirect wholly-owned subsidiary of the Company, entered into the Medical Services Agreement with FTLife in respect of provision and administration of the Medical Services by UMP Professional (or procure its applicable affiliates) to the FTLife Members and/or respective Family Members (the “**Transactions**”). The term of the Medical Services Agreement is for three years commencing from the Effective Date (i.e. from 1 October 2022 to 30 September 2025, the “**Term**”). The Existing Annual Caps were set to cover the Term. The Transactions constitute continuing connected transaction of the Company.

With reference to the Board Letter, the Board expects that the Existing Annual Caps may not be sufficient and proposes the Existing Annual Caps to be revised and increased to the Revised Annual Caps. The Revised Annual Caps are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Dr. LI Kwok Tung, Donald, Mr. YEUNG Wing Sun, Mike and Mr. CHAU, Chit Jeremy (all being independent non-executive Directors with no material interest in the Transactions and the Revised Annual Caps) has been established to advise the Independent Shareholders on (i) whether the Revised Annual Caps are on normal commercial terms and are fair and reasonable; (ii) whether the Revised Annual Caps are in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Revised Annual Caps at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Revised Annual Caps. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, FTLife or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Revised Annual Caps. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Revised Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the revision of Existing Annual Caps

Information on the Group

With reference to the Board Letter, 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.

LETTER FROM GRAM CAPITAL

Set out below is the consolidated financial information of the Company for the two years ended 30 June 2022 as extracted from the Company’s annual report for the year ended 30 June 2022 (the “**2022 Annual Report**”) and for the six months ended 31 December 2022 as extracted from the Company’s interim report for the six months ended 31 December 2022 (the “**2023 Interim Report**”):

	For the six months ended 31 December 2022 <i>(unaudited)</i> <i>HK\$’000</i>	For the year ended 30 June 2022 <i>(audited)</i> <i>HK\$’000</i>	For the year ended 30 June 2021 <i>(audited)</i> <i>HK\$’000</i>	Year-on- year change %
Revenue from continuing operations	365,102	665,859	616,361	8.03
– <i>Provision of corporate healthcare solution services in Hong Kong and Macau</i>	128,371	235,212	231,104	1.78
– <i>Provision of clinical healthcare services in Hong Kong and Macau</i>	217,962	393,058	348,368	12.83
– <i>Mainland China Clinical Healthcare Business</i>	18,769	37,589	36,889	1.90
Profit for the year/period	42,289	75,231	31,537	138.55

As depicted from the table above, the Group’s revenue from continuing operations was approximately HK\$666 million for the year ended 30 June 2022 (“**FY2022**”), represented an increase of approximately 8.03% as compared to that for the year ended 30 June 2021 (“**FY2021**”). With reference to the 2022 Annual Report, such increase in revenue was primarily due to strong growth in the Group’s imaging and specialist lines of business and health assessments performed. The Group’s profit for FY2022 increased by approximately 138.55% as compared to that for FY2021, mainly due to increase in revenue from continuing operations and other income and gains, as partially offset by increase in professional services expenses and employee benefit expense.

The two largest segments of the Group, namely, provision of clinical healthcare services in Hong Kong and Macau and provision of corporate healthcare solution services in Hong Kong and Macau contributed to approximately 59% and 35% respectively of the Group’s revenue from continuing operations for FY2022 and approximately 60% and 35% respectively of the Group’s revenue from continuing operations for the six months ended 31 December 2022.

LETTER FROM GRAM CAPITAL

With reference to the 2023 Interim Report, it is expected that the demand for comprehensive medical services, high-end medical imaging and health check services and other ancillary medical services will remain strong. Private medical service providers have enormous potential to expand in the field of various specialist services, advanced medical imaging, laboratory, and other ancillary medical services. The Group will continue to capitalize on such strategic opportunity to consolidate its strengths and capability and to increase its overall market share and competitiveness. Moreover, the establishment of strategic relationships between different healthcare groups such as Human Health Group, Pedder Healthcare Group, and other private hospitals will create synergistic values and generate more business opportunities among the parties. All these new developments are expected to improve the overall profitability and create value for the Shareholders.

Information on UMP Professional

With reference to the Board Letter, 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.

Information on FTLife

With reference to the Board Letter, FTLife is principally engaged in insurance business and is an indirect wholly owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD. CTFE (a substantial Shareholder) is a controlling shareholder of NWD. Accordingly, FTLife is a connected person of the Company.

Reasons for and benefits of revision of the Existing Annual Caps

With reference to the Board Letter, 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 principal terms of the Medical Services Agreement and price determination shall remain unchanged.

As confirmed by the Directors, the Transactions are conducted under the Group's segment of provision of corporate healthcare solution services in Hong Kong and Macau. As referred to the section headed "Information on the Group" above, this segment contributed to approximately 35% of the Group's revenue from continuing operations for FY2022 and the six months ended 31 December 2022.

LETTER FROM GRAM CAPITAL

Given the above, we consider that it is reasonable for the Company to revise the Existing Annual Caps to allow more Transactions to be conducted with (and Service Fees to be received from) FTLife. Accordingly, we are of the view that the Revised Annual Caps are in the interests of the Group and the Shareholders as a whole.

2. Principal terms of the Medical Services Agreement and the Revised Annual Caps

The principal terms of the Medical Services Agreement are set out below:

Date

1 October 2022

Parties

UMP Professional and FTLife

Term

The term of the Medical Services Agreement is for three years commencing from the Effective Date (i.e. from 1 October 2022 to 30 September 2025).

Provision of Medical Services

Pursuant to the Medical Services Agreement, UMP Professional agrees (or procure its applicable affiliates) to provide and administer Medical Services to FTLife Members and/or Family Members, details of which are as follows:

- (a) various administrative services including, among others, 24/7 hotline services, third-party administrative services and other ancillary digital support for FTLife Members and/or Family Members (i.e. the Administrative Services); and
- (b) medical services including, among others, day procedures, diagnostic imaging services, in-patient surgical procedures, medical advice and other relevant services (i.e. the Clinical Services).

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Pricing policy

UMP Professional agrees to offer the Medical Services to FTLife Members and/or Family Members at normal commercial terms of the agreed charges, fees and expenses (i.e. the Service Fees) in accordance with the scope of services under the Medical Services Agreement, subject to the limits, conditions, and administration procedures in the Medical Services Agreement and usage of the Medical Services. The Service Fees shall comprise of two main components:

- (a) the fees payable for the provision of various Administrative Services provided by UMP Professional (or its affiliates) from time to time subject to, among others, the rate of user's subscription (measured by number of users) (the "**Administration Fees**"); and
- (b) the fees payable in respect of different Clinical Services as required by FTLife Members and/or Family Members from time to time (the "**Clinical Fees**").

UMP Professional reserves its right to make reasonable adjustments on charges, fees and expenses from time to time during the Term of the Medical Services Agreement in accordance with the Medical Services Agreement.

In respect of the Administration Fees, the Company provided us pricing reference to similar services offered by UMP Professional to independent third parties which demonstrated that the Administration Fees (mainly referring to the quarterly subscription fee of nil, HK\$5.75 and HK\$7.5 per FTLife Member subscription according to categories) are comparable to similar services fees offered to independent third parties after taking into account scope and complexity of services.

In respect of the Clinical Fees, we obtained lists of claims regarding the Clinical Services used by FTLife Members during October 2022 to February 2023. We randomly selected three claims from the lists and the Company provided us relevant transaction records which demonstrated that the Clinical Fees paid by FTLife to UMP Professional were the same amounts claimed by the FTLife Members. In addition, the Company also provided us three sets of records on medical fees charged by the Group's panel doctors to FTLife Members and non-FTLife Members from October 2022 to February 2023, which demonstrated that the medical fees charged by the Group's panel doctors to FTLife Members are higher than the medical fees charged to non-FTLife Members for similar medical services provided.

Based on the above, we do not doubt the fairness of the pricing of the Transactions.

3. The Revised Annual Caps

The Existing Annual Caps and the Revised Annual Caps are set out below:

LETTER FROM GRAM CAPITAL

	Nine months period ending 30 June 2023 (“2023 Period”) HK\$ million	Year ending 30 June 2024 (“FY2024”) HK\$ million	Year ending 30 June 2025 (“FY2025”) HK\$ million	Three months period ending 30 September 2025 (“2025 Period”) HK\$ million
Existing Annual Caps	18	25	28	8
Revised Annual Caps	30	60	80	20

With reference to the Board Letter, the Revised Annual Caps for the provision of Medical Services are determined after taking into account the factors as set out under the section headed “Pricing Policy and Revision of Annual Caps” of the Board Letter. For our due diligence purpose, we obtained the calculation of the Revised Annual Caps (the “**Calculation**”) from the Company.

Revised Annual Cap for 2023 Period

According to the Calculation, the Service Fees paid by FTLife were approximately HK\$10.1 million for the four months ended 31 January 2023, comprising Clinical Fees of approximately HK\$7.4 million and Administration Fees of approximately HK\$2.7 million.

The Clinical Fees of approximately HK\$7.4 million for the four months ended 31 January 2023 were charged based on the actual Clinical Services incurred, mainly comprising Clinical Fees for hospital cases and doctor consultation. For the four months ended 31 January 2023, the highest monthly Clinical Fees charged for hospital cases and doctor consultation were approximately HK\$1.7 million and HK\$1.6 million respectively.

As Clinical Fees charged for hospital cases are usually higher and more variable than doctor consultation for each case, the Company estimated that the monthly Clinical Fees to be charged for hospital cases and doctor consultation may reach HK\$2 million and HK\$1.6 million respectively for the five months ending 30 June 2023. Having also considered the favourable conditions for the health insurance industry in Hong Kong as set out under the sub-section headed “Buffer, growth rates and top-up applied” below, we consider that the aforesaid estimated monthly Clinical Fees of HK\$2 million to be charged for hospital cases is reasonable. We consider that the aforesaid monthly Clinical Fees of HK\$1.6 million to be charged for doctor consultation is reasonable as it approximates to the highest monthly Clinical Fees charged for doctor consultation during the four months ended 31 January 2023.

The Company estimated the Clinical Fees payable to be approximately HK\$18.0 million for the five months ending 30 June 2023 based on the above estimated monthly Clinical Fees to be charged for hospital cases and doctor consultation (i.e. HK\$2 million + HK\$1.6 million = HK\$3.6 million) (the “**2023 Monthly Base Clinical Fees**”).

Accordingly, the Clinical Fees paid and payable will be approximately HK\$25.5 million in aggregate for 2023 Period.

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The Administration Fees of approximately HK\$2.7 million for the four months ended 31 January 2023 were charged according to the predetermined fees set out under the Medical Services Agreement and the number of FTLife Members (the “**Administration Fees Basis**”). For our due diligence purpose, we discussed with the Company and cross-checked the predetermined fees set out under the Medical Services Agreement.

For the five months ending 30 June 2023, the Company estimated the Administration Fees payable to be approximately HK\$1.2 million with the same Administration Fees Basis as mentioned above (including using similar number of FTLife Members in calculating the Administration Fees for the four months ended 31 January 2023 for prudence sake), which we consider to be reasonable. Accordingly, the Administration Fees paid and payable will be approximately HK\$3.9 million in aggregate for 2023 Period.

Based on the above, the Revised Annual Cap of HK\$30 million for 2023 Period was determined to cover the Clinical Fees of approximately HK\$25.5 million and the Administration Fees of approximately HK\$3.9 million paid and payable for 2023 Period.

Revised Annual Cap for FY2024

According to the Calculation, the Company applied a growth rate of 15% on the 2023 Monthly Base Clinical Fees of HK\$3.6 million to estimate the monthly Clinical Fees payable for FY2024. Accordingly, the estimated monthly Clinical Fees payable for FY2024 will be approximately HK\$4.1 million (the “**2024 Monthly Base Clinical Fees**”) and the estimated Clinical Fees payable for FY2024 will be approximately HK\$49.8 million.

According to the Calculation, the Company estimated the Administration Fees payable for FY2024 to be approximately HK\$4.7 million, with the same Administration Fees Basis as mentioned above (including using similar number of FTLife Members in calculating the Administration Fees for the four months ended 31 January 2023 for prudence sake), which we consider to be reasonable.

Based on the above, the estimated Clinical Fees and Administration Fees payable for FY2024 will be approximately HK\$54.5 million. After applying a buffer of 10%, the Revised Annual Cap of HK\$60 million for FY2024 was determined.

Revised Annual Cap for FY2025

According to the Calculation, the Company applied a growth rate of 30% on the 2024 Monthly Base Clinical Fees of HK\$4.1 million to estimate the monthly Clinical Fees payable for FY2025. Accordingly, the estimated monthly Clinical Fees payable for FY2025 will be approximately HK\$5.4 million (the “**2025 Monthly Base Clinical Fees**”) and the estimated Clinical Fees payable for FY2025 will be approximately HK\$64.7 million.

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According to the Calculation, the Company estimated the Administration Fees payable for FY2025 to be approximately HK\$4.7 million, with the same Administration Fees Basis as mentioned above (including using similar number of FTLife Members in calculating the Administration Fees for the four months ended 31 January 2023 for prudence sake), which we consider to be reasonable.

Based on the above, the estimated Clinical Fees and Administration Fees payable for FY2025 will be approximately HK\$69.4 million. After applying a buffer of 10% and top-up, the Revised Annual Cap of HK\$80 million for FY2025 was determined.

Revised Annual Cap for 2025 Period

According to the Calculation, the Company applied the 2025 Monthly Base Clinical Fees of HK\$5.4 million for FY2025. Accordingly, the estimated monthly Clinical Fees payable for 2025 Period will be approximately HK\$16.2 million.

According to the Calculation, the Company estimated the Administration Fees payable for 2025 Period to be approximately HK\$1.2 million, with the same Administration Fees Basis as mentioned above (including using similar number of FTLife Members in calculating the Administration Fees for the four months ended 31 January 2023 for prudence sake), which we consider to be reasonable.

Based on the above, the estimated Clinical Fees and Administration Fees payable for 2025 Period will be approximately HK\$17.4 million. After applying a buffer of 10% and top-up, the Revised Annual Cap of HK\$20 million for 2025 Period was determined.

Buffer, growth rates and top-up applied

As aforementioned, buffer of 10% was applied in determining the Revised Annual Caps for FY2024, FY2025 and 2025 Period. We consider the buffer of 10% to be moderate and we also noted that it is common for Hong Kong listed companies to incorporate buffer of 10% in proposed annual caps according to their announcements/circulars regarding continuing connected transactions.

As aforementioned, (i) growth rates of 15% and 30% were applied for estimating monthly Clinical Fees payable for FY2024 and FY2025 respectively; and (ii) in addition to buffer of 10%, top-up was also applied in determining the Revised Annual Caps for FY2025 and 2025 Period.

In this regard, we searched over the internet and noted the followings:

- (i) With reference to the latest statistics of medical claims released by the Hong Kong Federation of Insurers, the average cost per claim for in-patients and out-patients were HK\$33,344 and HK\$967 respectively for 2019, representing increases of 40.20% and 50.28% respectively as compared to those of 2011. The above figures reflected increasing medical cost in Hong Kong.

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- (ii) With reference to the latest data released by the Census and Statistics Department on 16 February 2023, the total population aged 65 or above at mid-2022 was 1,528,900 and its corresponding percentage to the total population was 20.8%, as compared to 979,900 and 13.7% at mid-2012. The median age of population was approximately 47.1 years in 2022 as compared to that of approximately 42 years in 2012. As advised by the Company, aging population may lead to increased demand for health insurance and amount of health insurance claim.
- (iii) With reference to the press releases published by the Hong Kong government on 29 March 2019, 11 September 2020, 21 July 2021 and 2 September 2022:

The Voluntary Health Insurance Scheme (“VHIS”) has been fully implemented since April 2019 to strengthen the benefit level for hospital insurance products.

The VHIS is a policy initiative implemented by the Hong Kong Food and Health Bureau to regulate indemnity hospital insurance plans offered to individuals, with voluntary participation by insurance companies and consumers. The VHIS is attractive in various aspects, including guaranteed renewal up to the age of 100 regardless of any change in the health conditions of the insured persons, no limit on “lifetime benefit”, coverage extended to unknown pre-existing conditions and day case surgical procedures (including endoscopy), and more. Furthermore, taxpayers who pay the premium for themselves or specified relatives (including spouse and children, as well as the taxpayer’s or his/her spouse’s grandparents, parents and siblings) can claim tax deductions.

The number of VHIS policies was 522,000 as at 31 March 2020, 791,000 as at 31 March 2021 (increased by approximately 52%) and 1,045,000 as at 31 March 2022 (increased by approximately 32%).

Given the above, we consider that it is reasonable to (i) apply the aforementioned growth rates for estimating monthly Clinical Fees payable for FY2024 and FY2025; and (ii) apply top-up in determining the Revised Annual Caps for FY2025 and 2025 Period to cover unforeseeable circumstances.

Having considered the above, we consider that the Revised Annual Caps for the Term to be fair and reasonable.

Shareholders should note that as the Revised Annual Caps for the Term are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 30 September 2025, and they do not represent forecasts of revenue to be generated from the Transactions. Consequently, we express no opinion as to how closely the actual revenue to be generated from the Transactions will correspond with the Revised Annual Caps.

LETTER FROM GRAM CAPITAL

4. Listing Rules implication regarding the Transactions and the Revised Annual Caps

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Service Fees must be restricted by Revised Annual Caps for the period concerned under the Medical Services Agreement; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions (together with the Revised Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) was not, in all material respects, in accordance with the pricing policies of the Group; (iii) was not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and (iv) has exceeded the Revised Annual Caps. In the event that the total amount of the Service Fees is anticipated to exceed the Revised Annual Caps, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the Revised Annual Caps are on normal commercial terms and are fair and reasonable; and (ii) the revision of the Existing Annual Caps is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Revised Annual Caps and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Company since 30 June 2022, the date to which the latest published audited financial statements of the Company were made up.

3. DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and co-chief executive officers of the Company in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which: (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO; or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") were set out below:

(i) The Company

Name of Director	Long/short position	Capacity/Nature of interest	Number of Shares/ underlying shares	Approximate ⁴ percentage of shareholding
Dr. Sun Yiu Kwong	Long position	Beneficial owner	24,952,000	
	Long position	Interest held by his controlled corporations	273,220,989 ¹	
	Long position	Beneficial owner	2,300,000 ²	
	Long position	Beneficial owner	1,000,000 ³	
			301,472,989	37.17%
Ms. Kwok Cheuk Kwan, Jacquen	Long position	Beneficial owner	19,200,000	
	Long position	Beneficial owner	1,500,000 ²	
	Long position	Beneficial owner	1,000,000 ³	
			21,700,000	2.67%

Name of Director	Long/short position	Capacity/Nature of interest	Number of Shares/ underlying shares	Approximate ⁴ percentage of shareholding
Mr. Tsang On Yip, Patrick	Long position	Beneficial owner	4,486,000	
	Long position	Beneficial owner	1,500,000 ²	
	Long position	Beneficial owner	1,000,000 ³	
			6,986,000	0.86%
Dr. Sun Man Kin, Michael	Long position	Beneficial owner	19,935,033	
	Long position	Beneficial owner	1,500,000 ²	
	Long position	Beneficial owner	1,000,000 ³	
			22,435,033	2.76%
Mr. Lee Kar Chung, Felix	Long position	Beneficial owner	11,388,000	
	Long position	Beneficial owner	1,500,000 ²	
	Long position	Beneficial owner	1,000,000 ³	
			13,888,000	1.71%
Dr. Lee Pak Cheung, Patrick	Long position	Beneficial owner	22,714,556	
	Long position	Beneficial owner	1,500,000 ²	
	Long position	Beneficial owner	1,000,000 ³	
			25,214,556	3.10%
Mr. Lee Luen Wai, John	Long position	Beneficial owner	3,036,081	
	Long position	Beneficial owner	300,000 ²	
			3,336,081	0.41%
Dr. Li Kwok Tung, Donald	Long position	Beneficial owner	332,000	
	Long position	Beneficial owner	300,000 ²	
			632,000	0.07%
Mr. Yeung Wing Sun, Mike	Long position	Beneficial owner	500,000	
	Long position	Beneficial owner	200,000 ²	
			700,000	0.08%

Notes:

1. Dr. Sun Yiu Kwong was deemed to be interested in the 223,740,989 Shares held by East Majestic Group Limited, being his controlled corporation, and was also deemed to be interested in the 49,480,000 Shares held by EM Team Limited, also being his controlled corporation.
2. These Shares represented the underlying Shares under the options granted by the Company on 6 November 2018 pursuant to the Post-IPO Share Option Scheme.
3. These Shares represented by the underlying Shares under the options granted by the Company on 26 May 2021 pursuant to the Post-IPO Share Option Scheme.
4. These percentages are calculated on the basis of 810,955,244 issued shares as at the Latest Practicable Date.

(ii) Associated Corporations (within the meaning of the SFO)

Procure Medical Imaging & Laboratory Centre Limited¹

Name of Director	Long/short position	Capacity/Nature of interest	Number of Shares/ underlying shares	Approximate percentage of shareholding
Dr. Sun Man Kin, Michael	Long position	Beneficial owner	625	6.25%

Causeway Bay MRI Centre Limited²

Name of Director	Long/short position	Capacity/Nature of interest	Number of Shares/ underlying shares	Approximate percentage of shareholding
Dr. Sun Man Kin, Michael	Long position	Beneficial owner	95	6.33%

United Medical Services (China) Limited³

Name of Director	Long/short position	Capacity/Nature of interest	Number of Shares/ underlying shares	Approximate percentage of shareholding
Mr. Tsang On Yip, Patrick	Long position	Interest of controlled corporation	20	20%

Notes:

1. UMP Medical Centre Limited, a wholly-owned subsidiary of the Company, holds 62.5% of the entire issued share capital of Procure Medical Imaging & Laboratory Centre Limited.
2. UMP Medical Centre Limited, a wholly-owned subsidiary of the Company, holds 20% of the entire issued share capital of Causeway Bay MRI Centre Limited.
3. UMP Medical China Holdings Limited and UMP Healthcare Limited, both a wholly-owned subsidiary of the Company, totally holds 80% of the entire issued share capital of United Medical Services (China) Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or co-chief executive officers of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors of the Company, the following persons/entities (other than the Directors or co-chief executive officers of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by Company under Section 336 of the SFO or had otherwise notified the Company are as follows:

Name of substantial Shareholder	Long/short position	Capacity/ Nature of interest	Number of Shares held	Approximate ⁴ percentage of the issued share capital
East Majestic Group Limited	Long position	Beneficial Owner	223,740,989 ¹	27.58%
EM Team Limited	Long position	Beneficial Owner	49,480,000 ¹	6.10%
Cheng Yu Tung Family (Holdings II) Limited	Long position	Interests held by its controlled corporation	119,180,175 ²	14.69%
Cheng Yu Tung Family (Holdings) Limited	Long position	Interests held by its controlled corporation	119,180,175 ²	14.69%
Chow Tai Fook Capital Limited	Long position	Interests held by its controlled corporation	119,180,175 ²	14.69%
Chow Tai Fook (Holding) Limited	Long position	Interests held by its controlled corporation	119,180,175 ²	14.69%
Chow Tai Fook Enterprises Limited	Long position	Interests held by its controlled corporation	119,180,175 ²	14.69%
Healthcare Ventures Holdings Limited	Long position	Beneficial owner	119,180,175 ²	14.69%
China Resources Company Limited	Long position	Interests held by its controlled corporation	91,803,000 ³	11.32%
China Resources Medical Holdings Company Limited	Long position	Interests held by its controlled corporation	91,803,000 ³	11.32%

Notes:

- Dr. Sun Yiu Kwong was deemed to be interested in the 223,740,989 Shares held by East Majestic Group Limited, being his controlled corporation, and was also deemed to be interested in the 49,480,000 Shares held by EM Team Limited, also being his controlled corporation. Dr. Sun's interests in Shares are disclosed in this circular in the section headed "Disclosure of Directors' and Chief Executives' Interests".
- Healthcare Ventures Holdings Limited was wholly-owned by CTFE, which was wholly-owned by Chow Tai Fook (Holding) Limited ("CTFH"). CTFH was held as to 81.03% by Chow Tai Fook Capital Limited ("CTFC"), which was in turn held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited ("CYTF") and as to 46.65% by Cheng Yu Tung Family (Holdings II) Limited ("CYTFII"). By virtue of the SFO, CTFE, CTFH, CTFC, CYTF and CYTFII were deemed to be interested in the same parcel of Shares in which Healthcare Ventures Holdings Limited was interested.

3. Pinyu Limited (“**Pinyu**”) was the beneficial owner of the Shares. Pinyu was wholly owned by Unison Champ Premium Limited, which was wholly owned by China Resources Medical Holdings Company Limited (“**CR Medical**”). CR Medical was held as to 35.76% by CRH (Medical) Limited. CRH (Medical) Limited was wholly owned by China Resources Healthcare Group Limited, which was wholly owned by CRH (Healthcare) Limited. CRH (Healthcare) Limited was wholly owned by China Resources (Holdings) Company Limited, which was wholly owned by CRC Bluesky Limited. CRC Bluesky Limited was wholly owned by China Resources Inc., which was wholly owned by China Resources Company Limited. Commotra Company Limited held 0.82% of CR Medical Commotra Company Limited is wholly owned by China Resources (Holdings) Company Limited. By virtue of the SFO, Unison Champ Premium Limited, CR Medical, CRH (Medical) Limited, China Resources Healthcare Group Limited, CRH (Healthcare) Limited, China Resources Inc., China Resources (Holdings) Company Limited, CRC Bluesky Limited and China Resources Company Limited were deemed to be interested in the same parcel of Shares in which Pinyu was interested.
4. These percentages are calculated on the basis of 810,955,244 issued shares as at the Latest Practicable Date.

Save as disclosed above, as of the Latest Practicable Date, the Company has not been notified by any persons who have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

5. DIRECTORS’ SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors or co-chief executive officers had entered into or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. INTERESTS IN ASSETS, TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 30 June 2022 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular, which is significant in relation to the business of the Company.

7. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

As of the Latest Practicable Date, in so far as the Directors are aware, none of the Directors and their respective close associates is or was interested in any business apart from the Group’s business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group’s business as required to be disclosed under Rule 8.10 of the Listing Rules.

8. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Gram Capital	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)

Gram Capital has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of its letter as set out in this circular dated 24 April 2023 and references to its name in the form and context in which it is included.

The letter and recommendation given by Gram Capital are given as at the date of this circular for incorporation herein.

As of the Latest Practicable Date, Gram Capital did not have any shareholding in the Company nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, Gram Capital has no direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company since 30 June 2022, being the date to which the latest published audited accounts of the Company were made up.

10. DOCUMENTS ON DISPLAY

A copy of the following documents will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.ump.com.hk>) for a period of 14 days prior to the date of the EGM:

- (a) the Medical Services Agreement;
- (b) the letter from Gram Capital, the text of which is set out on pages 15 to 26 of this circular;
- (c) the written consent from Gram Capital; and
- (d) this circular.

11. MISCELLANEOUS

- (a) The registered address of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 27th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.
- (c) The company secretary of the Company is Mr. Au In Kee, Adam, is a solicitor qualified to practice in HKSAR.
- (d) The Cayman Islands principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The Hong Kong branch share registrar is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (f) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text in case of any inconsistency.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of UMP Healthcare Holdings Limited (the “**Company**”) will be held at 16/F, Wing On House, 71 Des Voeux Road Central, Hong Kong on Thursday, 11 May 2023 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolution of the Company.

Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 24 April 2023.

ORDINARY RESOLUTION

- (1) To consider and approve the Revised Annual Caps and the transactions contemplated thereunder.

For and on behalf of the Board
UMP Healthcare Holdings Limited
SUN Yiu Kwong
Chairman

Hong Kong, 24 April 2023

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the meeting. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy or more than one proxy (where the shareholder holds two or more shares) to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.

On a show of hands, every shareholder who is present in person (or being a corporation, is present by a duly authorized representative) or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. In the case of a poll, every shareholder present in person or by proxy or being a corporation, present by its authorized representative shall be entitled to one vote for each fully paid share held by him/her.

NOTICE OF EGM

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 9 May 2023 to Thursday, 11 May 2023, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on Thursday, 11 May 2023 are entitled to attend and vote at the above meeting. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 May 2023.
5. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time between 9:00 a.m. and 11:00 a.m. on the day of the meeting, the meeting will be adjourned. The Company will post an announcement on the Company's website (www.ump.com.hk) and the HKEX news website (www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting. The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situations.
6. The translation into the Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, 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.