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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)

**DISCLOSEABLE TRANSACTION
IN RESPECT OF THE
(I) PURCHASE OF ADVANCED IMAGING ASSETS
AND MULTI-SERVICE MEDICAL FACILITIES
AND
(II) OFFER LETTER IN RELATION TO
A TENANCY AGREEMENT**

THE ASSET PURCHASE

The Board announces that on 12 May 2022 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, entered into the Asset Purchase Agreement with the Seller, pursuant to which the Buyer agreed to purchase, and the Seller agreed to sell, amongst others, the Imaging Assets and Medical Facilities located in the Premises at a consideration of HK\$31,925,000.

OFFER LETTER

On 12 May 2022, the Tenant, a wholly-owned subsidiary of the Company and the Landlord entered into the Offer Letter in respect of the leasing of the Premises for 4-year period from the Commencement Date. In accordance with HKFRS 16 “Leases”, the Group shall recognise the value of the right-of-use asset in connection with the lease of the Premises under the Offer Letter amounted to approximately HK\$42,707,000 in the Company’s consolidated statement of financial position. Accordingly, the transaction contemplated under the Offer Letter will be regarded as Right-of-Use Asset Acquisition by the Group for the purpose of Rule 14.04(1)(a) of the Listing Rules.

NEW IMAGING AND MULTI-SERVICE MEDICAL CENTRE

The Board is pleased to announce that further to the completion of the Asset Purchase and the Right-of-Use Asset Acquisition, the Group is opening a new one-stop advanced imaging and multi-service medical centre on the Premises.

IMPLICATIONS UNDER THE LISTING RULES

The aggregate amount of the consideration of the Asset Purchase and the Right-of-Use Asset Acquisition as recognized under the HKFRS 16 “Leases” amounted to approximately HK\$74,632,000. As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Asset Purchase and Right-of-Use Asset Acquisition on aggregate is more than 5% but all of the applicable percentage ratios are less than 25%, the Asset Purchase and Right-of-Use Asset Acquisition on aggregate constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

(a) The Asset Purchase Agreement

On 12 May 2022 (after trading hours of the Stock Exchange), the Buyer, an indirect wholly-owned subsidiary of the Company, entered into the Asset Purchase Agreement with the Seller, pursuant to which the Buyer agreed to purchase, and the Seller agreed to sell, amongst others, the Imaging Assets and Medical Facilities.

A summary of the principal terms of the Asset Purchase Agreement is as follows:

Date of the Asset Purchase : 12 May 2022 (after trading hours of the Stock
Agreement and Exchange)
Completion Date

Parties : (i) the Buyer; and
(ii) the Seller.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Seller and First Shanghai are third party independent of the Company and its connected persons.

Asset Purchase : The Asset Purchase consists of, amongst others, Imaging Assets and Medical Facilities and other medical facilities that include (i) imaging machineries and medical facilities for MRI, CT Scan, ultrasound, digital 3D mammogram, X-ray, bone dexa scan, medical use treadmills and other medical imaging and laboratory devices; and (ii) other multi-service medical and treatment facilities suitable for, amongst others, operating day-surgeries, preventive health check-up, general and specialist consultation and vaccinations as located in the Premises.

Consideration : The Consideration, being HK\$31,925,000, was determined after arm's length negotiations between the Seller and the Buyer with reference to the (i) the purchase costs and carrying values of the Imaging Assets and Medical Facilities; (ii) the condition of the Imaging Assets and Medical Facilities; (iii) relevant market prices of the Imaging Assets and Medical Facilities with similar functions and capabilities; and (iv) potential business values to the strategic development of the healthcare business of the Group.

On the basis of the above factors, the Directors (including the independent non-executive Director) consider that the Consideration is fair and reasonable and in the interests of the Company and the shareholders as a whole.

The Company funded the Consideration by internal resources of the Group.

(b) Offer Letter

On 12 May 2022, the Tenant, a wholly-owned subsidiary of the Company and the Landlord entered into the Offer Letter in respect of the lease of the Premises for 4-year period from the Commencement Date.

A summary of certain principal terms of the Offer Letter is set out as follows:

Date : 12 May 2022

Parties : (i) ProCare Medical Imaging & Laboratory Centre (Central – One Chinachem Central) Limited, as Tenant; and
(ii) Grand Monrovia Enterprises Limited as Landlord

Premises	:	The whole of 1st Floor, 2nd Floor, 3rd Floor and 5th Floor; a terrace on the 3rd Floor, One Chinachem Central, No. 22 Des Voeux Road Central, Hong Kong
Term	:	Four years from the Commencement Date with an option to renew for another two years.
Commencement Date:	:	Tentatively on 23 May 2022 or such later date upon which vacant possessions of any of the floors having been delivered by the existing occupier to and duly accepted by the Landlord; whichever shall be the later.
Monthly Rent	:	At HK\$1,026,500 per calendar month exclusive of Management Fee, Government Rates and other outgoings in respect of the Premises.
Management Fee	:	Currently at HK\$119,266.40 per calendar month to be payable monthly in advance on the first day of each and every calendar month during the Term.
Government Rates	:	Currently assessed at HK\$106,950.00 per quarter to be payable in advance on the first day of each and every quarter of the month during the Term. The Government Rates will be assessed by the Hong Kong government from time to time.
Rental Deposits	:	A 3 months' monthly rent, management fee and government rates in respect of the Premises.
Rent-Free Period	:	Subject to the Tenant's due performance and observance of the terms and conditions under the Offer Letter and/or the Tenancy Agreement to be entered, the Tenant shall pay no rent for a period of three (3) months from the Commencement Date.

Upon the completion of the Asset Purchase and the Right-of-Use Asset Acquisition, the new one-stop advanced imaging and multi-service medical centre are located on the Premises. The new one-stop advanced imaging and multi-service medical centre located on the Premises is expected to commence operation on or about July 2022.

REASONS FOR AND BENEFITS OF THE ASSET PURCHASE AND THE OFFER LETTER

(i) The Asset Purchase

The Group is proactively exploring expansion opportunities, aiming to solidify the foundation of its business, and expand and strengthen our business of advanced medical imaging services and other ancillary medical services.

Due to the increasing health awareness and high demand for healthcare services by an aging population in Hong Kong, the demand for advanced medical imaging services and other ancillary medical services is increasing with enormous expansion potential.

Followed by the Group's acquisition of the controlling stake in an imaging business in April 2021, the Group currently operates 10 advanced imaging and laboratory centres in Hong Kong. The Board believes that this Asset Purchase in the prime Central district in Hong Kong will further consolidate and uplift the service capability and quality of service in the diagnostic imaging and laboratory business and strengthen the Group's customer base, which will create synergistic contribution to the overall healthcare business.

In addition to advanced imaging assets, the Asset Purchase also includes state-of-the-art medical facilities suitable for, amongst others, operating day-surgeries, preventive health check-up, general and specialist consultations and vaccinations. Upon the Completion of the Asset Purchase, the Group can now operate a multi-service medical centre located at the heart of the central business district in Hong Kong. This newly-purchased imaging and multi-service medical facilities on the Premises, together with the Group's existing multi-service medical centres in Central, means that the Group now operates and possesses one of the largest multi-service medical facilities resources in Central with total gross floor areas of approximately 60,000 square feet. Such facilities will empower the Group to deliver all-round efficient medical and healthcare services to our customers.

The Board believes that the Asset Purchase will enhance the Group's long-term development and strengthen the Group's competitiveness in the healthcare industry. Considering this, to further prepare for long term growth and development, the Group will consider bringing in other strategic investors and partners to join forces with us as and when appropriate.

All in all, the Directors (including the independent non-executive Directors) consider that the terms of the Asset Purchase Agreement and the Asset Purchase are fair and reasonable and in the interests of the Company and the shareholders as a whole.

None of the Directors has any material interest in the Asset Purchase Agreement and the Asset Purchase and therefore, none of them abstained from voting on the Board resolution(s) which approved the Asset Purchase Agreement and the Asset Purchase.

(ii) Offer Letter

The Imaging Assets and Medical Facilities are located on the Premises and the terms of the Offer Letter (including the aggregate rent payable) for the Premises were determined after arm's length negotiation between the parties and with reference to the terms under the historical offer letter with the Landlord and prevailing conditions of the market. On this basis, the Directors consider that the Offer Letter is on normal commercial terms that are fair and reasonable and is in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE BUYER AND THE COMPANY

The Buyer is a company incorporated in Hong Kong with limited liabilities which is an investment holding company and is an indirect wholly-owned subsidiary of the Company.

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.

INFORMATION ABOUT THE SELLER

The Seller is a company incorporated in Hong Kong with limited liabilities which is principally engaged in the provision of medical and healthcare services and is an indirect wholly-owned subsidiary of First Shanghai.

INFORMATION ABOUT THE LANDLORD

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) both the Landlord and the Landlord's Agent are direct or indirect wholly-owned subsidiaries of Chinachem Group; (ii) the Landlord is principally engaged in property investment while the Landlord's Agent is principally engaged in the provision of real estate and general agencies services; and (iii) the Landlord, the Landlord's Agent and their ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATION

The aggregate amount of the consideration of the Asset Purchase and the Right-of-Use Asset Acquisition as recognized under the HKFRS 16 "Leases" amounted to the total transaction amount, being HK\$74,632,000. As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Asset Purchase and Right-of-Use Asset Acquisition on aggregate is more than 5% but all of the applicable percentage ratios are less than 25%, the Asset Purchase and Right-of-Use Asset Acquisition on aggregate constitute a disclosable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Asset Purchase”	pursuant to the terms and conditions of the Asset Purchase Agreement dated 12 May 2022, the Buyer agreed to purchase, and the Seller agreed to sell, the Imaging Assets and Medical Facilities;
“Asset Purchase Agreement”	the asset purchase agreement entered into between the Seller and the Buyer on 12 May 2022 in relation to the sale and purchase of the Imaging Assets and Medical Facilities;
“Board”	the board of directors of the Company;
“Buyer”	Full Wish Development Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company;
“Chinachem Group”	the ultimate beneficial owner of Landlord and Landlord's Agent;

“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);
“Completion”	Completion of the Asset Purchase pursuant to the Asset Purchase Agreement;
“Completion Date”	the date of completion of the Asset Purchase in accordance with the terms of the Asset Purchase Agreement;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules (as may be amended from time to time);
“Consideration”	the consideration of the Asset Purchase pursuant to the terms and conditions of the Asset Purchase Agreement;
“CT Scan”	computed tomography scan, a medical imaging technique used in radiology to get detailed images of the body non-invasively for diagnostic purposes;
“Director(s)”	director(s) of the Company from time to time;
“First Shanghai”	First Shanghai Investment 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: 227);
“Group”	the Company and its subsidiaries from time to time;
“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;
“Imaging Assets and Medical Facilities”	the advanced imaging assets and multi-service medical facilities including but not limited to (i) imaging machineries and medical facilities for MRI, CT Scan, ultrasound, digital 3D mammogram, X-ray, bone dextra scan, medical use treadmills and other medical imaging and laboratory devices; and (ii) other multi-service medical and treatment facilities as located in the Premises;

“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Landlord”	Grand Monrovia Enterprises Limited;
“Landlord’s Agent”	Chinachem Agencies Limited;
“Lease”	the lease under the Offer Letter;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Offer Letter”	the offer letter entered into between Tenant and Landlord on 12 May 2022 for the lease of the Premises;
“MRI”	magnetic resonance imaging, a procedure that uses magnetism, radio waves, and a computer to create images of areas inside the body;
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules;
“Premises”	The whole of 1st Floor; 2nd Floor, 3rd Floor and 5th Floor and a terrace on the 3rd Floor, One Chinachem Central, No. 22 Des Voeux Road Central, Hong Kong;
“Seller”	International Medical Centre (Hong Kong) Limited, a company incorporated in Hong Kong, is an indirect wholly-owned subsidiary of First Shanghai and is a third party independent of the Company and its connected persons.
“Tenancy Agreement”	the tenancy agreement to be mutually agreed and signed between the Tenant and the Landlord in the standard form set and adopted by the Landlord with modifications to be mutually agreed by the parties in respect of the Premises;

“Tenant” ProCare Medical Imaging & Laboratory Centre (Central – One Chinachem Central) Limited, an indirect wholly-owned subsidiary of the Company;

“%” per cent.

By Order of the Board
UMP Healthcare Holdings Limited
SUN Yiu Kwong
Chairman and Chief Executive Officer

Hong Kong, 12 May 2022

As at the date of this announcement, the Executive Directors of the Company are Dr. SUN Yiu Kwong (Chairman and Chief Executive Officer), Ms. KWOK Cheuk Kwan, Jacquen (Managing Director), Mr. TSANG On Yip, Patrick, Dr. SUN Man Kin, Michael, Mr. LEE Kar Chung, Felix and Dr. LEE Pak Cheung, Patrick; 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.