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Human Health Holdings Limited

盈健醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1419)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the annual report of the Company dated 26 September 2023 and the announcement of the Company dated 3 August 2021 in respect of the continuing connected transactions in relation to consultancy agreements of Dr. Seto and Dr. Lau.

The Board is pleased to announce that each of the existing consultancy agreements entered into among (i) Poly Dental, Dr. Seto's Sole Proprietorship and Dr. Seto; and (ii) Poly Dental, Dr. Lau's Sole Proprietorship and Dr. Lau will expire on 30 June 2024. As such, each of Dr. Seto and Dr. Lau has respectively entered into a Consultancy Agreement on 28 June 2024 for a term commencing from 1 July 2024 to 30 June 2027 and each shall constitute a continuing connected transaction of the Group.

LISTING RULES IMPLICATIONS

There is no Director who has a material interest in the Consultancy Agreements and the transactions contemplated thereunder and no Director has abstained from voting on the Board resolution(s) of the Company to approve the Consultancy Agreements and the transactions contemplated thereunder.

As Dr. Seto and Dr. Lau are both directors of Poly Dental, an indirect wholly-owned subsidiary of the Company, accordingly, Dr. Seto and Dr. Seto's Sole Proprietorship, and Dr. Lau and Dr. Lau's Sole Proprietorship are connected persons of the Company pursuant to Chapter 14 A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) based on the proposed annual caps of each of the Consultancy Agreements is, over 1% but less than 5% respectively, each of the Consultancy Agreements will be subject to the reporting, annual review and announcement requirements and exempt from the requirement of independent shareholders' approval pursuant to Chapter 14A of the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the annual report of Human Health Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 September 2023 and the announcement of the Company dated 3 August 2021 in respect of the continuing connected transactions in relation to consultancy agreements of Dr. Seto Siu Keung (“**Dr. Seto**”) and Dr. Lau Wai Man (“**Dr. Lau**”).

The board (the “**Board**”) of directors of the Company (“**Directors**”, each a “**Director**”) is pleased to announce that each of the existing consultancy agreements entered into among (i) Poly Dental Services Limited (“**Poly Dental**”, a subsidiary of the Company), Dentogenic (“**Dr. Seto’s Sole Proprietorship**”) and Dr. Seto; and (ii) Poly Dental, Lau Wai Man Dental Surgeon (“**Dr. Lau’s Sole Proprietorship**”) and Dr. Lau will expire on 30 June 2024. As such, each of Dr. Seto and Dr. Lau has respectively entered into a consultancy agreement (together, the “**Consultancy Agreements**”, each a “**Consultancy Agreement**”) for a term commencing from 1 July 2024 to 30 June 2027 and each shall constitute a continuing connected transaction of the Group.

Details of each of the Consultancy Agreements are summarised below.

DR. SETO’S CONSULTANCY AGREEMENT

Date of agreement:	28 June 2024
Parties:	(1) Poly Dental; (2) Dr. Seto’s Sole Proprietorship; and (3) Dr. Seto.
Term:	1 July 2024 to 30 June 2027
Subject Matter:	<ol style="list-style-type: none">1. Poly Dental engages Dr. Seto’s Sole Proprietorship, and Dr. Seto’s Sole Proprietorship shall provide professional dental services at the medical centres of the Group and appoint only Dr. Seto to perform such dental services at the medical centres of the Group.2. Poly Dental shall grant Dr. Seto the right to use the proprietary names and the proprietary rights of the brand names of the Group for the sole purpose of carrying out his dental practice at the medical centres of the Group.

Fees Arrangement:

1. Dr. Seto's Sole Proprietorship shall be entitled to receive professional fees for the provision of dental services at the medical centres of the Group, either at the higher of (a) a monthly fixed fee of HK\$40,000; or (b) professional fees determined on a monthly basis in accordance with the following formula:

Monthly professional fees = certain percentage × (monthly revenue received at the medical centres of the Group generated by Dr. Seto - monthly costs such as drugs costs, dental material costs and laboratory charges).

In determining the professional fees of Dr. Seto's Sole Proprietorship, the executive Directors have taken into account (i) the seniority and professional qualification of Dr. Seto; (ii) the experience and professional skills on high-end dental services of Dr. Seto; and (iii) the professional fee arrangement for other dentists of similar seniority and professional qualification engaging in high-end dental services within the Group. Such percentage, monthly fixed fee as well as overall fee arrangement are commensurate to those typically offered to other independent dentists providing dental services at the medical centres of the Group.

2. Dr. Seto's Sole Proprietorship shall be entitled to receive a fixed management fee for each financial year during the term for the provision of management and training services to the Group which include providing professional advice on the development of the dental unit of the Group and management and training of the dentists team of the Group. In determining the fixed management fee of Dr. Seto's Sole Proprietorship, the executive Directors have taken into account (i) the scope of services and responsibilities of Dr. Seto; and (ii) the time spent on the provision of management and training services during the term.

3. Dr. Seto's Sole Proprietorship shall be entitled to receive a performance fee during the term subject to the performance of dental unit of the Group for each financial year during the term. In determining the performance fee, the executive Directors have taken into account (i) the scope of services and responsibilities of Dr. Seto; and (ii) financial performance of the Group's dental unit during the term.

<p>Historical transaction amounts:</p>	<p>For each of the two years ended 30 June 2022 and 30 June 2023, Dr. Seto’s Sole Proprietorship was entitled to receive professional fees (including the management fee (if any)) of approximately HK\$5,544,000 and HK\$6,337,000 and did not exceed the respective proposed annual caps of HK\$6,700,000 in 2022 and HK\$8,000,000 in 2023. For the ten months ended 30 April 2024, Dr. Seto’s Sole Proprietorship was entitled to receive professional fees (including the management fee (if any)) of approximately HK\$4,245,000. The estimated annual amount of the professional fees payable to Dr. Seto for the year ending 30 June 2024 will be approximately HK\$4,945,000 and will not exceed the proposed annual cap of HK\$9,500,000 for the year ending 30 June 2024.</p>
<p>Proposed annual caps:</p>	<p>For the financial years ending 30 June 2025, 30 June 2026 and 30 June 2027, the proposed annual caps for the professional fees (including the management fees and performance fees) to be entitled by Dr. Seto’s Sole Proprietorship is HK\$6,900,000, HK\$8,100,000 and HK\$9,600,000 respectively.</p> <p>In determining the respective proposed annual caps for the amount of professional fees (including the management fees and the performance fees) to be entitled by Dr. Seto’s Sole Proprietorship under Dr. Seto’s Consultancy Agreement for the three financial years ending 30 June 2027, the Company has taken into account (i) the historical amount of professional fees entitled by Dr. Seto’s Sole Proprietorship; (ii) the expected amount of management fees and performance fees to be entitled by Dr. Seto’s Sole Proprietorship; (iii) the expected increase in consultation fee and patients’ visit due to general cost inflation and the expected increase in demand for dental services; and (iv) the expected annual growth rate of the revenue of the Group’s dental unit of approximately 9.5% with reference to the revenue of the Group’s dental unit for the year ended 30 June 2019.</p>
<p>Relationship between the parties:</p>	<p>To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Dr. Seto is a director of Poly Dental and hence Dr. Seto and Dr. Seto’s Proprietorship are connected persons of the Company pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).</p>

DR. LAU'S CONSULTANCY AGREEMENT

Date of agreement:	28 June 2024
Parties:	(1) Poly Dental; (2) Dr. Lau's Sole Proprietorship; and (3) Dr. Lau.
Term:	1 July 2024 to 30 June 2027
Subject Matter:	<ol style="list-style-type: none">1. Poly Dental engages Dr. Lau's Sole Proprietorship, and Dr. Lau's Sole Proprietorship shall provide professional dental services at the medical centres of the Group and appoint only Dr. Lau to perform such dental services at the medical centres of the Group.2. Poly Dental shall grant Dr. Lau the right to use the proprietary names and the proprietary rights of the brand names of the Group for the sole purpose of carrying out his dental practice at the medical centres of the Group.
Fees arrangement:	<p>Dr. Lau's Sole Proprietorship shall be entitled to receive professional fees for the provision of dental services at the medical centres of the Group, either at the higher of (a) a monthly fixed fee of HK\$40,000; or (b) professional fees determined on a monthly basis in accordance with the following formula:</p> <p style="padding-left: 40px;">Monthly professional fees = certain percentage × (monthly revenue received at the medical centres of the Group generated by Dr. Lau - monthly costs such as drugs costs, dental material costs and laboratory charges).</p> <p>In determining the professional fees of Dr. Lau's Sole Proprietorship, the executive Directors have taken into account (i) the seniority and professional qualification of Dr. Lau; (ii) the experience and professional skills on high-end dental services of Dr. Lau; and (iii) the professional fee arrangement for other dentists of similar seniority and professional qualification engaging in high-end dental services within the Group. Such percentage, monthly fixed fee as well as overall</p>

	<p>fee arrangement are commensurate to those typically offered to other independent dentists providing dental services at the medical centres of the Group.</p>
<p>Historical transaction amounts:</p>	<p>For each of the two years ended 30 June 2022 and 30 June 2023, Dr. Lau's Sole Proprietorship was entitled to receive professional fees of approximately HK\$6,815,000 and HK\$7,058,000 and did not exceed the respective proposed annual caps of HK\$7,900,000 in 2022 and HK\$9,500,000 in 2023. For the ten months ended 30 April 2024, Dr. Lau's Sole Proprietorship was entitled to receive professional fees of approximately HK\$3,965,000. The estimated annual amount of the professional fees payable to Dr. Lau for the year ending 30 June 2024 will be approximately HK\$4,765,000 and will not exceed the proposed annual cap of HK\$11,500,000 for the year ending 30 June 2024.</p>
<p>Proposed annual caps:</p>	<p>For the financial years ending 30 June 2025, 30 June 2026 and 30 June 2027, the proposed annual caps for the professional fees to be entitled by Dr. Lau's Sole Proprietorship is HK\$5,700,000, HK\$6,900,000 and HK\$8,300,000 respectively.</p> <p>In determining the respective proposed annual caps for the amount of professional fees to be entitled by Dr. Lau's Sole Proprietorship under Dr. Lau's Consultancy Agreement for the three financial years ending 30 June 2027, the Company has taken into account (i) the historical amount of professional fees entitled by Dr. Lau's Sole Proprietorship; (ii) expected increase in consultation fee and patients' visit due to general cost inflation and the expected increase in demand for dental services; and (iii) the expected annual growth rate of the revenue of the Group's dental unit of approximately 9.5% with reference to the revenue of the Group's dental unit for the year ended 30 June 2019.</p>
<p>Relationship between the parties:</p>	<p>To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Dr. Lau is a director of Poly Dental and hence Dr. Lau and Dr Lau's Sole Proprietorship are connected persons of the Company pursuant to Chapter 14A of the Listing Rules.</p>

INFORMATION ON THE PARTIES INVOLVED IN THE CONTINUING CONNECTED TRANSACTIONS

The Group

The Group is principally engaged in the provision of comprehensive, one-stop and quality healthcare services.

Poly Dental

Poly Dental is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of dental services.

Dr. Seto and Dentogenic

Dr. Seto is a duly qualified and registered dental practitioner in Hong Kong and Dentogenic is a sole proprietorship of Dr. Seto and is principally engaged in the provision of dental services.

Dr. Lau and Lau Wai Man Dental Surgeon

Dr. Lau is a duly qualified and registered dental practitioner in Hong Kong and Lau Wai Man Dental Surgeon is a sole proprietorship of Dr. Lau and is principally engaged in the provision of dental services.

REASONS FOR AND THE BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the provision of comprehensive, one-stop and quality healthcare services and strives to cultivate a mutually beneficial and trusting relationship with its doctors and dentists and it is particularly crucial for the Group to engage and retain professional talents and hence provide quality services to its customers.

The Directors (including the independent non-executive Directors) are of the view that (i) the Consultancy Agreements were entered into in the ordinary and usual course of the Group's business and on normal commercial terms or better; (ii) that the terms therein are fair and reasonable; and (iii) the terms therein are in the interests of the Company and its shareholders as a whole.

INTERNAL CONTROL PROCEDURES

The overall fee arrangement of each of the Consultancy Agreements is negotiated between (i) Poly Dental and Dr. Seto; and (ii) Poly Dental and Dr. Lau on an arm's length basis and is in the ordinary course of business of the Group. Before entering the Consultancy Agreements, the

overall fee arrangement under the Consultancy Agreements will first be reviewed by the doctor management team of the Group, particularly with reference to the professional fee arrangement for other dentists with similar seniority and professional qualification within the Group and in the market, if applicable. The proposed fee arrangement will then be recommended to the Directors for approval so as to ensure that the terms of the Consultancy Agreements are on normal commercial terms or on terms no less favourable to the Company than those provided to other dentists of similar seniority and professional qualification providing dental services at the medical centres of the Group.

Furthermore, pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the Consultancy Agreements are subject to the annual review by the independent non-executive Directors, who shall review the transactions contemplated under the Consultancy Agreements annually and confirm in the annual report that the continuing connected transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the Consultancy Agreements governing them on terms that are fair and reasonable and in the interests of the Company and the shareholders as a whole.

The auditor of the Company must provide a letter to the Board annually confirming whether anything has come to its attention that causes it to believe that the transactions contemplated under the Consultancy Agreements:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group;
- (c) were not entered into, in all material respects, in accordance with the Consultancy Agreements governing the transactions; and
- (d) have exceeded the annual caps.

In view of the pricing policies and internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the Consultancy Agreements will be conducted on normal commercial terms and in the interests of the Company and its shareholders.

IMPLICATIONS UNDER THE LISTING RULES

There is no Director who has a material interest in the Consultancy Agreements and the transactions contemplated thereunder and no Director has abstained from voting on the Board resolution(s) of the Company to approve the Consultancy Agreements and the transactions contemplated thereunder.

As Dr. Seto and Dr. Lau are both directors of Poly Dental, an indirect wholly-owned subsidiary of the Company, accordingly, Dr. Seto and Dr. Seto's Sole Proprietorship, and Dr. Lau and Dr.

Lau's Sole Proprietorship are connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) based on the proposed annual caps of each of the Consultancy Agreements is, over 1% but less than 5% respectively, each of the Consultancy Agreements will be subject to the reporting, annual review and announcement requirements and exempt from the requirement of independent shareholders' approval pursuant to Chapter 14A of the Listing Rules.

By order of the Board
Human Health Holdings Limited
Chan Kin Ping
Chairman

Hong Kong, 28 June 2024

As at the date of this announcement, the Board comprises Mr. Chan Kin Ping, BBS, JP (also as Chief Executive Officer), Dr. Pang Lai Sheung and Mr. Poon Chun Pong as executive Directors, and Dr. Lui Sun Wing, Mr. Chan Yue Kwong Michael and Mr. Sin Kar Tim as independent non-executive Directors.