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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)**

### **MOU IN RESPECT OF THE ISSUANCE OF WARRANTS UNDER SPECIFIC MANDATE**

#### **THE ISSUANCE OF WARRANTS UNDER SPECIFIC MANDATE**

On 27 July 2018 (after trading hours), the Company entered into a legally binding MOU with Zheng He, pursuant to which the Company agreed to issue the Warrants to Zheng He (or any company or trust under the control of Mr. Law nominated by Zheng He) which have a validity period of 42 months from the date of issuance of the Warrants and which are exercisable into 110,411,000 Shares (representing (i) approximately 14.61% of the total issued Shares as at the date of this Announcement; and (ii) approximately 12.75% of the Company's issued share capital as enlarged by the issue of the Warrant Shares), at the exercise price of HK\$2.06 per Warrant Share.

The Company and Zheng He will negotiate in good faith to enter into formal agreement(s) with respect to the issuance of the Warrants on terms that reflect and are consistent with the MOU as soon as reasonably practicable after the date of this Announcement.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or other stock exchange.

#### **GENERAL**

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the issue of Warrants and the transactions contemplated thereunder, including the issue of Warrant Shares upon exercise of the Warrants. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the issue of Warrants, accordingly, no Shareholders will be required to abstain from voting at the EGM.

A circular containing, among other things, further details of the issue of Warrants and a notice to convene the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors should note that the issue of Warrants is subject to the entry into of a formal agreement and fulfilment of the condition(s) therein. As the transaction may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## MOU IN RESPECT OF THE ISSUANCE OF WARRANTS

On 27 July 2018 (after trading hours), the Company entered into a legally binding MOU with Zheng He, pursuant to which the Company agreed to issue the Warrants to Zheng He (or any company or trust under the control of Mr. Law nominated by Zheng He) which have a validity period of 42 months from the date of issuance of the Warrants and which are exercisable into 110,411,000 Shares of the Company (representing (i) approximately 14.61% of the total issued Shares of the Company as at the date of this Announcement; and (ii) approximately 12.75% of the Company's issued share capital as enlarged by the issue of the Warrant Shares), at the exercise price of HK\$2.06 per Warrant Share.

The Company and Zheng He will negotiate in good faith to enter into formal agreement(s) with respect to the issuance of the Warrants on terms that reflect and are consistent with the MOU as soon as reasonably practicable after the date of this Announcement.

The principal terms of the MOU are summarised below:

<b>Date</b>	27 July 2018 (after trading hours)
<b>Parties</b>	(1) The Company (2) Zheng He  To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zheng He and its ultimate beneficial owner are not connected persons or associates of any connected person of the Company.
<b>Issuer of the Warrants</b>	The Company
<b>Number of Warrants</b>	Warrants exercisable into 110,411,000 Warrant Shares
<b>Exercise price</b>	HK\$2.06 per Warrant Share, subject to customary adjustment for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares which are issued after the signing of the MOU, details of which will be set out in formal agreement(s) to be entered into between the Company and Zheng He.

The exercise price of HK\$2.06 per Warrant Share represents:

- (a) a premium of approximately 14.44% over the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the date of this announcement;
- (b) a premium of approximately 13.56% over the average of the closing price of Shares as quoted on the Stock Exchange for the last five consecutive trading days including the date of this announcement of approximately HK\$1.814; and
- (c) a premium of approximately 14.57% over the average of the closing price of Shares as quoted on the Stock Exchange for the last ten consecutive trading days including the date of this Announcement of approximately HK\$1.798.

The exercise price of HK\$2.06 per Warrant Shares is determined having considered, among other things, the recent market prices of the Shares.

#### **Exercise Period**

The Warrants are exercisable by Zheng He (or any company or trust under the control of Mr. Law nominated by Zheng He) in accordance with the following schedule:

- (a) No Warrant is exercisable during the first six months from the date of issuance of the Warrants.
- (b) Warrants that are exercisable into a maximum of 37,000,000 Warrant Shares are exercisable at any time after the first six months from the date of issuance of the Warrants until immediately before the expiry of 42 months from the date of issuance of the Warrants.
- (c) Warrants that are exercisable into a maximum of 37,000,000 Warrant Shares (not including the Warrant Shares provided in sub-paragraph (b) above) are exercisable at any time after the first 18 months from the date of issuance of the Warrants until immediately before the expiry of 42 months from the date of issuance of the Warrants.

- (d) Warrants that are exercisable into a maximum of 36,411,000 Warrant Shares (not including the Warrant Shares provided in sub-paragraphs (b) and (c) above) are exercisable at any time after the first 30 months from the date of issuance of the Warrants until immediately before the expiry of 42 months from the date of issuance of the Warrants.

The Warrants under sub-paragraphs (b), (c) and (d) above may be exercised fully or partly, and each partial exercise shall be in the minimum denomination of 10,000,000 Warrant Shares (except for the last exercise for any remaining Warrant Shares). Any Warrants not yet exercised upon the expiry of 42 months from the date of issuance of the Warrants will lapse.

### **Conditions**

The issuance of the Warrants will be subject to the satisfaction of the following conditions:

- (i) the obtaining of the approval of the Shareholders at the EGM to consider and approve the issuance of the Warrants to Zheng He (or any company or trust under the control of Mr. Law nominated by Zheng He); and
- (ii) the obtaining of the approval of the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares.

### **Option to subscribe for new Shares or convertible bonds**

If the shareholders of the Company at the EGM do not approve the issuance of the Warrants to Zheng He (or any company or trust under the control of Mr. Law nominated by Zheng He), Zheng He shall have a right to exercise an option (the “**Option**”), within six months after the date of the formal agreement for the subscription of the Warrants, to subscribe for one of the following:

- (a) 110,411,000 new Shares (representing approximately 14.61% of the total issued Shares as at the date of this Announcement) at HK\$2.06 per new Share; or
- (b) convertible bonds to be issued by the Company which are exercisable into 110,411,000 new conversion Shares (representing approximately 14.61% of the total issued Shares as at the date of this Announcement) with:
  - i. a conversion price of HK\$2.06 per Share;
  - ii. a principal amount of the convertible bonds of HK\$227,446,660 (being the conversion price multiplied by 110,411,000 new conversion Shares);

- iii. a maturity date of 42 months from the date of issuance of the convertible bonds, and Zheng He has the option to extend the maturity date for a maximum period of one year;
- iv. a coupon of 4% per annum with interest payable semi-annually in arrears;
- v. a redemption price at 100% of the principal amount;
- vi. customary adjustment of the conversion price for, amongst other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares which are granted after the signing of the MOU;
- vii. customary financial covenants and negative pledge restrictions with respect to future indebtedness of the Group; and
- viii. restriction on conversion during the first six months after the issuance of the convertible bonds, and each conversion subsequent to the aforesaid period shall be in the minimum denomination of 10,000,000 conversion Shares (except for the last conversion of the convertible bonds for the remaining conversion Shares).

The conversion Shares to be issued upon the exercise of the conversion rights of the convertible bonds shall rank pari passu in all respects among themselves and with all other fully paid Shares in issue on the conversion date of such convertible bonds.

Unless as required by the relevant Hong Kong regulatory authorities, including but not limited to the Stock Exchange and the Securities and Futures Commission, the issuance of the new Shares and the convertible bonds by the Company shall not be required to be subject to the approval of shareholders of the Company in a general meeting or otherwise.

**Zheng He contributions**

Upon completion of the issuance of the Warrants (or, if applicable, the new Shares or the convertible bonds (as the case may be) pursuant to the Option), Zheng He shall (or shall procure any company or trust under the control of Mr. Law nominated by Zheng He):

- (a) grant a right to the Company (or any of its subsidiaries) to invest into a joint venture to be established between Zheng He (or any company or trust under the control of Mr. Law nominated by Zheng He) and certain investors to carry on the business of global healthcare services, with the vision of building up a Hong Kong-based patient centric hub, that gives everyone access to a global premium healthcare ecosystem, empowered by technology;
- (b) utilize Zheng He's global capital market reach to optimize and enhance the Company's existing shareholding structure, including but not limited to the introduction of strategic investors and elite financial investors;
- (c) leverage on Mr. Law's vast experience, extensive network, international contacts (including reputable overseas medical schools and other local and international medical advisory boards) to bring strategic partnerships to the Company and to advance the development of a new economy business model for the Company, and achieving large scale growth, with the aim in ultimately transforming the Company into a world recognized clinic platform; and
- (d) assist the Company in identifying future expansion and acquisition opportunities.

With respect to the matters provided in sub-paragraphs (b) to (d) above, the contributions of Zheng He shall be provided during the period of 42 months from completion of the issuance of the Warrants (or, if applicable, the new Shares or the convertible bonds (as the case may be) pursuant to the Option).

**Ranking of Warrant Shares**

The Warrant Shares, when allotted and issued, will rank pari passu in all respects with all Shares of the Company in issue at the date of allotment and issue of such Warrant Shares.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants Shares. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

## **SPECIFIC MANDATE**

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the issue of Warrants and the transactions contemplated thereunder, including the issue of Warrant Shares upon exercise of the Warrants.

## **REASONS FOR THE ISSUANCE OF THE WARRANTS**

The Group is principally engaged in providing corporate healthcare solutions and clinical healthcare services in Hong Kong, Macau and the PRC.

Zheng He is ultimately controlled by Mr. Law, and one of its investment focuses is in the future technology for medical and healthcare ecosystem.

The Board considers that it is in the interests of the Company and the Shareholders as a whole to issue the Warrants. The Company may leverage Zheng He's global capital market reach to optimise and enhance the Company's existing shareholding structure, as well as Mr. Law's vast experience, extensive network, international contacts (including reputable overseas medical schools and other local and international medical advisory boards) to bring strategic partnerships to the Company and to advance the development of a new economy business model for Company.

The Board also considers that the issue of Warrants represents an opportunity to raise funds for the Company. In particular, (i) the Warrants are not interest bearing; (ii) it raises capital if the Warrants are exercised for general working capital; (iii) there is no immediate dilution effect on the shareholding of the existing Shareholders; and (iv) if the Warrants are exercised, it will benefit the long-term business development of the Group by broadening the capital base of the Company.

Accordingly, the Board considers that the terms of the MOU (including the exercise price for the Warrant Shares) were entered into upon normal commercial terms following arm's length negotiations between the Company and Zheng He and that the terms of the MOU (including the exercise price for the Warrant Shares) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **TOTAL FUNDS TO BE RAISED AND PROPOSED USE OF PROCEEDS**

Assuming the full exercise of Warrants, the total gross funds and net funds expected to be raised by the Company from the exercise of the Warrants are approximately HK\$227.4 million and HK\$226.4 million, respectively. The net proceeds from the exercise of the Warrants is intended to be used as working capital of the Group.

## FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

The Board confirms that there has not been any equity fund raising exercise made by the Company in the twelve months immediately preceding the date of this announcement.

## CHANGES OF SHAREHOLDING STRUCTURE

At the date of this announcement, the Company has 755,405,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full exercise of Warrants are as follows:

	As at the date of this announcement		Immediately upon full exercise of the Warrants	
	Shares	%	Shares	%
Dr. Sun Yiu Kwong (the chairman and chief executive officer and an executive director of the Company) <sup>(1)</sup>	15,513,000	2.05	15,513,000	1.79
East Majestic Group Limited <sup>(2)</sup>	199,601,343	26.42	199,601,343	23.05
EM Team Limited <sup>(2)</sup>	44,155,000	5.85	44,155,000	5.10
Healthcare Ventures Holdings Limited <sup>(3)</sup>	110,411,000	14.62	110,411,000	12.75
Pinyu Limited <sup>(4)</sup>	97,311,000	12.88	97,311,000	11.24
Directors (other than Dr. Sun Yiu Kwong)	51,049,657	6.76	51,049,657	5.90
Other Shareholders	237,364,000	31.42	237,364,000	27.42
Zheng He (and/or any company or trust under the control of Mr. Law)	—	—	<u>110,411,000</u>	<u>12.75</u>
Total:	<u>755,405,000</u>	<u>100.00</u>	<u>865,816,000</u>	<u>100.00</u>

### Notes:

- (1) Such Shares are held by Dr. Sun Yiu Kwong in his capacity of beneficial owner.
- (2) Each of East Majestic Group Limited and EM Team Limited is a controlled corporation of Dr. Sun Yiu Kwong.
- (3) Healthcare Ventures Holdings Limited is a wholly owned subsidiary of Chow Tai Fook Enterprises Limited.
- (4) Pinyu Limited is a wholly-owned subsidiary of China Resources Phoenix Healthcare Holdings Company Limited.

## EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the issue of Warrants and the transactions contemplated thereunder, including the issue of Warrant Shares upon exercise of the Warrants. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the issue of Warrants, accordingly, no Shareholders will be required to abstain from voting at the EGM.

A circular containing, among other things, further details of the issue of Warrants and a notice to convene the EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## GENERAL

**Shareholders and potential investors should note that the issue of Warrants is subject to the entry into of a formal agreement and fulfilment of the condition(s) therein. As the transaction may or may not proceed as contemplated or at all, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	UMP Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meanings ascribed to it under the Listing Rules
“Director(s)”	the Directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the issue of Warrants and the transactions contemplated thereunder, and the issue of Warrant Shares upon exercise of the Warrants
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MOU”	the memorandum of understanding entered into between the Company and Zheng He dated 27 July 2018 in relation to the issue of Warrants
“Mr. Law”	Mr. Law Siu Wah, Eddie
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan)
“Share(s)”	ordinary shares of HK\$0.001 each in the capital of the Company

“Shareholder(s)”	registered holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	the unlisted warrants conferring rights to Zheng He (or any company or trust under the control of Mr. Law nominated by Zheng He) to subscribe for 110,411,000 Shares to be issued by the Company
“Warrant Shares”	the new Shares to be issued by the Company upon exercise of the Share subscription rights attaching to the Warrants
“Zheng He”	Zheng He Health and Medical Resources Limited, a private company limited by shares incorporated in the British Virgin Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage

By order of the Board of Directors  
**UMP Healthcare Holdings Limited**  
**Sun Yiu Kwong**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 July 2018

*As at the date of this announcement, the Board comprises Dr. SUN Yiu Kwong as chairman, chief executive officer and executive director, Ms. KWOK Cheuk Kwan, Jacquen, as managing director and executive director, Mr. TSANG On Yip, Patrick, Dr. SUN Man Kin, Michael, Mr. LEE Kar Chung, Felix and Dr. Lee Pak Cheung, Patrick as executive directors, and Mr. LEE Luen Wai, John BBS JP, Dr. LI Kwok Tung, Donald SBS JP and Mr. YEUNG Wing Sun, Mike as independent non-executive directors.*