

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Union Medical Healthcare Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Union Medical Healthcare Limited
香港醫思醫療集團有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2138)

- (1) CONDITIONAL ADOPTION OF THE CO-OWNERSHIP PLAN;**
(2) SCHEME MANDATE TO ISSUE NEW SHARES
UNDER THE CO-OWNERSHIP PLAN;
(3) PROPOSED CONNECTED TRANSACTIONS INVOLVING
THE PURCHASE OF SHARES TO SATISFY THE SETTLEMENT OF
GRANT OF AWARD SHARES AND THE POTENTIAL GRANT OF
AWARD SHARES TO CONNECTED PARTICIPANTS;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

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

ALTUS CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this cover shall have the same meanings as defined in this circular.

A notice convening the EGM to be held at Level 50, Langham Place Office Tower, 8 Argyle Street, Mong Kok, Hong Kong on Thursday, 16 April 2020 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.umhgp.com.

Whether or not you are able to attend the EGM, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Hong Kong branch share registrar of the Company, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong as soon as possible and 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 you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

* For identification purposes only

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DEFINITIONS

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

- “2020 EPS” the basic earnings per Share for the Financial Year ending 31 March 2020, as set out in the Company’s published annual results announcement in respect of such Financial Year;
- “2023 EPS” the basic earnings per Share for the Financial Year ending 31 March 2023, as set out in the Company’s published annual results announcement in respect of such Financial Year, provided that if there has been a Reorganisation of Capital Structure prior to the Grant Date, the calculation of the basic earnings per Share for the Financial Year ending 31 March 2023 for the purposes of calculating the 2023 EPS shall be calculated as though the number of issued Shares as at the relevant calculation date for such Financial Year is the same as the number of issued Shares used in the calculation of the 2020 EPS;
- “Announcement” the announcement of the Company dated 25 February 2020 announcing, amongst other things, the conditional adoption of the Co-Ownership Plan;
- “Annual Remuneration Package” with respect to: (A) an Eligible Participant who, prior to the date of his invitation to participate in the Co-Ownership Plan, has not yet filed with the Inland Revenue Department (or its equivalent outside of Hong Kong) an annual tax return reflecting his employment or engagement with the relevant Group Company, the total annual income set out in such Eligible Participant’s contract of employment or engagement with the relevant Group Company as at the date of the relevant invitation to participate in the Co-Ownership Plan which would be reported as income to the relevant tax authorities (excluding any discretionary or contingent benefits); and (B) all other Eligible Participants, the total income reported by such Eligible Participant in his latest annual tax return in respect of his employment or engagement with the relevant Group Company filed with the Inland Revenue Department (or its equivalent outside of Hong Kong) prior to the date of the relevant invitation to participate in the Co-Ownership Plan;
- “Approval Conditions” has the meaning set out in the sub-section headed “2.1 Conditional adoption of the Co-Ownership Plan” in the “Letter from the Board” of this circular;

DEFINITIONS

“Articles”	the memorandum and articles of association of the Company, as amended, supplemented or otherwise modified from time to time;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Award Share(s)”	Share(s) awarded to a Grantee on the Grant Date;
“Award Share Grant(s)”	Grant(s) of Award Share(s);
“Award Share Limit”	the total maximum number of Award Shares pursuant to the Co-Ownership Plan, being 4% of the issued Shares on the day of the Extraordinary General Meeting (as may be adjusted in the event of any subdivision or consolidation of Shares);
“Award Share VWAP”	the 30-trading-day volume-weighted average closing price of a Share on the Stock Exchange, where such 30-trading-day period begins on the Business Day after the date on which the Company’s annual results announcement for the Financial Year ending 31 March 2023 is published;
“Bad Leaver”	any person who ceases to be employed or engaged by the Company or any Group Company, or ceases to be a Director or a director of any Group Company and who is not a Good Leaver;
“Board”	the board of Directors from time to time;
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which the Stock Exchange is open for the business of dealing in securities and on which banks are open for normal banking business in Hong Kong;
“Co-Ownership Plan”	the co-ownership scheme adopted by the Company and constituted by the Rules as amended from time to time;
“Committee”	the remuneration committee of the Company or such other committee as the Board may authorise to administer the Co-Ownership Plan;
“Companies Law”	the Cayman Islands Companies Law, as amended and restated from time to time;
“Company”	Union Medical Healthcare Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;

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“Connected Grant(s)”	the proposed Grant(s) of Award Shares to the Connected Participants who will become Grantees under the Co-Ownership Plan as described herein;
“Connected Participant(s)”	a Participant who is a connected person of the Company, including but not limited to a Director, chief executive or substantial shareholder of the Company or a director, chief executive or substantial shareholder of any of its subsidiaries, as at the relevant time;
“connected person(s)”	has the meaning ascribed to it in Chapter 14A of the Listing Rules;
“Connected Plan Trust”	the Co-Ownership Plan trust constituted under the relevant Plan Trust Deed to hold Shares on trust for Connected Participants;
“Connected Purchase of Award Shares”	the purchase of Shares by a Plan Trustee from the Connected Sellers to satisfy Award Share Grants;
“Connected Seller(s)”	Mr. Tang and Mr. Lee;
“Connected Seller’s Qualifying Share(s)”	Share(s) that the relevant Connected Seller has been holding at all times since the Business Day before the date of the Announcement;
“Contribution Share(s)”	Share(s) that an Eligible Participant: (A) has held at all times since the Business Day before the date of the Announcement (where the Initial Invitation Period applies) or the Business Day immediately prior to the start of such relevant Invitation Period other than the Initial Invitation Period (where such Invitation Period applies) and up to and including the date he/she transfers such Shares’ legal title to the relevant Plan Trustee; and (B) indicates in his/her Acceptance Letter he/she intends to contribute to the Co-Ownership Plan to settle any part of his/her Investment Amount (the deemed price of each such Share, for the purposes of administering the Co-Ownership Plan and ensuring the total Investment Amount of such Participant falls within his/her Investment Amount Range, shall be the lower of the Initial Investment Share VWAP and the Initial Investment Effect Date VWAP (where the Invitation Period applies) or the Investment Share VWAP (where such other Invitation Period applies);
“Core Connected Person(s)”	has the meaning ascribed to it in Rule 1.01 of the Listing Rules;

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“Cumulative EPS”	the total aggregate basic earnings per Share for the Financial Years ending 31 March 2021, 2022 and 2023, as set out in the Company’s published annual results announcement in respect of such Financial Years, provided that if there has been a Reorganisation of Capital Structure prior to the Grant Date, the calculation of the basic earnings per Share for the Financial Years ending 31 March 2021, 2022 and 2023 for the purposes of calculating the Cumulative EPS shall be made as though the number of issued Shares as at the relevant calculation date for each such Financial Year is the same as the number of issued Shares used in the calculation of the 2020 EPS;
“Director”	a director of the Company;
“Effective Date”	the date on which the last in time of the Approval Conditions is satisfied;
“Eligible Participant(s)”	a director, employee or individual service provider of a Group Company (including a Specified Person) as at or after the adoption of the Co-Ownership Plan, in each case who has been selected by the Committee and who has not given to such Group Company nor has such Group Company given to such person a notice of resignation or notice of termination (as the case may be) of employment, engagement, office or contract, provided that neither of the Connected Sellers nor any non-executive Director shall be Eligible Participants;
“Equitable Adjustments”	such equitable adjustments to the 2023 EPS, Cumulative EPS, the Award Share VWAP and any other aspect of the Grant or the Co-Ownership Plan as the Committee deems appropriate in order to take into account the occurrence of an M&A Event, a Strategic Investment Event or a Reorganisation of Capital Structure, as the case may be;
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened by the Company to approve, among other things, the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants as described herein, notice of which is set out on pages EGM-1 to EGM-3 of this circular;
“Financial Year”	in respect of any calendar year, the Company’s financial year ending on 31 March of the relevant year;

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“Good Leaver”	<p>a person who ceases to be employed or engaged by the Company or any other Group Company, or ceases to be a director of any Group Company:</p> <p>(A) by reason of: (i) death; (ii) retirement at or after the age of 60; (iii) permanent ill health or physical or mental disability which renders him/her incapable of continued employment, engagement or holding office in his/her current position carrying out the normal duties for that position, as certified by a general medical practitioner, or other specialist medical professional; or (iv) the relevant circumstances as set out in this circular in the section headed “1.17 Corporate Events” in Appendix I to this circular; and</p> <p>(B) who has been determined by the Committee to be a Good Leaver;</p>
“Grant”	<p>the grant (including the Connected Grant) of an Award Share to a Participant (including the Connected Participants) under the Co-Ownership Plan;</p>
“Grant Date”	<p>a date, to be determined by the Committee, falling after the publication of the Company’s annual results announcement for the Financial Year ending 31 March 2023 and the determination of the 2023 EPS and Cumulative EPS, or as determined by the Committee under the terms of the Rules in the event of an M&A Event or a Strategic Investment Event;</p>
“Grantee”	<p>any Participant to whom a Grant is made in accordance with the terms of the Rules or, in the event of such person’s death, his estate or legally appointed representative;</p>
“Group”	<p>the Company and its subsidiaries and a “Group Company” means any of the aforesaid companies;</p>
“HK\$”	<p>Hong Kong dollars, the lawful currency of Hong Kong;</p>
“Hong Kong”	<p>the Hong Kong Special Administrative Region of the People’s Republic of China;</p>
“Independent Board Committee”	<p>the independent board committee comprising all independent non-executive Directors who do not have a material interest in the Co-Ownership Plan, which was established to advise the Independent Shareholders in relation to the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants;</p>

DEFINITIONS

“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants;
“Independent Non-Executive Director”	the independent non-executive Directors of the Company, namely, Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Lam Chi Hang Josekin;
“Independent Shareholders”	Shareholders other than those who have a material interest in: the adoption of the Co-Ownership Plan, the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants, and are required to abstain from voting on the relevant resolutions at the Extraordinary General Meeting;
“Initial Investment Effective Date VWAP”	the 30-trading-day volume-weighted average closing price of a Share on the Stock Exchange, where such 30-trading-day period is ended on the Business Day immediately prior to the Effective Date;
“Initial Investment Share VWAP”	HK\$5.3201, being the 30-trading-day volume-weighted average closing price of a Share on the Stock Exchange, where such 30-trading-day period ended on 24 February 2020;
“Initial Invitation Period”	the period commencing on 25 February 2020 and ended on 16 March 2020;
“Initial Invitation Period Assumptions”	<p>the principal assumptions applicable to the Initial Invitation Period as set out below:</p> <ul style="list-style-type: none">(i) each of the Initial Invitation Period Participants will participate in the Co-Ownership Plan to the fullest extent as set out in the table entitled “<i>Table 1 — Summary of Initial Invitation Period Participants</i>” in the sub-section headed “<i>2.3 Eligible Participants who have accepted an invitation to participate in the Initial Invitation Period</i>”, in the “Letter from the Board” of this circular;(ii) no other Eligible Participants will participate in the Co-Ownership Plan following the Initial Invitation Period;

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- (iii) all conditions to the Grant of the Award Shares have been satisfied and the maximum entitlements to the Award Shares have been Granted to the Initial Invitation Period Participants;
- (iv) all the Initial Invitation Period Participants (including Connected Participants) are Grantees of Award Shares, on the basis of the Award Share Limit, the Scheme Mandate Limit, the Initial Investment Share VWAP; and
- (v) there is no: (i) issuance of Shares (other than Investment Shares or Award Shares issuable under the Scheme Mandate) or exercise of securities resulting in the issue of Shares; or (ii) Reorganisation of Capital Structure, M&A Event or Strategic Investment Event, or other corporate events described under the section headed “1.17 Corporate Events” in Appendix I to this circular in each case, from the Latest Practicable Date to the date the Grant of the Award Shares are Settled;

“Initial Invitation Period Participants”	has the meaning ascribed to it in the section headed “2.3 Eligible Participants who have accepted an invitation to participate in the Initial Invitation Period” in the “Letter from the Board” of this circular;
“Investment Amount(s)”	the amount a Participant nominates to invest into the relevant Plan Trust, in the form of cash and/or Contribution Shares;
“Investment Amount Range”	for any Eligible Participant, an amount: (i) equal to or greater than 25% of his/her Annual Remuneration Package; and (ii) not more than 100% of his/her Annual Remuneration Package;
“Investment Amount Settlement Date”	in respect of any Invitation Period, the date on which the total Investment Amounts of all of the Participants who have accepted an invitation in such Invitation Period have been transferred to the Company and/or the Plan Trustee (as the case may be);
“Investment Share(s)”	the Share(s) acquired by the Plan Trustees using the cash Investment Amounts in the manner set out in the section headed “1.5 Acquisition of Investment Shares” in Appendix I to this circular and the Contribution Shares, in each case, held in accordance with the Co-Ownership Plan;

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“Investment Share VWAP”	in respect of an Invitation Period other than the Initial Invitation Period, the 30-trading-day volume-weighted average closing price of a Share on the Stock Exchange, where such 30-trading-day period is ended on the Business Day immediately prior to the start of such relevant Invitation Period;
“Invitation Period”	the Initial Invitation Period; and/or such other invitation period(s) during the Term and ending no later than 31 December 2022;
“Latest Practicable Date”	25 March 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular;
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“M&A Event”	any transaction by any member of the Group which constitutes a “notifiable transaction” of the Company (such term having the meaning given to it in Chapter 14 of the Listing Rules);
“Mr. Lee”	Mr. Lee Gabriel, the Chief Operating Officer of the Company and an executive Director;
“Mr. Tang”	Mr. Tang Chi Fai, the Chief Executive Officer of the Company, chairman of the Board, chairman of the nomination committee of the Company and an executive Director;
“Non-Connected Participant(s)”	a Participant who is not a Connected Participant, as at the relevant time;
“Non-Connected Plan Trust”	the Co-Ownership Plan trust constituted under the relevant Plan Trust Deed to hold Shares on trust for Non-Connected Participants;
“Participant(s)”	an Eligible Participant who has accepted an invitation to participate in the Co-Ownership Plan and whose acceptance is accepted by the Committee pursuant to the terms of the Rules;
“Plan Resolutions”	the resolutions to be proposed to Independent Shareholders at the Extraordinary General Meeting to approve (i) the grant of the Scheme Mandate; (ii) the Connected Purchase of Award Shares; and (iii) the Connected Grants;

DEFINITIONS

“Plan Trust(s)”	the Connected Plan Trust and/or the Non-Connected Plan Trust, as the case may be;
“Plan Trust Deeds”	the trust deeds entered into between the Company and the Plan Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Plan Trustee for the administration of the Connected Plan Trust and the Non-Connected Plan Trust;
“Plan Trustee”	the third-party professional trustee(s) of the Plan Trusts appointed by the Company from time to time;
“Priority”	has the meaning ascribed to it in the section headed “ <i>1.6 Priority if there is an over-subscription of Investment Shares</i> ” in Appendix I to this circular;
“Public Float Requirement”	the requirement under the Listing Rules for the Company to have 25% or more of its issued Shares held by the “public”, as such term is defined in Chapter 8 of the Listing Rules;
“Reorganisation(s) of Capital Structure”	an alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, issue of shares on exercise of share options, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of the Company in accordance with applicable laws and the Listing Rules (other than by way of an M&A Event or Strategic Investment Event);
“Rules”	the rules of the Co-Ownership Plan as amended from time to time;
“Scheme Mandate”	a special mandate to be sought from the Shareholders at the EGM to authorise the Directors to allot and issue new Shares under the Rules up to the Scheme Mandate Limit;
“Scheme Mandate Limit”	the total maximum number of new Shares that may be allotted and issued by the Company pursuant to the Co-Ownership Plan, being 4% of the issued Shares on the day of the EGM (as may be adjusted in the event of subdivision or consolidation of Shares and subject to applicable laws and regulations);
“Settle” or “Settlement”	in respect of a Grant, the transfer of the relevant Award Share(s) to the relevant Grantee;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

DEFINITIONS

“Share(s)”	ordinary share(s) in the share capital of the Company with par value of HK\$0.00001 each;
“Share Incentive Scheme”	the share award scheme adopted by the Company on 27 June 2016;
“Share Option Scheme”	the share option scheme adopted by the Company on 19 February 2016;
“Shareholder(s)”	holder(s) of Shares;
“Specified Person(s)”	(i) Mr. Lee Heung Wing and Mr. Wong Chi Cheung, each of whom is a Director; (ii) Mr. Chan Bosco, Ms. Chan Ching Yi, Ms. Chow Chi Lei Julie, Mr. Chu Chun Pu, Ms. Chung Sim Kai, Ms. Cheung Man Sze, Mr. Ho Kai Tin, Mr. Ip Shing Fai, Mr. Leung Lok Yan, Mr. Tan Ho Yin Timothy, Ms. Tsang Lai Man, Ms. Wong Miu Yee, Ms. Wong Wan, Mr. Wong Yu Man and Mr. Young Arnold Jonathan Che-Teng, each of whom is a director or a substantial shareholder of a subsidiary of the Company; and (iii) Ms. Chui Sin Heng and Mr. Leung Shue Cheong Mark, each of whom was a director of a subsidiary of the Company in the 12-month period prior to the date of this circular;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategic Investment Event”	any issue and allotment by way of private placement of Shares or securities convertible into Shares;
“subsidiary”	has the meaning ascribed to it in the Listing Rules;
“Supplemental Announcement”	the supplemental announcement of the Company dated 16 March 2020 announcing, amongst other things, the supplements and/or amendments to the Co-Ownership Plan as conditionally adopted; and
“%”	per cent.

LETTER FROM THE BOARD



Union Medical Healthcare Limited
香港醫思醫療集團有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2138)

Executive Directors:

Tang Chi Fai (*Chairman and
Chief Executive Officer*)
Lee Gabriel
Wong Chi Cheung
Lee Heung Wing

Non-executive Directors:

Luk Kun Shing Ben
Wang David Guowei

Independent non-executive Directors:

Ma Ching Nam
Look Andrew
Lam Chi Hang Josekin

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681,
Grand Cayman KY1-1111
Cayman Islands

Principal place of business:

Suite 7–9, L21,
Langham Place Office Tower,
8 Argyle Street,
Mong Kok,
Hong Kong

31 March 2020

To the Shareholders

Dear Sir or Madam,

- (1) CONDITIONAL ADOPTION OF THE CO-OWNERSHIP PLAN;
(2) SCHEME MANDATE TO ISSUE NEW SHARES
UNDER THE CO-OWNERSHIP PLAN;
(3) PROPOSED CONNECTED TRANSACTIONS INVOLVING
THE PURCHASE OF SHARES TO SATISFY THE SETTLEMENT OF
GRANT OF AWARD SHARES AND THE POTENTIAL GRANT OF
AWARD SHARES TO CONNECTED PARTICIPANTS;
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

* *For identification purposes only*

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the resolutions to be proposed at the EGM for the approval of, *inter alia*:

- (i) the grant of the Scheme Mandate to issue new Shares under the Co-Ownership Plan; and
- (ii) the proposed connected transactions involving the Connected Purchase of Award Shares and the Connected Grants under the Co-Ownership Plan.

Further, this circular provides the Shareholders with a letter from the Independent Board Committee and a letter from Altus Capital Limited, the Independent Financial Adviser, to advise the Independent Board Committee and the Independent Shareholders, for the Independent Shareholders to make an informed decision as to whether to vote for or against the proposed resolutions to approve the grant of the Scheme Mandate to issue new Shares under the Co-Ownership Plan, the Connected Purchase of Award Shares and the Connected Grants.

2. CONDITIONAL ADOPTION OF THE CO-OWNERSHIP PLAN

Reference is made to the Announcement and the Supplemental Announcement, in relation to, among other things, the conditional adoption of the Co-Ownership Plan, the proposed adoption of the Scheme Mandate and the proposed connected transactions involving the Connected Purchase of Award Shares and the Connected Grants.

2.1 Conditional adoption of the Co-Ownership Plan

On 21 February 2020, the Board considered and approved the conditional adoption of the Co-Ownership Plan (the terms of which include the Grant of Award Shares (including the Connected Grants)) which shall be valid and effective for the period commencing on the Effective Date.

Following the Announcement, the Company received additional expressions of interest from existing employees and individual service providers of the Group Companies to take part in the Co-Ownership Plan. To address these expressions of interest, as well as to provide flexibility for the Committee to accept potential Eligible Participants to participate during the term of the Co-Ownership Plan after the Initial Invitation Period, the Committee determined to, with the authority of the Board, make certain amendments to the Co-ownership Plan. Details of the legal amendments to the Co-Ownership Plan were disclosed in the Supplemental Announcement. Details of the principal terms of the Co-Ownership Plan (as amended) are set out in Appendix I to this circular.

The effectiveness of the Co-Ownership Plan is subject to the satisfaction of the following conditions (together, the “**Approval Conditions**”):

- (i) the passing of each of the Plan Resolutions by the Independent Shareholders at the EGM; and

LETTER FROM THE BOARD

- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, all the new Shares which may be allotted and issued under the Scheme Mandate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all the new Shares which may be allotted and issued pursuant to the Scheme Mandate.

2.2 The Co-Ownership Plan

(A) *Reasons, Purposes and Objectives of the Co-Ownership Plan*

The reasons, purposes and objectives of the Co-Ownership Plan are to incentivise skilled and experienced Eligible Participants to remain with the Group and to motivate them to strive for the future development and expansion of the Group in order to create value for the Shareholders, by providing Eligible Participants with an opportunity to acquire equity interests in the Company according to the Rules, and further aligning their interests with those of the long term Shareholders.

A summary of the principal terms of the Co-Ownership Plan is set out in Appendix I to this circular.

(B) *Term:*

The Co-Ownership Plan shall be valid and effective for the period commencing on the Effective Date, and shall expire on the earliest of: (i) the date on which all Award Shares have been Settled; (ii) 31 December 2023; and (iii) the date on which the Co-Ownership Plan is terminated in accordance with the Rules.

(C) *Administration*

The Co-Ownership Plan shall be administered by the Committee and the Plan Trustees.

(D) *Eligible Participants*

Only Eligible Participants shall be eligible to participate in the Co-Ownership Plan. As of the Latest Practicable Date, there are 111 Eligible Participants. The Committee will invite Eligible Participants to participate in the Co-Ownership Plan and become Participants in accordance with the terms of the Rules and subject to the satisfaction of the Approval Conditions.

Each Eligible Participant has been selected on the basis of such person's: (i) tenure and/or business relationship with the Group being one year or more; (ii) professional qualification(s); (iii) position being assistant manager-grade or above; and/or (iv) overall contribution to the Group as assessed by the Committee.

Eligible Participants who are individual service providers comprise individual medical professionals, technical professionals (such as logistics and facilities management professionals) and administrative professionals, and provide services to, or on behalf of, Group Companies.

LETTER FROM THE BOARD

(E) Investment Shares

Award Shares will only be Granted (in the manner determined based on the matching ratio as discussed in the section headed “*Basis for determining the number of Award Shares*” below) to Participants who have contributed Investment Amounts (in cash and/or Contribution Shares) for Investment Shares in accordance with the Rules.

As soon as practicable after each Investment Amount Settlement Date, the Committee will direct and procure the Plan Trustees to acquire Shares in the manner specified in the paragraph headed “*Acquisition of Investment Shares*” below, on behalf of the Participants who have transferred cash to satisfy their Investment Amount for the relevant Investment Period, until the aggregate cash Investment Amounts transferred by those Participants have been utilised.

The relevant Plan Trustee will hold the purchased Shares and Contribution Shares as Investment Shares on trust for the benefit of each Participant until the earlier of: (a) the date of service of a valid transfer notice by the relevant Participant to transfer any Investment Shares to the Participant prior to the Grant Date; and (b) the Grant Date.

The Plan Trustee shall not take voting instructions from the Participants with respect to their Investment Shares and shall not exercise any voting rights attached to such Investment Shares.

(F) Acquisition of Investment Shares

Acquisition of Investment Shares for the Initial Invitation Period

As soon as practicable after the Investment Amount Settlement Date in respect of the Initial Invitation Period, and in any event prior to 31 July 2020, the cash Investment Amounts of Participants will be utilised in the following manner:

- (i) in respect of the cash Investment Amounts of Connected Participants, the Committee will (as it deems appropriate in its sole discretion, taking into account the Public Float Requirement):
 - (a) direct and procure the Plan Trustee of the Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP;
 - (b) direct and procure the Plan Trustee of the Connected Plan Trust to purchase up to 1,700,000 Connected Seller’s Qualifying Shares as committed by Mr. Lee at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and
 - (c) if after such purchase there remain unutilised cash Investment Amounts of Connected Participants, either direct and procure the Plan Trustee of the Connected Plan Trust to either: (i) endeavour to, no later than at the close of trading on the Stock

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Exchange on 16 July 2020, subscribe for new Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and/or (ii) offer to purchase Connected Seller's Qualifying Shares from Mr. Tang at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP and, if Mr. Tang has agreed to sell, endeavour to acquire such Connected Seller's Qualifying Shares from Mr. Tang at such price;

until the aggregate cash Investment Amounts of such Connected Participants have been utilised; and

(ii) in respect of the cash Investment Amounts of Non-Connected Participants, the Committee will:

- (a) direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and
- (b) if at the close of trading on the Stock Exchange on 16 July 2020 there remain unutilised cash Investment Amounts of Non-Connected Participants, direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to subscribe for new Shares to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP,

until the aggregate cash Investment Amounts of such Non-Connected Participants have been utilised.

Acquisition of Investment Shares for any Invitation Period other than the Initial Invitation Period

The cash Investment Amounts of Participants who have accepted the invitation to participate in any Invitation Period other than the Initial Invitation Period will be utilised to acquire Investment Shares as soon as practicable after, and in any event within four months of, the Investment Amount Settlement Date in respect of the relevant Invitation Period other than the Initial Invitation Period, in the following manner:

- (i) in respect of the cash Investment Amounts of Connected Participants, the Committee will either (as the Committee deems appropriate in its sole discretion, taking into account the Public Float Requirement):
 - (a) direct and procure the Plan Trustee of the Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Investment Share VWAP;

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- (b) if at the close of trading on the Stock Exchange on the date falling three months after the relevant Investment Amount Settlement Date there remain unutilised cash Investment Amounts of Connected Participants, direct and procure the Plan Trustee of the Connected Plan Trust to either: (A) endeavour to subscribe for new Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP; or (B) offer to purchase Connected Seller's Qualifying Shares from the Connected Sellers at a price per Share equal to the Investment Share VWAP and, if either or both of the Connected Sellers has agreed to sell, endeavour to acquire such Connected Seller's Qualifying Shares from the Connected Seller(s) at such price, until the aggregate cash Investment Amounts of such Connected Participants have been utilised (and, if both Connected Seller's agree to sell and the price for all of the Connected Seller's Qualifying Shares available to be purchased from them exceeds such aggregate cash Investment Amounts, the Connected Seller's Qualifying Shares will be purchased in proportion to their respective shareholdings in the Company as at the relevant time); and
- (ii) in respect of the cash Investment Amounts of Non-Connected Participants, the Committee will:
 - (a) direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Investment Share VWAP; and
 - (b) if at the close of trading on the Stock Exchange on the date falling three months after the relevant Investment Amount Settlement Date there remain unutilised cash Investment Amounts of Non-Connected Participants, the Committee will direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to subscribe for new Shares to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP,

until the aggregate cash Investment Amounts of such Non-Connected Participants have been utilised.

(G) Investment Amount Range

The total Investment Amount to be contributed by a Participant (in cash and/or Contribution Shares) must be within the Investment Amount Range. Investment Amount Range for individual service providers (comprising individual medical professionals, technical professionals (such as logistics and facilities management professionals) and administrative professionals) is determined by reference to such individual service provider's Annual Remuneration Package, which is in line with other employees of Group Companies.

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(H) Priority if there is an over-subscription of Investment Shares

In respect of any Invitation Period, if the Committee determines that the total Investment Amounts of the Participants will result in a number of Investment Shares that would result in the total number of Award Shares for all Participants exceeding the Award Share Limit and/or require the issuance of Shares exceeding the Scheme Mandate Limit, the allocation for the subscription for and purchase of Investment Shares amongst different categories of Participants shall be determined based on the Priority set out in the Rules.

(I) Plan Trustees

The Company will appoint the Plan Trustees to administer the Co-Ownership Plan. The Plan Trustees will hold the relevant Investment Shares for each Participant in one of the two following Plan Trusts:

- (i) for Participants who are Connected Participants, in the Connected Plan Trust; and
- (ii) for Participants who are Non-Connected Participants, in the Non-Connected Plan Trust.

Each Plan Trust will be administered on substantially the same terms.

(J) Basis for determining the number of Award Shares

A Participant who has his/her Investment Shares held by a Plan Trustee at all times until the Grant Date will be entitled to a Grant of Award Shares (if any) on the Grant Date in accordance with the following provisions (subject to any adjustments provided for in the Rules as described in the section headed “1.17 Corporate Events” in Appendix I to this circular):

For every whole multiple of 10 Investment Shares beneficially held by a Participant, the Participant shall receive a number of Award Shares equal to **Y** or, if lower, **Z** where:

“Y” is calculated as follows:

- (i) if the 2023 EPS is less than 1.33 times the 2020 EPS, then Y is zero;
- (ii) if the 2023 EPS is greater than or equal to 1.33 times the 2020 EPS and less than 1.73 times the 2020 EPS, then Y is two;
- (iii) if the 2023 EPS is greater than or equal to 1.73 times the 2020 EPS and less than 2.20 times the 2020 EPS, then Y is three;
- (iv) if the 2023 EPS is greater than or equal to 2.20 times the 2020 EPS and less than 2.75 times the 2020 EPS, then Y is four; or
- (v) if the 2023 EPS is greater than or equal to 2.75 times the 2020 EPS, then Y is five; and

“Z” is calculated as follows:

- (i) if the Cumulative EPS is less than 3.64 times the 2020 EPS, then Z is zero;
- (ii) if the Cumulative EPS is greater than or equal to 3.64 times the 2020 EPS and less than 4.37 times the 2020 EPS, then Z is two;

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- (iii) if the Cumulative EPS is greater than or equal to 4.37 times the 2020 EPS and less than 5.19 times the 2020 EPS, then Z is three;
- (iv) if the Cumulative EPS is greater than or equal to 5.19 times the 2020 EPS and less than 6.11 times the 2020 EPS, then Z is four; or
- (v) if the Cumulative EPS is greater than or equal to 6.11 times the 2020 EPS, then Z is five.

For illustrative purposes, if on the Grant Date, the 2023 EPS is 1.75 times the 2020 EPS and the Cumulative EPS is 5.20 times the 2020 EPS (in each case assuming no adjustments), a Participant would be awarded three Award Shares for every 10 Investment Shares held by such Participant through the relevant Plan Trustee.

A Participant's maximum entitlement is five Award Shares for every whole multiple of 10 Investment Shares beneficially held by such Participant through the Plan Trustee. If the total number of Investment Shares beneficially held by a Participant is less than 10, such Participant shall not receive any Award Shares. No Award Shares will be Granted if the Company achieves a 2023 EPS below 1.33 times the 2020 EPS or a Cumulative EPS below 3.64 times the 2020 EPS.

(K) Award Share Limit

The maximum number of Award Shares that may be Granted to all Participants shall be the Award Share Limit. If the number of Award Shares to be Granted to all Participants based on the provisions above is greater than the Award Share Limit, then a number of Award Shares equal to the Award Share Limit will be allocated among the Participants on a pro-rata basis, based on their respective entitlements to Award Shares if the Award Share Limit was not in place, provided that the number of Award Shares allocated to each of those Participants will be rounded down to the nearest whole number.

(L) Adjustments

Subject to the section headed "1.17 Corporate Events" in Appendix I to this circular below:

- (i) if a Participant who is not an invitee during the Initial Invitation Period participates in the Co-Ownership Plan under another Invitation Period, the number of Award Shares to be Granted to such Participant (if eligible) shall be determined in accordance with the calculations in the section headed "1.10 Basis for determining the number of Award Shares" in Appendix I to this circular but pro-rated by dividing the number of calendar days during which such Participant has participated in the Co-Ownership Plan (from and including the Investment Amount Settlement Date in respect of the Invitation Period in which he/she was an invitee until and including the Grant Date) by the total number of calendar days in the period from and including the Investment Amount Settlement Date in respect of the Initial Invitation Period until and including the Grant Date; or
- (ii) if a Participant becomes a Good Leaver prior to the Grant Date, the number of Award Shares to be Granted shall be determined in accordance with the calculations in the section headed "1.10 Basis for determining the number of Award Shares" in Appendix I to this circular but pro-rated by dividing the number of calendar days during which such

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Participant has participated in the Co-Ownership Plan (from and including the Investment Amount Settlement Date in respect of the Invitation Period in which he/she was an invitee until and including the date such Participant ceases his/her employment, engagement or office) by the total number of calendar days in the period from and including the Investment Amount Settlement Date in respect of the Initial Invitation Period until and including the Grant Date.

For the avoidance of doubt, a Bad Leaver will not be entitled to any Award Shares.

(M) Award Shares Grant Settlement

As soon as practicable after the Grant Date, and in any event prior to 30 September 2023, the Company will Settle the Award Shares in the following manner:

- (i) subject to the Public Float Requirement being complied with, the Committee will direct and procure the Plan Trustees to endeavour to purchase existing Shares on-market over a reasonable period of time (without delay) as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Award Share VWAP; and
- (ii) if at the close of trading on the Stock Exchange on 16 September 2023 there remain Award Shares to be Settled, the Committee will direct and procure the Plan Trustees to make an offer after the close of trading on the Stock Exchange on such date to purchase Connected Seller's Qualifying Shares from the Connected Sellers up to such number of remaining Award Shares, at a price per Share equal to the Award Share VWAP and:
 - (a) if either or both of the Connected Sellers accept such offer prior to opening of trading on the Stock Exchange on the first Business Day after 16 September 2023, endeavour to purchase such number of Connected Seller's Qualifying Shares that the Connected Seller(s) have agreed to sell in accordance with the above mentioned terms (and, if both Connected Sellers agree to sell and the Connected Seller's Qualifying Shares available to be purchased from the Connected Sellers exceed the number of remaining Award Shares, in proportion to their respective shareholding in the Company as at the relevant time); or
 - (b) if, having taken into account the Connected Seller's Qualifying Shares to be purchased from the Connected Seller(s), at the opening of trading on the Stock Exchange on the first Business Day after 16 September 2023 there remain Award Shares to be Settled, direct and procure the Plan Trustees to endeavour to subscribe for new Shares to Settle the remaining Award Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Award Share VWAP,

and such Shares so purchased and/or subscribed for by the Plan Trustees shall then be transferred to the relevant Grantee.

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2.3 Eligible Participants who have accepted an invitation to participate in the Initial Invitation Period

During the Initial Invitation Period, the Company invited and received acceptances from 111 Eligible Participants who wish to take part in the Co-Ownership Plan (the “**Initial Invitation Period Participants**”). A summary of the acceptances received including the approximate Investment Amounts nominated by such Initial Invitation Period Participants is set out below.

Table 1 — Summary of Initial Invitation Period Participants

Name	Position and relationship with the Group	Total Approximate Investment Amount nominated (HK\$)
Connected Participants		
1 Mr. Lee Heung Wing	Executive Director	\$2,024,298
2 Mr. Wong Chi Cheung	Executive Director	\$2,000,000
3 Other 17 Connected Participants	Directors or substantial shareholders of subsidiaries of the Company	\$20,154,250
Total (19 Connected Participants)		<u>\$24,178,548</u>
Non Connected Participants		
4 92 Non-Connected Participants	(Please refer to definition of Eligible Participants)	\$35,693,600
Total (Initial Invitation Period Participants)		<u>\$59,872,148</u>

Certain Initial Invitation Period Participants have indicated that they intend to settle some or all of their Investment Amount in Contribution Shares. The total number of Contribution Shares to be contributed by all the Initial Invitation Period Participants is approximately 3,542,050 Shares.

Based on the acceptances received by the Committee, the total cash Investment Amount to be transferred to the Plan Trustees by all the Initial Invitation Period Participants is approximately HK\$41,028,088. Assuming that such amount is used to acquire Investment Shares at the Initial Investment Share VWAP, the Committee expects that the Plan Trustees will acquire approximately 7,711,895 Shares for the relevant Plan Trusts¹.

3. SCHEME MANDATE TO ISSUE NEW SHARES UNDER THE CO-OWNERSHIP PLAN

On 21 February 2020, the Board resolved to, subject to the approval of the Independent Shareholders, allot and issue new Shares up to 3% (as may be adjusted subject to applicable laws and regulations) to Participants under the Co-Ownership Plan as Investment Shares and/or Award Shares, by way of allotment and issue of new Shares pursuant to the Scheme Mandate, which may be granted by the Shareholders at the Extraordinary General Meeting.

¹ Please note that as the Investment Shares for the Initial Invitation Period may be acquired at a price lower than Initial Investment Share VWAP, accordingly, the total number of Investment Shares to be acquired by the Plan Trustee using the cash Investment Amount may be higher than as disclosed.

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As discussed in section 2.1 above, taking into account the number of potential Eligible Participants who may take part in the Co-Ownership Plan and the number of Investment Shares and Award Shares which may be required for the Co-Ownership Plan, the Committee determined, with the authority of the Board, to increase the limit to the Scheme Mandate (and correspondingly increase the Award Share Limit) to 4% being the Scheme Mandate Limit (as may be adjusted in the event of any subdivision or consolidation of Shares, subject to applicable laws and regulations) at the Extraordinary General Meeting.

The total number of Shares that may be granted under Scheme Mandate shall not exceed such number of Shares representing 4% of the Company's total number of issued Shares as at the date of the EGM (as may be adjusted in the event of any subdivision or consolidation of Shares, subject to applicable laws and regulations).

As at the Latest Practicable Date, the number of the total issued Shares is 985,277,448. Assuming that there will be no change in the number of issued Shares between the date hereof and the date of the Extraordinary General Meeting, if the Scheme Mandate is approved and is utilised to the fullest extent, approximately 39,411,097 new Shares would be issued and (assuming there is no subdivision or consolidation of Shares) will represent approximately 4% of the current total issued Shares of the Company and approximately 3.85% of the total issued Shares as enlarged by and immediately following such full utilisation of the Scheme Mandate and issue of new Shares (assuming no other Shares will be issued or repurchased by the Company from the date of the Announcement and until such full utilisation of the Scheme Mandate).

The Board expects that there will be no material impact on the net asset value of the Company following the allotment and issue of new Shares to be granted pursuant to the Co-Ownership Plan.

For the avoidance of doubt, the new Shares (if any) to be issued to settle any potential Grants to the Connected Participants will also be allotted and issued under the Scheme Mandate to be sought in the EGM.

4. PROPOSED CONNECTED TRANSACTIONS INVOLVING THE PURCHASE OF SHARES TO SATISFY THE SETTLEMENT OF GRANT OF AWARD SHARES

As the Connected Sellers are connected persons of the Company, the purchase of any Shares from the Connected Sellers by the Plan Trustees to satisfy the Settlement of the grant of Award Shares to Participants (including Non-Connected Participants) will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Any such Connected Purchase of Award Shares will be subject to, among other things, the approval by the Independent Shareholders at the Extraordinary General Meeting.

The Connected Purchase of Award Shares will be made at the Award Share VWAP. To ensure that there will be no shortfall to the number of Shares required to Settle all Award Share Grants, the Committee determined to set the maximum number of Shares which could be purchased from the Connected Sellers under the Connected Purchase of Award Shares to a number of Shares equal to the Award Share Limit of 4% of the number of issued Shares as at the date of the Extraordinary General Meeting.

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Assuming that there will be no change in the number of issued Shares between the date hereof and the date of the Extraordinary General Meeting, up to 39,411,097 Connected Seller's Qualifying Shares may be purchased from the Connected Sellers under the Connected Purchase of Award Shares (assuming there is no subdivision or consolidation of Shares).

Only Connected Seller's Qualifying Shares may be sold by the Connected Sellers pursuant to the Connected Purchase of Award Shares, such Shares having been confirmed by the Connected Sellers as having been acquired by the Connected Sellers either on the open market, pursuant to awards made to them under the Company's share award scheme or prior to the Company's initial public offering. Based on disclosure of interest filings pursuant to Part XV of the SFO, the weighted average acquisition price at which Mr. Tang acquired his Connected Seller's Qualifying Shares was HK\$0.00376¹ and the weighted average acquisition price at which Mr. Lee acquired his Connected Seller's Qualifying Shares was HK\$0.3197.

The Company believes that the Settlement of Award Shares by way of Connected Purchase of Award Shares to Settle the Grant of Award Shares for Participants (including the Connected Participants and Non-Connected Participants) will have the advantage of limiting the dilutive impact on the share capital of the Company.

For illustrative purpose only, set out in the table below are details on the Connected Sellers as at the Latest Practicable Date and the maximum number of Connected Seller's Qualifying Shares which could be purchased from the Connected Sellers to Settle all Grants made to the Initial Invitation Period Participants on the basis of the following principal assumptions:

- (i) the Initial Invitation Period Assumptions;
- (ii) all cash Investment Amounts committed by the Initial Invitation Period Participants will be used by the Plan Trustees to acquire Investment Shares by way of subscription of new Shares under the Scheme Mandate (other than the 1,700,000 Connected Seller's Qualifying Shares as committed by Mr. Lee to be sold to the Plan Trustee of the Connected Plan Trust) at the Initial Investment Share VWAP;
- (iii) 5,626,930 Award Shares, being the maximum number of Award Shares which may be granted to the Initial Invitation Period Participants under the Initial Invitation Period Assumptions are to be Settled by purchasing Connected Seller's Qualifying Shares; and
- (iv) the Connected Sellers having determined to sell Connected Seller's Qualifying Shares in proportion to their respective shareholding in the Company as at the relevant time.

¹ This price excludes 735,000,000 Shares Mr. Tang acquired during the period from when he founded the Company in November 2005 and the Company's listing on the Stock Exchange on 11 March 2016. Mr. Tang's disclosure of interest filing pursuant to Part XV of the SFO in respect of these Shares listed a consideration of HK\$0.

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Table 2 — Illustrative Summary of Connected Purchase of Award Shares

Connected Seller	Position and connected relationship with the Group	Maximum number of Connected Seller's Qualifying Shares which could be purchased to Settle Award Share Granted to the Initial Invitation Period Participants	As an approximate percentage of total issued share capital of the Company following the Settlement of the Award Shares ^(Note 1)
1 Mr. Tang	Chief Executive Officer of the Company and an executive Director	5,601,592	0.565%
2 Mr. Lee	Chief Operating Officer of the Company and an executive Director	24,978	0.003%
Total		<u>5,626,930</u>	

Note:

- On the basis of the principal assumptions above, the total number of issued Shares, following the Settlement of 5,626,930 Award Shares to the Initial Invitation Period Participants by way of Connected Purchase of Award Shares is approximately 991,289,343. The percentages are based on the proportion of Shares held by Mr. Tang and Mr. Lee as at the Latest Practicable Date.

Please note that the potential Connected Purchase of Award Shares, including the number of Connected Seller's Qualifying Shares that may be purchased, would vary depending on the deviations from the Initial Investment Period Assumptions, including: (i) the acquisition of Shares by the relevant Plan Trustee as Investment Shares at a price lower than the Initial Investment Share VWAP; (ii) the participation in the Co-Ownership Plan by Eligible Participants in Invitation Periods following the Initial Invitation Period; and (iii) the occurrence of any event described under the section headed "1.17 Corporate Events" in Appendix I to this circular. Accordingly, information contained in the above table is provided only for illustrative purpose only.

5. PROPOSED CONNECTED TRANSACTIONS INVOLVING THE POTENTIAL GRANT OF AWARD SHARES TO CONNECTED PARTICIPANTS

5.1 Connected Grants to Connected Participants

A connected person is eligible to participate in the Co-Ownership Plan if the person meets the selection criteria of an Eligible Participant (please refer to the section headed "1.3 Eligible Participants" in Appendix I).

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The Connected Grants will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. To the extent that Settlement of Award Shares to a Connected Participant is satisfied by issuing new Shares of the Company or, if the Settlement of the Award Shares is satisfied by the transfer of existing Shares to a Connected Participant and the relevant *de minimis* exemption under Listing Rule 14A.76(2) cannot be relied on, shareholders' approval is required. The Settlement of Award Shares to the Connected Participants will involve a transfer of cash (to acquire Shares) and/or Shares to the Plan Trustee of the Connected Plan Trust, who itself is a connected person by virtue of holding Investment Shares in trust for Connected Participants. The participation of the Specified Persons in the Co-Ownership Plan and their Connected Grants will, to the above extent, be subject to, among other things, the approval by the Independent Shareholders at the Extraordinary General Meeting.

Any Connected Grant to a Connected Participant who is not a Specified Person will, to the above extent, be made in reliance on the relevant exemption under Chapter 14A of the Listing Rules, or if such exemption cannot be relied on, subject to shareholders' approval.

5.2 Connected Participants who have accepted an invitation to participate in the Initial Invitation Period

As at the Latest Practicable Date, the 19 Specified Persons are potential connected persons who are Eligible Participants and therefore are considered to be Connected Participants. Each of the foregoing Specified Persons has accepted an invitation to participate in the Co-Ownership Plan in respect of the Initial Invitation Period as an Initial Invitation Period Participant.

For illustrative purpose only, set out below is a summary on the Initial Invitation Period Participants, comprising 19 Connected Participants and 92 Non-Connected Participants who have accepted an invitation to participate in the Co-Ownership Plan in respect of the Initial Invitation Period and the maximum number of Award Shares which could be granted to these Initial Invitation Period Participant, in each case on the basis of the following principal assumptions:

- (i) the Initial Investment Period Assumptions;
- (ii) all Investment Shares to be acquired by the Plan Trustees using cash Investment Amounts will be by way of subscription of new Shares under the Scheme Mandate (other than the 1,700,000 Connected Seller's Qualifying Shares as committed by Mr. Lee to be sold to the Plan Trustee of the Connected Plan Trust in respect of the Initial Invitation Period) at the Initial Investment Share VWAP;
- (iii) each Initial Investment Period Participant shall be entitled to 5 Award Shares for every 10 Investment Shares held on his/her behalf by the Relevant Plan Trustee (please refer to paragraph "*(J) Basis for determining the number of Award Shares*" in the sub-section headed "*2.2 The Co-ownership Plan*" above on Award Share entitlement); and
- (iv) all Award Shares will be settled by way of subscription of new Shares under the Scheme Mandate.

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Table 3 — Illustrative Summary of Grants to Initial Invitation Period Participants including the Connected Grants

Name	Position and connected relationship with the Group	Number of Investment Shares to be held by the relevant Plan Trustee <i>(Note 1)</i>	Maximum Award Shares which can be Granted based on the number of Investment Shares held by the relevant Plan Trustee	Award Shares Granted as approximate percentage of total Award Shares	Award Shares Granted as an approximate percentage of total number of issued Shares following Settlement <i>(Note 2)</i>	
Connected Participants						
1	Mr. Lee Heung Wing	Executive Director	380,500 <i>(Note 4)</i>	190,250	3.381%	0.019%
2	Mr. Wong Chi Cheung	Executive Director	375,932 <i>(Note 5)</i>	187,965	3.340%	0.019%
3	Other 17 Connected Participants <i>(Note 3)</i>	Directors or substantial shareholders of subsidiaries of the Company	3,788,316 <i>(Note 6)</i>	1,894,120	33.662%	0.190%
Sub-total (19 Connected Participants)			4,544,748	2,272,335	40.383%	0.228%
Non-Connected Participants						
4	92 Non-Connected Participants	(Please refer to definition of Eligible Participants)	6,707,197 <i>(Note 7)</i>	3,354,595	59.617%	0.336%
Total (Initial Invitation Period Participants)			11,251,945	5,626,930	100.00%	0.564%

Notes:

1. The table assumes that the cash portion of the Investment Amount committed and disclosed in “Table 1 — Summary of Initial Invitation Period Participants” will be used to acquire Shares at the Initial Investment Share VWAP of HK\$5.3201. Note however the Rules provide that the Investment Shares may be acquired (i) on market at prevailing market prices less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and (ii) (where applicable) from the Connected Sellers or from the Company at the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; accordingly, the number of Investment Shares which may be acquired, and consequently, the number of Award Shares which may be Granted, may be higher than as stated above.
2. On the basis of the principal assumptions above, the total number of issued Shares, following the issuance of 7,711,895 Shares as Investment Shares and the Settlement of 5,626,930 Award Shares to the Initial Invitation Period Participants, in each case by way of issuance of new Shares (and not the purchase of shares on the open market or from the Connected Sellers as provided in “Table 2 — Illustrative Summary of Connected Purchase of Award Shares” above) under the Scheme Mandate is 996,916,273. See also Note 1, above.
3. The other Connected Participants, excluding Mr. Lee Heung Wing and Mr. Wong Chi Cheung, comprises the following 17 Persons, each of whom is an individual service provider (comprising medical professionals and logistics and facilities management professionals) and/or a manager of a Group Company:
 - (i) Ms. Chow Chi Lei Julie, Ms. Chung Sim Kai, Mr. Ho Kai Tin, Mr. Leung Lok Yan, Ms. Tsang Lai Man and Ms. Wong Miu Yee, each of whom is a director of a subsidiary of the Company, and the maximum number of Award Shares which may be Granted to such persons (subject to the abovementioned assumptions) is 74,285, 22,070, 9,395, 87,685, 41,500 and 45,650, respectively;
 - (ii) Ms. Chan Ching Yi, Ms. Cheung Man Sze, Mr. Chan Bosco, Mr. Chu Chun Pu, Mr. Ip Shing Fai, Mr. Tan Ho Yin Timothy, Ms. Wong Wan, Mr. Wong Yu Man and Mr. Young Arnold Jonathan Che-Tang, each of whom is a director and a substantial shareholder of a subsidiary of the Company, and the maximum number of Award Shares which may be Granted to such persons (subject to the abovementioned assumptions) is 46,990, 28,190, 100,000, 361,750, 143,980, 187,965, 56,380, 93,980 and 281,945, respectively; and
 - (iii) Ms. Chui Sin Heng and Mr. Leung Shue Cheong Mark, each of whom was a director of a subsidiary of the Company in the 12-month period prior to the date of this circular, and the maximum number of Award Shares which may be Granted to such persons (subject to the abovementioned assumptions) is 50,000 and 262,355 respectively.

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4. Based on the acceptance provided by Mr. Lee Heung Wing, his full Investment Amount is expected to be settled by 380,500 Contribution Shares. See also Note 1, above.
5. Based on the acceptance provided by Mr. Wong Chi Cheung, his Investment Amount is expected to be settled by 197,000 Contribution Shares and a cash amount which the Plan Trustee will use to acquire additional Investment Shares. On the basis of the Initial Investment Share VWAP, such cash amount would entitle Mr. Wong Chi Cheung to 178,932 Investment Shares. See also Note 1, above.
6. Based on the acceptances provided by all other Connected Participants, the aggregate of such Connected Participants' Investment Amount is expected to be settled by a total of approximately 957,780 Contribution Shares and a cash amount which the Plan Trustee will use to acquire additional Investment Shares. On the basis of the Initial Investment Share VWAP, such cash amount would entitle such Connected Participants to a total of approximately 2,830,536 Investment Shares. See also Note 1, above.
7. Based on the acceptances provided by the 92 Non-Connected Participants, the aggregate of such Non-Connected Participants' Investment Amount is expected to be settled by a total of approximately 2,006,770 Contribution Shares and a cash amount which the Plan Trustee will use to acquire additional Investment Shares. On the basis of the Initial Investment Share VWAP, such cash amount would entitle such Non-Connected Participants to a total of approximately 4,702,427 Investment Shares. See also Note 1, above.

On the basis of the Initial Invitation Period Assumptions, the maximum total number of Award Shares that would be awarded to such Connected Participants is approximately 2,272,335.

Please note that the Connected Grants, including the number of Award Shares and allotment and issue of new Shares to Connected Participants, would vary depending on the deviations from the Initial Period Assumptions, including: (i) the acquisition of Shares by the relevant Plan Trustee as Investment Shares at a price lower than the Initial Investment Share VWAP; (ii) the participation in the Co-Ownership Plan by Eligible Participants in Invitation Periods following the Initial Invitation Period; and (iii) the occurrence of any event described under the section headed "1.17 Corporate Events" in Appendix I to this circular. Accordingly, information contained in the above table is provided only for illustrative purpose only.

5.3 The Plan Trusts for Connected Participants and Non-Connected Participants

The Company bears the costs of establishing and administering the Co-Ownership Plan including the payment of fees and expenses incurred by the Plan Trustees.

The Plan Trustee holding Shares for Connected Participants will be a connected person of the Company as it is holding Investment Shares on behalf of connected persons of the Company. As the amount of annual fees payable to such Plan Trustee under the Connected Plan Trust is less than 0.1% of the percentage ratios as defined under the Listing Rules, the Connected Plan Trust will be fully exempted under Listing Rule 14A.76(1).

6. POTENTIAL SHAREHOLDING IMPACT OF THE CO-OWNERSHIP PLAN

For illustrative purposes only, the following table sets out the shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) immediately after the date when all Award Shares Granted to the Initial Invitation Period Participants are Settled, on the basis of the following principal assumptions:

LETTER FROM THE BOARD

- (i) the Initial Investment Period Assumptions;
- (ii) all Investment Shares to be acquired by the Plan Trustees using cash Investment Amounts will be by way of subscription of new Shares under the Scheme Mandate (other than the 1,700,000 Connected Seller's Qualifying Shares as committed by Mr. Lee to be sold to the Plan Trustee of the Connected Plan Trust in respect of the Initial Invitation Period) at the Initial Investment Share VWAP; and
- (iii) 5,626,930 Award Shares, being the maximum number of Award Shares which may be granted to the Initial Invitation Period Participants on the basis of assumptions (i) and (ii) above, are to be Settled by subscription of new Shares under the Scheme Mandate.

Table 4 — Illustrative Summary of the Potential Shareholding Impact

	As at the Latest Practicable Date		Immediately after Settlement of all Award Shares by way of issuance of new Shares under the Scheme Mandate	
	Number of Shares	As approximate percentage of the total number of issued Shares <i>(Note 1)</i>	Aggregate Number of Shares held following Settlement of Award Shares <i>(Note 2)</i>	An approximate percentage of the total number of issued Shares following Settlement of Award Shares <i>(Note 3)</i>
A. Connected Persons (who are not Participants)				
Mr. Tang <i>(Note 4)</i>	728,988,230	73.988%	728,988,230	73.124%
Mr. Lee	3,251,000	0.330%	1,551,000 <i>(Note 5)</i>	0.156%
Non-executive Director and Independent Non-Executive Directors	2,614,500	0.265%	2,614,500	0.262%
Other Core Connected Persons	34,000	0.004%	34,000	0.003%
Sub-total	<u>734,887,730</u>	<u>74.587%</u>	<u>733,439,730</u>	<u>73.545%</u>
B. Participants (Core Connected Persons)				
Connected Participants:				
Mr. Lee Heung Wing <i>(Executive Director)</i>	380,500	0.039%	570,750	0.057%
Mr. Wong Chi Cheung <i>(Executive Director)</i>	197,000	0.020%	563,897 <i>(Note 6)</i>	0.057%
Other 15 Specified Persons	3,439,576	0.349%	7,475,945 <i>(Note 7)</i>	0.750%
Sub-total	<u>4,017,076</u>	<u>0.408%</u>	<u>8,610,592</u>	<u>0.864%</u>
Sub-total (A + B)	<u>738,904,806</u>	<u>74.995%</u>	<u>741,798,322</u>	<u>74.409%</u>
C. Participants (Non-Core Connected Persons)				
Other 2 Specified Persons	446,451	0.045%	1,134,738 <i>(Note 8)</i>	0.114%
Other Eligible Participants	5,633,581	0.572%	13,690,603 <i>(Notes 9)</i>	1.373%
Sub-total	<u>6,080,032</u>	<u>0.617%</u>	<u>14,825,341</u>	<u>1.487%</u>
D. Public Shareholders	<u>240,292,610</u>	<u>24.388%</u>	<u>240,292,610</u>	<u>24.104%</u>
Sub-total (C + D)	<u>246,372,642</u>	<u>25.005%</u>	<u>255,117,951</u>	<u>25.591%</u>
Total	<u>985,277,448</u>	<u>100%</u>	<u>996,916,273</u>	<u>100%</u>

LETTER FROM THE BOARD

Notes:

1. Total number of issued Shares as at the Latest Practicable Date was 985,277,448.
2. This assumes that cash Investment Amount committed will be used to acquire Shares at the Initial Investment Share VWAP of HK\$5.3201. Note however the Rules provide that the Investment Shares may be acquired (i) on market at prevailing market prices less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and (ii) (where applicable) from the Connected Sellers or from the Company at the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; accordingly, the number of Investment Shares which may be acquired, and consequently, the number of Award Shares which may be Granted, may be higher than as stated above.
3. On the basis of the principal assumptions above, the total number of issued Shares, following the issuance of 7,711,895 Shares as Investment Shares and the Settlement of 5,626,930 Award Shares to the Initial Invitation Period Participants, in each case by way of issuance of new Shares (and not the purchase of shares on the open market or from the Connected Sellers as provided in “*Table 2 — Illustrative Summary of Connected Purchase of Award Shares*” above) under the Scheme Mandate is 996,916,273. See also Note 2, above.
4. Out of the 728,988,230 Shares which Mr. Tang was interested in, (i) 5,103,000 were held by Mr. Tang as the beneficial owner, (ii) 2,654,000 Shares were held by his spouse, Ms. Yau Ming Li, and (iii) 721,231,230 Shares were held by Union Medical Care Holding Limited, a company wholly owned by Mr. Tang.
5. Following the disposal of 1,700,000 Connected Seller’s Qualifying Shares as committed by Mr. Lee to be sold to the Plan Trustee of the Connected Plan Trust as Investment Shares.
6. In addition to the Grant of Award Shares (see “*Table 3 — Illustrative Summary of Grants to Initial Invitation Period Participants including the Connected Grants*”, above), this figure includes an additional 178,932 Shares to be acquired as Investment Shares using the cash Investment Amount (assuming an acquisition price of the Initial Investment Share VWAP). See also Note 2, above.
7. In addition to the Grant of Award Shares (see “*Table 3 — Illustrative Summary of Grants to Initial Invitation Period Participants including the Connected Grants*”, above), this figure includes an additional 2,454,604 Shares to be acquired as Investment Shares using the cash Investment Amount (assuming an acquisition price of the Initial Investment Share VWAP). See also Note 2, above.
8. In addition to the Grant of Award Shares (see “*Table 3 — Illustrative Summary of Grants to Initial Invitation Period Participants including the Connected Grants*”, above), this figure includes an additional 375,932 Shares to be acquired as Investment Shares using the cash Investment Amount (assuming an acquisition price of the Initial Investment Share VWAP). See also Note 2, above.
9. In addition to the Grant of Award Shares (see “*Table 3 — Illustrative Summary of Grants to Initial Invitation Period Participants including the Connected Grants*”, above), this figure includes an additional 4,702,427 Shares to be acquired as Investment Shares using the cash Investment Amount (assuming an acquisition price of the Initial Investment Share VWAP). See also Note 2, above.

Please note that the potential grant, allotment and issue of Award Shares to the Participants would vary depending on the deviations from the Initial Investment Period Assumptions, including: (i) the acquisition of Shares by the relevant Plan Trustee as Investment Shares at a price lower than the Initial Investment Share VWAP; (ii) the participation in the Co-Ownership Plan by Eligible Participants in Invitation Periods following the Initial Invitation Period; and (iii) the occurrence of any event described under the section headed “1.17 Corporate Events” in Appendix I to this circular. Accordingly, information contained in the above table is provided only for illustrative purpose only.

7. REASONS FOR AND BENEFITS OF THE ADOPTION OF THE CO-OWNERSHIP PLAN, THE GRANT OF THE SCHEME MANDATE, THE CONNECTED PURCHASE OF AWARD SHARES AND THE CONNECTED GRANTS

The Co-Ownership Plan forms part of the incentive schemes of the Group and is intended to further align the interests of the Eligible Participants and the Shareholders as a whole.

LETTER FROM THE BOARD

The purpose of the Co-Ownership Plan is to recognise the continual support and contribution of the relevant employees and individual service providers to the Group and their efforts as being fundamental in promoting and sustaining the Group's growth, development and long-term success.

The Co-Ownership Plan aims to align interests of Eligible Participants and Shareholders by inviting Eligible Participants to acquire equity interests in the Company and rewarding them based on their magnitude of contribution. The Board expects that the Eligible Participants will be motivated to committing themselves in improving the Group's overall performances and competitiveness. The Co-Ownership Plan also serves as a strategy in retaining skilled and experienced Eligible Participants to remain with the Group and to motivate them to strive for future development and expansion of the Group in order to create value for the Shareholders.

While the Share Option Scheme and Share Award Scheme are incentive schemes which share similar selection criteria as the Co-Ownership Plan, the Board considers that the co-investment opportunity provided to the Eligible Participants under the Co-Ownership Plan can more directly strengthen the motivation of the Eligible Participants and better align the interests of the Eligible Participants and the Shareholders. The Board also consider the Co-Ownership Plan as being complementary to the Share Option Scheme and Share Award Scheme, and serves to recognise the contribution of the relevant employees and individual service providers of the Group.

The ability to purchase Shares from Connected Sellers as Investment Shares and the Connected Purchase of Award Shares limit the dilutive impact on the share capital of the Company and accommodates the Company's requirement to comply with its Public Float Requirement. The price at which the relevant Plan Trustee will acquire Shares from the Connected Sellers as Investment Shares has been fixed at the lower of Initial Investment Share VWAP and the Initial Investment Effective Date VWAP (in respect of the Initial Invitation Period), and the Investment Share VWAP (for any Invitation Period other than the Initial Invitation Period) so that the purchase price is reflective of the trading price of Shares over a reasonable period of time. The ability to settle Award Shares by way of Connected Purchase of Award Shares at the Award Share VWAP at a fixed date and during off-trading hours provide the Company and the Plan Trustees the ability to acquire Shares at a price which is reflective of the trading price of Shares over a reasonable period of time.

Details of the principal terms of the Co-Ownership Plan are set out in Appendix I to this circular.

8. IMPLICATIONS UNDER THE LISTING RULES

8.1 Special Mandate

The Co-Ownership Plan does not constitute a share option scheme under Chapter 17 of the Listing Rules as no options are granted over new Shares of the Company. A special mandate is being sought from Independent Shareholders at the Extraordinary General Meeting for the Directors to be authorised to allot and issue new Shares up to the Scheme Mandate Limit (as may be adjusted in the event of subdivision or consolidation of Shares and subject to applicable laws and regulations) to Participants under the Co-Ownership Plan as Investment Shares and/or Award Shares.

LETTER FROM THE BOARD

8.2 Connected Transactions

In order for the Connected Sellers to sell their Shares under the Connected Purchase of Award Shares and the Connected Participants to participate in the Co-Ownership Plan, the Company is required to comply with the reporting, announcement, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules as discussed in sections 5 and 6 above.

As discussed in section 5.3 above, the trust deed between the Company and the Plan Trustee holding Shares for Connected Participants is fully exempt from the requirements of the Listing Rules.

8.3 Public Float

The Connected Sellers are Core Connected Persons and Shares held by them are not counted towards the Public Float Requirement. 17 of the Connected Participants are also Core Connected Persons and, as such the Investment Shares held by the Plan Trustee on behalf of such Connected Participants will also not count towards the Public Float Requirement.

To ensure that the purchase of Investment Shares on behalf of Connected Participants will not affect the Company's ability to comply with the Public Float Requirement, the Connected Sellers have agreed to sell their Connected Seller's Qualifying Shares to the Plan Trustee administering the Connected Plan Trust only. For more information, please refer to the section headed "*1.5 Acquisition of Investment Shares*" in Appendix 1 to this circular.

8.4 Directors' Views

As Mr. Wong Chi Cheung and Mr. Lee Heung Wing are Eligible Participants under the Co-Ownership Plan, and Mr. Tang and Mr. Lee are expected to be Connected Sellers and are therefore materially interested in the Co-Ownership Plan, each of the foregoing Directors has abstained from voting on the relevant board resolutions of the Company approving the conditional adoption of the Co-Ownership Plan.

8.5 Extraordinary General Meeting

The grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants are subject to (i) the approval of the same by the Independent Shareholders respectively at the EGM; and (ii) the grant of the listing approval by the Listing Committee in respect of the new Shares to be granted pursuant to the Co-Ownership Plan.

As the Directors, other than the Independent Non-Executive Directors, are either Connected Sellers or Connected Participants, such Directors, other than the Independent Non-Executive Directors, have abstained from voting on the relevant board resolutions of the Company to approve the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants.

LETTER FROM THE BOARD

So far as the Company is aware, the Eligible Participants (including the Connected Participants) who have accepted an invitation to participate and who are Shareholders and Mr. Tang and Mr. Lee (who are expected to be Connected Sellers) are required to abstain from voting on the resolutions approving the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants to be proposed at the EGM as they may be considered to be materially interested in the grant of the Scheme Mandate, the Connected Purchase of Award Shares and/or the Connected Grants to be proposed at the EGM.

Based on the knowledge and information of the Company as of the Latest Practicable Date and so far as the Company is aware,

- (i) the Connected Sellers are interested in a total of 732,239,230 Shares;
- (ii) the Connected Participants are interested in a total of 4,463,527 Shares; and
- (iii) the other Eligible Participants who have accepted an invitation to participate (other than the Connected Participants) are interested in a total of 5,633,581 Shares,

and they are entitled to exercise the voting rights with respect to their respective Shares.

As the above aggregate total number of 742,336,338 Shares (representing 75.343% of the total issued share capital of the Company as at the Latest Practicable Date) represent Shares in which, to the Company's knowledge and information, the aforementioned persons are interested, they are required to abstain from voting with respect to such Shares on the resolution(s) concerning the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants to be proposed at the EGM.

So far as the Company is aware, no other Shareholders are required to abstain from voting on the resolution(s) in respect of the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants to be proposed at the EGM.

9. RECOMMENDATIONS

The Directors (including the Independent Non-Executive Directors, having taken into account, amongst other things, the advice of Altus Capital Limited, whose views are set out in the Letter from the Independent Board Committee in this circular) are of the view that:

- (i) the grant of the Scheme Mandate to issue new Shares and/or Award Shares as Investment Shares and the Connected Grants under the Co-Ownership Plan are in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole; and
- (ii) the terms of the Connected Purchase of Award Shares and the Connected Grants are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned.

LETTER FROM THE BOARD

Independent Shareholders should note that it is not in the usual and ordinary course of business for the Company to direct and procure the Plan Trustee to subscribe for new Shares, to purchase existing Shares on-market or undertake the Connected Purchase of Award Shares to satisfy Award Share Grants. Notwithstanding the above, the Connected Purchase of Award Shares has the advantage of limiting the dilutive impact on the share capital of the Company and accommodates the Company's requirement to comply with its Public Float Requirement. Hence, the Directors consider the overall methodology to Settle the Award Shares (including by way of the Connected Purchase of Award Shares) will be on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that the Independent Shareholders vote in favour of the relevant resolution(s) to be proposed at the EGM.

Your attention is drawn to (a) the letter from the Independent Board Committee set out on pages 34 to 35 of this circular which contains its recommendation to the Independent Shareholders in relation to the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants; (b) the letter from Altus Capital Limited set out on pages 36 to 57 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants; and (c) additional information set out in the appendices to this circular.

WARNING: The information set out in this circular relating to the Co-Ownership Plan, including the proposed bases for determining whether the conditions for the Grant of the Award Shares are satisfied, are for the purpose of considering the resolutions to be presented at the EGM only. Nothing in this circular shall represent a forecast or projection of the Company's share price, future performance, cash flow or profitability. As the Approval Conditions are subject to approval by the Independent Shareholders, the Co-Ownership Plan may or may not be implemented and such bases for granting may or may not materialise. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

10. ACTION TO BE TAKEN

A form of proxy at the EGM is enclosed herewith. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy and return it to the office of the Company's Hong Kong branch share registrar, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, 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 return of a form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

11. EGM

Notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. The EGM to be held on 16 April 2020, Thursday at 10:00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out therein.

LETTER FROM THE BOARD

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the EGM will be taken by way of poll.

The register of shareholders of the Company will be closed from Friday, 10 April 2020 to Thursday, 16 April 2020 (both days inclusive), during which period no transfer of Shares will be effected, in order to determine the identity of the shareholders who are entitled to attend and vote at the EGM. To be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on Thursday, 9 April 2020.

Please refer to section 8.5 of this "Letter from the Board" for details on the number of Shares with which the holders thereof will be required to abstain from voting or will be restricted from voting (as the case may be) on the relevant resolutions put to vote at the EGM.

12. OVERVIEW OF THE GROUP

The Group is principally engaged in the provision of medical and healthcare services.

13. 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 is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

14. GENERAL

The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save as disclosed in section 8.5 of this letter, no other Shareholder is required to abstain from voting on any resolution to be proposed at the EGM.

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board of
Union Medical Healthcare Limited
Lee Gabriel
Executive Director



Union Medical Healthcare Limited
香港醫思醫療集團有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2138)

To the Independent Shareholders,

31 March 2020

Dear Sir or Madam,

**(1) CONDITIONAL ADOPTION OF THE CO-OWNERSHIP PLAN;
(2) SCHEME MANDATE TO ISSUE NEW SHARES
UNDER THE CO-OWNERSHIP PLAN;
AND
(3) PROPOSED CONNECTED TRANSACTIONS INVOLVING
THE PURCHASE OF AWARD SHARES TO SATISFY
THE SETTLEMENT OF GRANT OF AWARD SHARES AND
THE POTENTIAL GRANT OF AWARD SHARES
TO CONNECTED PARTICIPANTS**

We refer to the circular of the Company dated 31 March 2020 (the “**Circular**”) of which this letter forms part. Capitalised terms defined in the Circular have the same meanings when used herein unless the context otherwise requires.

We, being the Independent Non-Executive Directors, have been appointed by the Board to form the Independent Board Committee and advise you in respect of the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants and to recommend whether or not the Independent Shareholders should vote on the resolutions in respect of the same to be proposed at the EGM.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 11 to 33 of the Circular and the “Letter from the Independent Financial Adviser” set out on pages 36 to 57 of the Circular to the Independent Board Committee and the Independent Shareholders which contains its advice to you and us in relation to the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal reasons and factors considered by, and the advice of, Altus Capital Limited as set out in its letter of advice to you and us in the Circular, we are of the opinion that (i) the grant of the Scheme Mandate to issue new Shares as Investment Shares and/or Award Shares and the Connected Grants under the Co-Ownership Plan are in the ordinary and usual course of business and interests of the Company and the Shareholders as a whole; and (ii) the terms of the Connected Purchase of Award Shares and the Connected Grants are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned. However, the Independent Shareholders should note that it is not in the usual and ordinary course of business for the Company to direct and procure the Plan Trustee to subscribe for new Shares, to purchase existing Shares on-market or to undertake the Connected Purchase of Award Shares to satisfy Award Share Grants. Notwithstanding the above, the Connected Purchase of Award Shares has the advantage of limiting the dilutive impact on the share capital of the Company and accommodates the Company's requirement to comply with its Public Float Requirement. Hence, we consider the overall methodology to Settle the Award Shares (including by way of the Connected Purchase of Award Shares) will be on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the grant of the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants.

Yours faithfully,

For and on behalf of the Independent Board Committee

Ma Ching Nam

Look Andrew

Lam Chi Hang Josekin

Independent Non-Executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of the letter from Altus Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the proposed connected transactions involving the purchase of Shares to satisfy the settlement of grant of Award Shares and the potential grant of Award Shares to Connected Participants under the Co-Ownership Plan prepared for inclusion in this circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street,
Central, Hong Kong

31 March 2020

To the Independent Board Committee and the Independent Shareholders

Union Medical Healthcare Limited
L50, Langham Place Office Tower
8 Argyle Street,
Mong Kok
Hong Kong

Dear Sir or Madam,

PROPOSED CONNECTED TRANSACTIONS INVOLVING THE PURCHASE OF SHARES TO SATISFY THE SETTLEMENT OF GRANT OF AWARD SHARES AND THE POTENTIAL GRANT OF AWARD SHARES TO CONNECTED PARTICIPANTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Purchase of Award Shares and the potential Connected Grants, particulars of which are set out in the “Letter from the Board” contained in the circular of the Company dated 31 March 2020 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 21 February 2020, the Board considered and approved the conditional adoption of the Co-Ownership Plan, the terms of which include the Grant of Award Shares (including the Connected Grants) which shall be valid and effective for the period commencing on the Effective Date.

Following the Announcement, the Company received additional expressions of interest from existing employees and individual service providers of the Group Companies to take part in the Co-Ownership Plan. To address these expressions of interest, as well as to provide flexibility for the Committee to accept potential Eligible Participants to participate in the Co-

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Ownership Plan during the term of the Co-Ownership Plan after the Initial Invitation Period, the Committee had determined to, with the authority of the Board, make certain amendments to the Co-ownership Plan.

Eligible Participants under the Co-Ownership Plan include Connected Participants, who are either (i) a director; or (ii) an employee or individual service provider of a Group Company (including a Specified Person).

As at the Latest Practicable Date, the Connected Participants are:

- (i) Mr. Wong Chi Cheung and Mr. Lee Heung Wing (both executive Directors);
- (ii) Mr. Chan Bosco, Ms. Chan Ching Yi, Ms. Chow Chi Lei Julie, Mr. Chu Chun Pu, Ms. Chung Sim Kai, Ms. Cheung Man Sze, Mr. Ho Kai Tin, Mr. Ip Shing Fai, Mr. Leung Lok Yan, Mr. Tan Ho Yin Timothy, Ms. Tsang Lai Man, Ms. Wong Miu Yee, Ms. Wong Wan, Mr. Wong Yu Man and Mr. Young Arnold Jonathan Che-Teng (each of whom is a director or a substantial shareholder of a subsidiary of the Company); and
- (iii) Ms. Chui Sin Heng and Mr. Leung Shue Cheong Mark (each of whom was a director of a subsidiary of the Company in the 12-month period prior to the date of the Circular).

LISTING RULES IMPLICATION

The Co-Ownership Plan does not constitute a share option scheme under Chapter 17 of the Listing Rules as no options are granted over new Shares of the Company. A special mandate will be sought from Independent Shareholders at the Extraordinary General Meeting for the Directors to be authorised to allot and issue new Shares up to the Scheme Mandate Limit (as may be adjusted in the event of subdivision or consolidation of Shares and subject to applicable laws and regulations) to Participants under the Co-Ownership Plan as Investment Shares and/or Award Shares.

Since each of the Connected Participants is a connected person of the Company, the proposed Connected Purchase of Award Shares and the Connected Grants will constitute connected transactions of the Company, which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Plan Trustee holding Shares for Connected Participants will be a connected person of the Company as it is holding Investment Shares on behalf of connected persons of the Company. As the amount of annual fees payable to such Plan Trustee under the Connected Plan Trust is less than 0.1% of the percentage ratios as defined under the Listing Rules, the trust deed between the Company and the Plan Trustee holding Shares for Connected Participants will be fully exempted under Listing Rule 14A.76 (1).

As the executive Directors, namely Mr. Wong Chi Cheung and Mr. Lee Heung Wing are Eligible Participants under the Co-Ownership Plan, and Mr. Tang Chi Fai (“**Mr. Tang**”) and Mr. Lee Gabriel (“**Mr. Lee**”) are expected to be Connected Sellers and are therefore materially interested in the Co-Ownership Plan, each of the foregoing Directors have abstained from voting on the relevant board resolutions of the Company approving the conditional

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

adoption of the Co-Ownership Plan, the Scheme Mandate for new Shares to be issued and allotted as Investment Shares and Award Shares, the Connected Purchase of Award Shares and the Connected Grants.

So far as the Company is aware, other than the Eligible Participants who are Shareholders and are required to abstain from voting on the resolutions (the “**Resolutions**”) approving the conditional adoption of the Co-Ownership Plan, the grant of the Scheme Mandate to issue new Shares as Investment Shares and Award Shares under the Co-Ownership Plan, the Connected Purchase of Award Shares and the Connected Grants to be proposed at the Extraordinary General Meeting, as they may be considered to be materially interested in the Co-Ownership Plan, the Scheme Mandate, the Connected Purchase of Award Shares and the Connected Grants, no other Shareholders are required to abstain from voting on the Resolutions.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the Independent Non-Executive Directors, namely Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Lam Chin Hang Josekin, has been formed to advise the Independent Shareholders as to whether (i) the grant of the Scheme Mandate to issue new Shares as Investment Shares and/or Award Shares, the Connected Purchase of Award Shares and the Connected Grants under the Co-Ownership Plan are in the ordinary and usual course of business of the Group and interests of the Company and the Shareholders as a whole; (ii) the terms of the Connected Purchase of Award Shares and the Connected Grants are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the Resolutions to be proposed at the Extraordinary General Meeting, taking into account the recommendation of the Independent Financial Adviser.

INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the grant of the Scheme Mandate to issue new Shares as Investment Shares and/or Award Shares, the Connected Purchase of Award Shares and the Connected Grants under the Co-Ownership Plan are in the ordinary and usual course of business of the Group and interests of the Company and the Shareholders as a whole; (ii) the terms of the Connected Purchase of Award Shares and the Connected Grants are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the Resolutions to be proposed at the Extraordinary General Meeting.

We have not acted as an independent financial adviser or financial adviser for the Company’s other transactions in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given the remuneration for our engagement to opine on the terms of the Co-Ownership Plan (including the Connected Purchase of Award Shares and the Connected Grants) is at market level and not conditional upon successful passing of the Resolutions at the Extraordinary General Meeting, and our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or its connected person(s).

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BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Rules of the Co-Ownership Plan; (ii) the annual report of the Company for the year ended 31 March 2019 (the “**2018/2019 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 September 2019 (the “**2019 Interim Report**”); (iv) the announcement of the Company dated 6 January 2020 in relation to the setup an office in Futian, Shenzhen, the PRC (the “**Business Update Announcement**”); and (v) other information as set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors will collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any such statements, information, opinions or representations are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render any such statements, information, opinions or representations untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group. The Company will notify the Shareholders of any material change after the Latest Practicable Date and after the despatch of the Circular.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below:

1. Background information of the Group

1.1 Principal business of the Group

The Group is a non-hospital medical service provider in Hong Kong principally engaged in (i) medical services (excluding aesthetic medical services and any beauty and wellness services); (ii) aesthetic medical services, comprising medical aesthetics and dental services; (iii) beauty and wellness services, comprising traditional beauty, haircare and ancillary wellness services; and (iv) sale of skincare, healthcare and beauty products.

1.2 Business development and outlook

In view of the growing demand on private specialty medical services due to pressure on the public healthcare system in Hong Kong and complementing the launch of Voluntary Health Insurance Scheme since April 2019, the Group has progressively established various medical disciplines since 2018, including but not limited to, setting up day procedures centres, advanced imaging centres and specialty clinics and service centres.

Meanwhile, anticipating the massive demand on specialty medical services, the Group had completed a series of corporate transaction during 2019 including (i) the establishment of a vaccination centre offering preventive care in Langham Place Flagship in June 2019; (ii) acquisition of a digital marketing company in June 2019; and (iii) an acquisition of a paediatric clinic and child development assessment and therapy centre in August 2019. With the additional six Registered Practitioners specialised in paediatric and psychiatry joining the Group after the acquisition, the Group had offered paediatric services in its Langham Place Flagship since August 2019.

As described in the 2019 Interim Report, the Group is seeking to expand its market share by identifying potential acquisition targets or via an organic expansion in the Greater Bay Area. The Group is exploring acquisition targets as well as partnership opportunities with local players in the PRC cautiously. Furthermore, according to the Business Update Announcement, the Group will setup an office in Futian, Shenzhen, the PRC in 2020 in order to facilitate the Group's geographical expansion in mainland China.

2. Reasons for and benefits of the adoption of the Co-Ownership Plan

Considering current business development, on-going expansion and growth of the Group, the Management recognises that its directors and employees are fundamental to the Group's long term success. The Company therefore proposed to introduce a co-ownership culture to align the interests of the Eligible Participants and the Shareholders. The Co-Ownership Plan's purpose is to recognise the continual support and contribution of the relevant employees to the Group and their efforts in promoting and sustaining the Group's long-term growth and development.

It is expected that by providing Eligible Participants with co-investment opportunities to acquire equity interests in the Company, the co-owners will be incentivised to look after the Group's overall performance and competitiveness. Furthermore, adoption of the Co-Ownership Plan can also retain skilled and experienced Eligible Participants to remain with the Group and motivate them to strive for the Group's sustainable growth going forward. The Co-Ownership Plan therefore serve as a catalyst to align the interests between the Shareholders and the Eligible Participants.

Having considered (i) the co-ownership forms part of the Management's strategy to drive sustainable growth going forward; and (ii) the Management's view that aligning the interests of Eligible Participants and the Shareholders is of utmost importance to the Group's long-term success, we consider that the conditional adoption of the Co-Ownership Plan is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

3. Particulars of the Co-Ownership Plan

To determine the fairness and reasonableness of the terms of the Co-Ownership Plan, the Connected Purchase of Award Shares and the Connected Grants, we have considered the salient terms of the Co-Ownership Plan set out below.

3.1 Purpose of the Co-Ownership Plan

The purpose of the Co-Ownership Plan is to incentivise skilled and experienced Eligible Participants to remain with the Group and to motivate them to strive for the future development and expansion of the Group in order to create value for the Shareholders, by providing them with an opportunity to acquire equity interests in the Company, and further aligning their interests with those of the long-term Shareholders. As discussed in the paragraphs headed “*2. Reasons for and benefits of the adoption of the Co-Ownership Plan*” of this letter, we consider the purpose of the Co-Ownership Plan is in the interests of the Company and the Shareholders as a whole.

3.2 Invitation, subscription, purchase and contribution of Investment Shares under the Co-Ownership Plan

3.2.1 Eligible Participants

Under the Co-Ownership Plan, Eligible Participants include directors and any employee or individual service provider of a Group Company (including a Specified Person). The Committee shall invite each Eligible Participant to participate in the Co-Ownership Plan as a Participant during the Initial Invitation Periods and/or Additional Invitation Periods. An Eligible Participant will only become a Participant once the Company confirms such Eligible Participant’s acceptance of an invitation to participate.

As at the Latest Practicable Date, there were 111 Eligible Participants, of which 19 were Connected Participants.

As the Connected Participants (i) have served the Group for more than one year; (ii) are holding executive or management position with professional qualification(s); (iii) are holding position being assistant manager-grade and above within the Group; and/or (iv) have significantly contributed to the Group as assessed by the Committee, they are therefore also included as Eligible Participants. We note that the eligibility criteria apply to all the Eligible Participants and that invitation applies to all the Eligible Participants regardless of whether he/she is a Connected Person or not. Taking into account the purpose of the Co-Ownership Plan (as discussed in the paragraph headed “*3.1 Purpose of the Co-Ownership Plan*” above) to, amongst others, motivate skilled and experienced Eligible Participants, we consider that the eligibility criteria for Eligible Participants is fair and reasonable.

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3.2.2 Standardised invitation to participate

Each Eligible Participant will be invited by the Committee to participate in the Co-Ownership Plan by an invitation letter in standardised prescribed form. All the Invitations have identical acceptance period and are subject to the same restrictions and conditions, amongst others, the Investment Amount in respect of each Eligible Participant must be within the Investment Amount Range.

3.2.3 Subscription for and/or purchase of Investment Shares

As soon as practicable after the Investment Amount Settlement Date in respect of the Initial Invitation Period, and in any event prior to 31 July 2020, the cash Investment Amounts of Participants who have accepted the Invitation to participate in the Invitation Period will be utilised in the following manner.

In respect of the cash Investment Amounts of Connected Participants, the Committee will (as it deems appropriate in its sole discretion, taking into account the Public Float Requirement):

- (i) direct and procure the Plan Trustee, a third party independent from the Company and its connected persons, of the Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP;
- (ii) direct and procure the Plan Trustee of the Connected Plan Trust to purchase up to 1.7 million Connected Seller's Qualifying Shares as committed by Mr. Lee (an executive Directors and an existing Shareholder) at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and
- (iii) if after such purchase, there remain unutilised cash Investment Amounts of Connected Participants, either direct and procure the Plan Trustee of the Connected Plan Trust to either (a) endeavour to, no later than at the close of trading on the Stock Exchange on 16 July 2020, subscribe for new Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and/or (b) offer to purchase Connected Seller's Qualifying Shares from Mr. Tang (an executive Director and a controlling Shareholder) at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP and, if Mr. Tang has agreed to sell, endeavour to acquire such Connected Seller's Qualifying Shares from Mr. Tang at such price; until the aggregate cash Investment Amounts of the Connected Participants have been utilised.

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In respect of the cash Investment Amounts of Non-Connected Participants, the Committee will:

- (i) direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and
- (ii) if at the close of trading on the Stock Exchange on 16 July 2020, there remain unutilised cash Investment Amounts of Non-Connected Participants, direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to subscribe for new Shares to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP, until the aggregate cash Investment Amounts of Non-Connected Participants have been utilised.

As soon as practicable after, and in any event within four months of, the Investment Amount Settlement Date in respect of the relevant Invitation Period other than the Initial Invitation Period, the cash Investment Amounts of Participants who have accepted the Invitation to participate in any Invitation Period other than the Initial Invitation Period will be utilised to acquire Investment Shares in the following manners.

In respect of the cash Investment Amounts of Connected Participants, the Committee will either (as the Committee deems appropriate in its sole discretion, taking into account the Public Float Requirement):

- (i) direct and procure the Plan Trustee of the Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Investment Share VWAP;
- (ii) if at the close of trading on the Stock Exchange on the date falling three months after the relevant Investment Amount Settlement Date there remain unutilised cash Investment Amounts of Connected Participants, direct and procure the Plan Trustee of the Connected Plan Trust to either: (a) endeavour to subscribe for new Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP; or (b) offer to purchase Connected Seller's Qualifying Shares from the Connected Sellers at a price per Share equal to the Investment Share VWAP and, if either or both of the Connected Sellers has agreed to sell, endeavour to acquire such Connected Seller's Qualifying Shares from the Connected Seller(s) at such price, until the aggregate cash Investment Amounts of such Connected Participants have been utilised (and, if both Connected Seller's agree to sell and the price for all of the Connected Seller's Qualifying Shares

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available to be purchased from them exceeds such aggregate cash Investment Amounts, the Connected Seller's Qualifying Shares will be purchased in proportion to their respective shareholdings in the Company as at the relevant time); and

In respect of the cash Investment Amounts of Non-Connected Participants, the Committee will:

- (i) direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Investment Share VWAP; and
- (ii) if at the close of trading on the Stock Exchange on the date falling three months after the relevant Investment Amount Settlement Date there remain unutilised cash Investment Amounts of Non-Connected Participants, direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to subscribe for new Shares to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP until the aggregate cash Investment Amounts of such Non-Connected Participants have been utilised.

Each of the aforementioned cases will be conducted on behalf of the Participants who have accepted Invitations and have transferred cash to satisfy their Investment Amount, until the aggregate cash Investment Amounts transferred by those Participants have been utilised. The Shares subscribed for and/or purchased will be allocated among the Participants who have transferred cash to satisfy their Investment Amount on a pro-rata basis, based on such Participant's respective Investment Amounts that they have settled in cash and disregarding any contribution of Contribution Shares of which an Eligible Participant transferred to the relevant Plan Trustee to settle such Investment Amount.

After reviewing the Co-Ownership Plan and discussions with the Management, we note that:

- (i) each Participant has the equal opportunity to be invited to purchase Shares and has absolute discretion over their own participation;
- (ii) the purpose of the purchase of certain Connected Seller's Qualifying Shares from Mr. Lee and/or Mr. Tang is to facilitate a smooth operation at the outset of the Co-Ownership Plan and to ensure compliance with minimum Public Float Requirement in accordance with the Listing Rules;
- (iii) the Plan Trustee will subscribe for new Shares under the Scheme Mandate at a price equals to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP or equal to the Investment Share VWAP for any excess Shares need to satisfy the remaining Investment Amount paid-in by the Participants, which in turn also helps to ensure compliance with the minimum Public Float Requirement in accordance with the Listing Rules; and

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- (iv) to avoid market instability arising from the large trading volume and to ensure the Shares are purchased at a fair and reasonable price for the benefit of Participants, if the market price is below the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP or below the Investment Share VWAP, the Plan Trustee will purchase existing Shares in the open market at the prevailing market prices by over a reasonable period of time (and before 31 July 2020 and/or the date falling three months after the relevant Investment Amount Settlement Date) otherwise, the Plan Trustee will subscribe for new Shares under the Scheme Mandate at a price equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP or equal to the Investment Share VWAP for any Shares need to satisfy the remaining Investment Amount paid-in by the Connected Participants and non-Connected Participants.

We also note that the purchase price per Share was fixed at the lower of (i) Initial Investment Share VWAP; (ii) the Initial Investment Effective Date VWAP; or (iii) the Investment Share VWAP and was negotiated at arm's length basis among the Committee and the Connected Sellers. In view of the historical trading prices and trading volume of the Shares, the Management believes and we concur that a 30 trading-days range to calculate the Initial Investment Share VWAP, the Initial Investment Effective Date VWAP and the Investment Share VWAP is a reasonable timeframe. Hence, the purchase price per Share will be fixed at the lower of (i) Initial Investment Share VWAP; (ii) the Initial Investment Effective Date VWAP; or (iii) the Investment Share VWAP is a fair and reasonable parameter among all relevant parties.

Taking into account the above, we concur with the Management that such purchases and subscription of Investment Shares (including Connected Purchase of Connected Seller's Qualifying Shares from the Connected Sellers) will be on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

3.2.4 The Allocation and Priority if there is an over-subscription of Investment Shares

In respect of the Invitation Period, if the Committee determines that the total Investment Amounts of the Participants will result in a number of Investment Shares that would result in the total number of Award Shares for all Participants exceeding the Award Share Limit and/or require the issuance of Shares exceeding the Scheme Mandate Limit, the allocation for the subscription for and purchase of Investment Shares amongst different categories of Participants shall be determined in the following priority,

- (a) to satisfy the cash Investment Amounts up to an amount equal to 12 times the basic monthly salary of each Participant (excluding the Specified Persons) as an employee or service provider (as the case may be) of the Group as at the date of invitation to participate in the Co-Ownership Plan, and the entitlement of each such Participant shall be determined on a pro-rata basis as amongst all such Participants;

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- (b) to satisfy the cash Investment Amounts of those Participants who, at the time of determination, are department heads or of a director grade, up to the remaining unsatisfied cash Investment Amounts of such Participants (excluding the Specified Persons), determined on a pro-rata basis;
- (c) to satisfy the cash Investment Amounts of those Participants who became an employee or service provider (as the case may be) of a Group Company on or prior to 11 March 2016, up to the remaining unsatisfied cash Investment Amounts of such Participants (excluding the Participants covered under limb (b) above and the Specified Persons) determined on a pro-rata basis;
- (d) to satisfy the cash Investment Amounts of those Participants who have become an employee or service provider (as the case may be) of a Group Company after 11 March 2016 up to the remaining unsatisfied Investment Amounts of such Participants (excluding Participants covered under limb (b) above and the Specified Persons), determined on a pro-rata basis; and
- (e) to satisfy the cash Investment Amounts of the Specified Persons on a pro-rata basis.

Since the Co-Ownership Plan provides for an invitation to all the Eligible Participants on the same terms and conditions and that the allocation of the subscription for and purchase of Investment Shares among all the Eligible Participants excluding the Specified Persons are on a pro-rata basis allowing other Eligible Participants to enjoy priority over the Specified Persons, we concur with the Management that the above provisions are fair and reasonable.

3.3 Granting of Award Shares under the Co-Ownership Plan

3.3.1 Granting conditions

The number of shares to be granted to a Participant shall be determined on the Grant Date in accordance with the formula below (subject to any adjustments provided for in the Rules as described in the section headed “1.17 Corporate Events” in Appendix I to the Circular):

For every 10 Investment Shares beneficially held by a Participant, the Participant shall receive a number of Award Shares equal to **Y** or, if lower, **Z** where:

“**Y**” is calculated as follows:

- (a) if the 2023 EPS is less than 1.33 times of the 2020 EPS, then Y is zero;
- (b) if the 2023 EPS is greater than or equal to 1.33 times of the 2020 EPS and less than 1.73 times of the 2020 EPS, then Y is two;
- (c) if the 2023 EPS is greater than or equal to 1.73 times of the 2020 EPS and less than 2.20 times of the 2020 EPS, then Y is three;
- (d) if the 2023 EPS is greater than or equal to 2.20 times of the 2020 EPS and less than 2.75 times of the 2020 EPS, then Y is four; or
- (e) if the 2023 EPS is greater than or equal to 2.75 times of the 2020 EPS, then Y is five; and

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“Z” is calculated as follows:

- (a) if the Cumulative EPS is less than 3.64 times of the 2020 EPS, then Z is zero;
- (b) if the Cumulative EPS is greater than or equal to 3.64 times of the 2020 EPS and less than 4.37 times of the 2020 EPS, then Z is two;
- (c) if the Cumulative EPS is greater than or equal to 4.37 times of the 2020 EPS and less than 5.19 times of the 2020 EPS, then Z is three;
- (d) if the Cumulative EPS is greater than or equal to 5.19 times of the 2020 EPS and less than 6.11 times of the 2020 EPS, then Z is four; or
- (e) if the Cumulative EPS is greater than or equal to 6.11 times of the 2020 EPS, then Z is five.

A Participant’s maximum entitlement is five Award Shares for every whole multiple of 10 Investment Shares beneficially held by such Participant through the Plan Trustee (subject to any adjustments described in the paragraph headed “3.3.2 *The occurrence of M&A Event or a Strategic Investment Event*” below). If the total number of Investment Shares beneficially held by a Participant is less than 10, such Participant shall not receive any Award Shares. No Award Shares will be granted if the Company achieves a 2023 EPS below 1.33 times of the 2020 EPS or a Cumulative EPS below 3.64 times of the 2020 EPS.

For illustrative purpose, the Group’s EPS for the years ended 31 March 2019 and 2018 were approximately HK\$0.37 and HK\$0.29, indicating an increase of approximately 28.8% of EPS; while the Cumulative EPS for respective financial years were approximately HK\$0.86 and HK\$0.69, which record a growth in 24.2%. In this connection, the Management is of the view that the target in 2023 (i.e. the Company has to achieve 2023 EPS more than 1.33 times of the 2020 EPS or a Cumulative EPS more than 3.64 times of the 2020 EPS) can only be accomplished with sustained efforts to develop and expand the Group’s business in the coming three financial years.

Having considered the above, and given that the EPS and cumulative EPS as performance metrics are simple and easy to understand benchmarks for the Participants, the Management believes and we concur that by applying such granting conditions can help to align the interests and objectives of the Group with the Participants, and in turn achieve the purpose of the Co-Ownership Plan (as discussed in the paragraph headed “3.1 *Purpose of the Co-Ownership Plan*” above) which is in the interests of the Company and its Shareholders as a whole.

3.3.2 The occurrence of M&A Event or a Strategic Investment Event

In the event of M&A Event or a Strategic Investment Event occurs prior to the making of a Grant, the Committee may either (in its sole discretion) (i) resolve to terminate the Co-Ownership Plan, in which case the Committee shall determine the timing of Grant Date of any of the Award Shares (the date of such Grant then being the Grant Date) and the number of Award Shares to be granted; or (ii) resolve not to terminate the Co-Ownership Plan, in which case the Committee shall determine the number of Award Shares to be Granted and an independent financial adviser to the Company must confirm to the Committee in writing that

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such Grants are in their opinion fair and reasonable. We consider that such measure is reasonable and note that the Grant will apply to all Participants regardless of whether they are Connected Participants or not.

3.3.3 Good Leaver

For a Participant in the Co-Ownership Plan that leaves the Group prior to the Grant Date and is deemed as a Good Leaver (being a leaver who ceases to be employed or engaged by the Company or any other Group Company, or ceases to be a director of any Group Company, by reason of (i) death; (ii) retirement at or after the age of 60; (iii) permanent ill health or physical or mental disability which renders him incapable of continued employment, engagement or holding office in his/her current position carrying out the normal duties for that position, as certified by a general medical practitioner, or other specialist medical professional; or (iv) the relevant circumstances as set out in the section headed “1.17 Corporate Events” in Appendix I to the Circular and who has been deemed by the Committee to be a Good Leaver), the number of Award Shares will be granted to him/her on a pro-rata basis with reference to the duration of the his/her participation in the Co-Ownership Plan, on the basis that the Granting Conditions have ultimately been fulfilled.

Considering that the period of the Participants’ participation reflects the period in which the Participant, in his/her position of responsibility, contributes to the Group since his/her participation, we are of the view that the pro-rating approach is fair and reasonable.

3.3.4 Grant to Connected Participants

We understand from the Management in respect of the Connected Grants, the Co-Ownership Plan provides that (i) where a Grant is proposed to be made to a Director or his/her associate, such Director shall not form part of any vote or resolution to determine whether such grant shall be made to him/her; (ii) the number of new Shares that the Company is obliged to issue and allot to Connected Participants shall not exceed the maximum number of new Shares which the Company is authorised to issue and allot by the Shareholders at a general meeting of the Company from time to time in compliance with the Listing Rules; and (iii) any Grant to any director, chief executive or any director of any member of the Group or any of their respective associates, shall be subject to the prior approval of the Independent Non-Executive Directors. We take the view that such aforementioned measures constitute good corporate governance and are in the interests of the Company and its Shareholders as a whole.

3.3.5 Grant Date

The Grant Date is a date to be determined by the Committee (i) falling after the publication of the Company’s annual results for the Financial Year ending 31 March 2023 and the determination of the 2023 EPS and Cumulative EPS; or (ii) upon occurrence of M&A Event or a Strategic Investment Event, and in any event prior to 30 September 2023 unless decided otherwise by the Committee.

Considering that the Co-Ownership Plan shall terminate automatically on the earlier of (i) the date which all Award Shares have been Settled; and (ii) 31 December 2023, unless terminated earlier in accordance with the provisions of the Co-Ownership Plan, the Co-

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Ownership Plan would have served its purpose as set out in the paragraph headed “3.1 Purpose of the Co-Ownership Plan” above, we are of the view that the Grant Date is appropriate.

3.3.6 Settlement of Award Shares

The Company shall settle a Grant as soon as practicable after the Grant Date, and in any event prior to 30 September 2023. The Committee may in its absolute discretion determine whether a Grant will be settled by the Company by way of:

- (i) directing and procuring the Plan Trustee, subject to the Public Float Requirement being complied with, to endeavour to purchase existing Shares on market over a reasonable period of time (without delay) as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Award Share VWAP; and
- (ii) if at the close of trading on the Stock Exchange on 16 September 2023 there remain Award Shares to be Settled, direct and procure the Plan Trustee to make an offer after the close of trading on the Stock Exchange on such date to purchase Connected Seller’s Qualifying Shares from the Connected Sellers up to such number of remaining Award Shares, at a price per Share equal to the Award Share VWAP and,
 - (a) if either or both of the Connected Sellers accept such offer prior to opening of the Stock Exchange on the first Business Day after 16 September 2023, endeavour to purchase such number of Connected Seller’s Qualifying Shares that the Connected Seller(s) have agreed to sell in accordance with the abovementioned terms (and, if both Connected Sellers agree to sell and the Shares available to be purchased from the Connected Sellers exceed the number of remaining Award Shares, in proportion to their respective shareholding in the Company as at the relevant time); or
 - (b) if, having taken into account the Connected Seller’s Qualifying Shares to be purchased from the Connected Seller(s), at the opening of trading on the Stock Exchange on the first Business Day after 16 September 2023 there remain Award Shares to be settled, direct and procure the Plan Trustee to endeavour to subscribe for new Shares to Settle the remaining Award Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Award Share VWAP.

Such Shares so purchased and/or subscribed for by the Plan Trustee shall then be transferred to the relevant Grantee.

We understand from the Management in respect of the settlement of Award Shares, the Co-Ownership Plan provides that (i) the Plan Trustee shall procure Shares at the most beneficial price to the Company (i.e. the lower of the prevailing market price or Award Share VWAP); (ii) the purchases of existing Shares will be conducted at the prevailing market prices by the Plan Trustee; (iii) the connected purchase from Mr. Lee and/or Mr. Tang will be at the Award Share VWAP and such offer should be accepted before market reopens to avoid any

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gains/losses made from share price volatility; (iv) the connected purchase from Mr. Lee and/or Mr. Tang will provide the flexibility to minimise the dilution impact to all shareholders in the event that new Shares have to be issued as settlement of Award Shares; and (v) the allotment and issue of new Shares would not affect the Company's ability to comply with its Public Float Requirement in accordance with the Listing Rules.

We also note that the basis to determine the Award Share VWAP follows a similar mechanism as the Initial Investment Share VWAP, the Initial Investment Effective Date VWAP and/or the Investment Share VWAP. Hence, we believe that a 30 trading-days range after the publication of the Company's annual result for the Financial Year ending 31 March 2023 to calculate the VWAP is a reasonable timeframe and the purchase/subscription price per Award Share being fixed at the Award Share VWAP is a fair and reasonable parameter among all relevant parties.

Independent Shareholders should note it is not in the usual and ordinary course of business of the Group to direct and procure the Plan Trustee to subscribe for new Shares or to purchase existing Shares in the open market or from the Connected Sellers under the Connected Purchase of Award Shares to satisfy the settlement of the Award Shares. Notwithstanding the above, the Connected Purchase of Award Shares is a crucial element of the Co-Ownership Plan which enables the Company to comply with its Public Float Requirement under the Listing Rules as well as to control the potential shareholding dilution impact upon complete settlement of the Co-Ownership Plan.

Hence, taking into account the above, we concur with the Management that the methodology to settle the Award Shares (including by way of Connected Purchase of Award Shares) will be on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

3.4 Share option scheme and share award scheme of the Company

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 19 February 2016 and it is valid and effective for 10 years from the date of listing. Its purpose is to provide an incentive or reward for individual employees for their contribution or potential contribution to the Group. The maximum limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed such number of shares as shall represent 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company or its subsidiaries if such grant will result in such 30% limit being exceeded. As at Latest Practicable Date, there are 11,487,500 share options in which shall be vested and exercisable on or before 31 December 2023.

In the meantime, the Company has also adopted a share award scheme (the "**Share Award Scheme**") on 27 June 2016 with a summary of the Share Award Scheme rules published in the announcement dated 29 June 2016. The Share Award Scheme is subject to the administration of the Board and the independent trustee in accordance with the Share Award Scheme rules and the trust deed of the Share Award Scheme. The Share Award Scheme is

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valid and effective from the date of adoption for 10 years or such date of early termination as determined by the Board. As at the Latest Practicable Date, the Share Award Scheme does not hold any Shares.

The Management is of the view that, although the Co-ownership Plan shares similar selection criteria of participants among the Share Option Scheme and Share Award Scheme, the Co-ownership Plan can strengthen the motivation of Eligible Participants by means of giving a co-investment opportunity to acquire equity interests in the Company and rewarding them with Award Shares based on their contribution. Furthermore, the Management also believes that there will not be any conflict of purpose between the Share Option Scheme, the Share Award Scheme and/or the Co-ownership Plan, which are complementary to each other in aligning interests of Participants, the Group as well as Shareholders. As such, the Management reckons that the adoption of the Co-Ownership Plan will complement the existing Share Option Scheme and Share Award Scheme.

3.5 Life of the Co-Ownership Plan

Subject to any early termination of the Co-Ownership Plan, the Co-Ownership Plan shall terminate automatically on the earlier of (a) the date when all Award Shares have been settled; and (b) 31 December 2023, unless terminated earlier by the Committee if: (i) the Approval Conditions have not been satisfied by 31 July 2020; (ii) there is an ordinary resolution to terminate the Co-Ownership Plan passed at a general meeting of the Company; (iii) the Committee resolves to terminate the Co-Ownership Plan upon the occurrence of an M&A Event; or (iv) the Committee determines that the Company has achieved a 2023 EPS below 1.33 times of the 2020 EPS or a Cumulative EPS below 3.64 times of the 2020 EPS.

Upon termination, the legal title to the Investment Shares will be transferred to the Participants, to the extent not already so transferred, and no further Award Shares may be offered or granted.

We note that the life of the Co-Ownership Plan will last for three financial years and the Committee's discretion to terminate the Co-Ownership Plan is only limited to certain events as mentioned above. Thus, it does not have the general discretion to terminate the Plan prematurely and preclude the Eligible Participants from participating in the Co-Ownership Plan. Furthermore, the purpose of the Co-Ownership Plan is to recognise relevant employees' effort in promoting the Group's long-term growth. As such, the target (i.e. the Company has to achieve a 2023 EPS more than 1.33 times of the 2020 EPS or a Cumulative EPS more than 3.64 times of the 2020 EPS) can only be accomplished with sustained efforts of the Participants and the Group's employees over three years ending 31 March 2023. In view of the foregoing and with reference to paragraphs headed "3.1 Purpose of the Co-Ownership Plan" and "3.3 Granting of Award Shares under the Co-Ownership Plan" above, the Management believes and we concur that the life of the Co-Ownership Plan is fair and reasonable.

3.6 Scheme Mandate Limit

The Scheme Mandate Limit represents the total maximum number of new Investment Shares and Award Shares that may be issued and allotted by the Company pursuant to the Co-Ownership Plan, being not more than 4.0% of the issued Shares on the day of the

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Extraordinary General Meeting (as may be adjusted in the event of subdivision or consolidation of Shares and subject to applicable laws and regulations). In addition, no Award Shares will be granted where any Director is in possession of unpublished inside information in relation to the Group or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and applicable laws.

Having considered (i) if the Award Shares are granted, the participation of the Eligible Participants would have created value to the Shareholders; (ii) as demonstrated in the paragraph headed “4.1 Potential shareholding impact of the Co-Ownership Plan” below, the potential dilution is limited, we consider that, on balance, the Scheme Mandate Limit is fair and reasonable and beneficial to the Shareholders as a whole.

3.7 Section summary

Having considered that (i) the key terms of the Co-Ownership Plan set out above are fair and reasonable as far as the Independent Shareholders are concerned; (ii) the Rules and the key terms thereunder applicable to the Participants are identical to or no less favourable to those applicable to the Connected Participants; and (iii) any alterations to the terms and conditions of the Plan which are of a material nature or any changes to the terms of the Shares granted must be approved by the Shareholders in general meeting, except where the alterations or changes take effect automatically under the existing terms of the Co-Ownership Plan, we consider the terms of the Co-Ownership Plan (including the Connected Purchase of Award Shares and the Connected Grants) to be fair and reasonable and in the interests of the Company and its Shareholders as a whole.

4. Potential effects of the Co-Ownership Plan

4.1 Potential shareholding impact of the Co-Ownership Plan

For illustrative purposes only, the following table sets out the shareholding structure of the Company as at the Latest Practicable Date and after the subscription and purchase of Shares have been taken place and immediately following full utilisation of the Scheme Mandate, assuming that:

- (i) each of the Initial Invitation Period Participants will agree to participate in the Co-Ownership Plan to the fullest extent;
- (ii) no other Eligible Participants will participate in the Co-Ownership Plan following the Initial Invitation Period;
- (iii) all conditions of the Grant of the Award Shares are satisfied and the maximum entitlements to the Award Shares have been granted to the Initial Invitation Period Participants;
- (iv) all the Initial Invitation Period Participants (including the Connected Participants) become Grantees of Award Shares, on the basis of the Award Share Limit, the Scheme Mandate Limit, the Initial Investment Share VWAP;

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- (v) no other Shares (other than Investment Shares or Award Shares issuable under the Scheme Mandate) are issued or repurchased by the Company before full utilisation of the Scheme Mandate as at the Latest Practicable Date;
- (vi) all Investment Shares to be acquired by the Plan Trustee of the Connected Plan Trust will be purchased from Mr. Tang and Mr. Lee;
- (vii) all Award Shares for the Connected Participants will be settled by purchasing Connected Seller's Qualifying Shares;
- (viii) Mr. Tang and Mr. Lee have sold 2,445,636 and 2,836,167 shares respectively provided that prevailing market price is above the Initial Investment Share VWAP, the Initial Investment Effective Date VWAP, the Investment Share VWAP and the Award Share VWAP;
- (ix) the Initial Investment Share VWAP, the Initial Investment Effective Date VWAP, the Investment Share VWAP and the Award Share VWAP are set at approximately HK\$5.3201;
- (x) among a total of 8,440,000 share options granted to Mr. Lee as at the Latest Practicable Date, 4,765,000 share options will be exercisable on or before 31 December 2023. It is assumed that Mr. Lee will exercise such share options on or before 31 December 2023, but such number of shares will not be sold to the Connected Plan Trust; and
- (xi) all outstanding share options and share awards in which are vested and exercisable on or before 31 December 2023 has been fully vested and exercised.

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	As at the Latest Practicable Date		Expected number of Investment Shares to be placed into the relevant Plan Trust/ acquired from Connected Sellers		Maximum Award Shares which to be Granted/ acquired from Connected Sellers		Immediately after settlement of all Investment Shares and Award Shares (and on the basis of the assumptions stated above)	Immediately after settlement of all Investment Shares and Award Shares (and on the basis of the assumptions stated above)	
	Number of Shares	An approximate percentage of the total number of issued Shares (%) (Note 1)	An approximate percentage of the total number of issued Shares (%) (Note 1)	An approximate percentage of the total number of issued Shares (%) (Note 1)	An approximate percentage of the total number of issued Shares (%) (Note 1)	Aggregate number of Shares held following settlement of Award Shares (Note 2)	An approximate percentage of the total number of issued Shares following settlement of Award Shares (%)	Aggregate number of Share held following settlement of Award Shares (Note 2)	An approximate percentage of the total number of issued Shares following settlement of Award Shares (%)
Connected Persons									
(who are not Participants)									
Mr. Tang (Note 3)	728,988,230	73.988	(1,309,468)	(1,136,168)	726,542,594 <small>(Notes 3, 4, 14)</small>	73.142	726,542,594 <small>(Note 4)</small>	72.306	
Mr. Lee	3,251,000	0.330	(1,700,000)	(1,136,167)	414,833 <small>(Notes 4, 14)</small>	0.042	5,179,833 <small>(Notes 4, 5, 6)</small>	0.516	
Non-executive Director and Independent Non-Executive Directors	2,614,500	0.265	n/a	n/a	2,614,500	0.263	2,914,500 <small>(Note 6)</small>	0.290	
Other Core Connected Persons	34,000	0.004	n/a	n/a	34,000	0.003	114,000 <small>(Note 6)</small>	0.011	
Participants									
Mr. Lee Heung Wing <i>(executive Director)</i>	380,500	0.039	380,500 <small>(Note 7)</small>	190,250	570,750	0.057	2,270,750 <small>(Note 6)</small>	0.226	
Mr. Wong Chi Cheung <i>(executive Director)</i>	197,000	0.020	375,932 <small>(Note 8)</small>	187,965	563,897	0.057	2,163,897 <small>(Note 6)</small>	0.215	
Other 17 Specified Persons									
— Connected Participants (excluding two executive Directors) (Note 9)	3,439,576	0.349	3,163,604 <small>(Note 10)</small>	1,581,765	7,475,945	0.753	8,038,445 <small>(Note 6)</small>	0.800	
— Non-Core Connected Persons	446,451	0.045 <small>(Note 11)</small>	624,712 <small>(Note 12)</small>	312,355	1,134,738	0.114 <small>(Note 11)</small>	2,082,238 <small>(Note 6)</small>	0.207 <small>(Note 11)</small>	
Other Eligible Participants	5,633,581 <small>(Note 13)</small>	0.572 <small>(Note 11)</small>	6,709,197 <small>(Note 14)</small>	3,354,595	13,690,603 <small>(Notes 15, 16)</small>	1.378 <small>(Note 11)</small>	15,013,103 <small>(Notes 6, 15, 16)</small>	1.494 <small>(Note 11)</small>	
Other public Shareholders	240,292,610	24.388 <small>(Note 11)</small>	n/a	n/a	240,292,610	24.191 <small>(Note 11)</small>	240,502,610 <small>(Note 6)</small>	23.935 <small>(Note 11)</small>	
Total	985,277,448	100.00	8,244,477	3,354,595	993,334,470 <small>(Note, 17)</small>	100.00	1,004,821,970 <small>(Note, 17)</small>	100.00	

Notes:

- Total number of issued Shares as at the Latest Practicable Date was 985,277,448.
- The total number of shares issued and outstanding will be 993,334,470 and 1,004,821,970 Shares under (i) immediately after settlement of all Investment Shares and Award Shares (and on the basis of the assumptions stated above) and (ii) immediately after settlement of all Investment Shares and Award Shares (and on the basis of the assumptions stated above) and assuming all the outstanding share options and share awards in which are vested and exercisable on or before 31 December 2023 had been fully exercised and vested respectively. Note however the Rules provide that the Investment Shares may be acquired (i) on market at prevailing market prices less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and (ii) (where applicable) from the Connected Sellers or from the Company at the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; accordingly, the number of Investment Shares which may be acquired, and consequently, the number of Award Shares which may be granted, may be higher than as stated above.
- Out of the 728,988,230 Shares which Mr. Tang was interested in, (i) 5,103,000 Shares were held by Mr. Tang as the beneficial owner, (ii) 2,654,000 Shares were held by his spouse, Ms. Yau Ming Li, and (iii) 721,231,230 Shares were held by Union Medical Care Holding Limited, a company wholly-owned by Mr. Tang.
- This assumes Mr. Tang and Mr. Lee have sold 2,445,636 and 2,836,167 Shares respectively provided that prevailing market price is above the Investment Share VWAP and Award Share VWAP.
- Mr. Lee will vest and exercise 4,765,000 share options on or before 31 December 2023 and such shares will not be sold to the Connected Plan Trust.

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6. Out of 11,487,500 share options in which shall be vested and exercisable on or before 31 December 2023, (i) 4,765,000 share options are entitled to Mr. Lee; (ii) 1,700,000 share options are entitled to Mr. Lee Heung Wing; (iii) 1,600,000 share options are entitled to Mr. Wong Chi Cheung; (iv) 300,000 share options are entitled to an Independent Non-Executive Director, Mr. Ma Ching Nam; (v) 562,500 share options are entitled to Connected Participants excluding two executive Directors; (vi) 80,000 share options are entitled to other Core Connected Persons; (vii) 947,500 share options are entitled to Non-Core Connected Persons; (viii) 1,322,500 share options are entitled to other Eligible Participants; and (xi) 210,000 share options are entitled to other public shareholders.
7. Of the 385,000 Investment Shares, 385,000 will be Contribution Shares to be contributed by Mr. Lee Heung Wing in to the Connected Plan Trust.
8. Of the 375,932 Investment Shares, 197,000 will be Contribution Shares to be contributed by Mr. Wong Chi Cheung in to the Connected Plan Trust.
9. Of this group of 17 Specified Persons (which excludes excluding Mr. Lee Heung Wing and Mr. Wong Chi Cheung), 15 are Core Connected Persons, the remaining two Specified Persons are non-Core Connected Persons.
10. Of the 3,163,604 Investment Shares, 709,000 will be Contribution Shares to be contributed by the Connected Participants excluding two executive Directors and Non-Core Connected Persons into the Connected Plan Trust.
11. Public shareholding will be at approximately 25.005%, 25.624% and 25.578% as at (i) Latest Practicable Date, (ii) immediately after settlement of all Investment Shares and Award Shares (and on the basis of the assumptions stated above); and (iii) immediately after settlement of all Investment Shares and Award Shares (and on the basis of the assumptions stated above) and assuming all the outstanding share options and share awards in which are vested and exercisable on or before 31 December 2023 had been fully exercised and vested respectively.
12. Of the 624,712 Investment Shares, 248,780 will be Contribution Shares to be contributed by the Non-Core Connected Persons in to the Connected Plan Trust.
13. This information in the above table assumes that the Eligible Participants (other than the Connected Participants) do not hold any other interest in any Share as at the Latest Practicable Date.
14. Of the 6,709,197 Investment Shares, 2,006,770 will be Contribution Shares to be contributed by the other Eligible Participants in to the Non-Connected Plan Trust.
15. Allotment and issue of new Shares so as to fulfil minimum Public Float Requirement in accordance with the Listing Rules.
16. This assumes that the Eligible Participants (other than the Connected Participants) will receive the balance of the maximum number of Award Shares under the Scheme Mandate/Award Share Limit, and that the Eligible Participants will hold in aggregate and through the Plan Trustee, such number of Purchased Shares which would result in grant of the aforesaid number of Award Shares.
17. The differences between scenarios set above and scenario set under the section headed “6. Potential Shareholding Impact of the Co-Ownership Plan” in the “Letter from the Board” of the Circular are based on different assumptions used. As aforementioned, we assume all Investment Shares to be acquired by the Plan Trustee of the Connected Plan Trust will be purchased from Mr. Tang and Mr. Lee; and all Award Shares for the Connected Participants will be settled by purchasing Connected Seller’s Qualifying Shares. However, under the section headed “6. Potential Shareholding Impact of the Co-Ownership Plan” in the “Letter from the Board” of the Circular, all Investment Shares to be acquired by the Plan Trustees will be by way of subscription of new Shares under the Scheme Mandate (other than the 1,700,000 Connected Seller’s Qualifying Shares as committed by Mr. Lee to be sold to the Plan Trustee of the Connected Plan Trust); and all Award Shares will be settled by way of subscription of new Shares under the Scheme Mandate.

Of all the Eligible Participants identified as at the Latest Practicable Date, 19 of them are connected persons of the Company. Assuming that (i) all the Eligible Participants will agree to participate, and do participate, in the Co-Ownership Plan to the fullest extent; (ii) all conditions to the Grant of the Award Shares have been satisfied and the maximum entitlements to the Award Shares have been granted; and (iii) all the Participants (including Connected Participants) become Grantees of Award Shares; and (iv) on the basis of the Award Share Limit, the Scheme Mandate Limit, the Initial Investment Share VWAP and assuming there is no reorganisation in the capital structure of the Company from the date of the Announcement to the date the Award Shares are settled; the maximum of Award Shares which could be awarded to the Connected Participants will be approximately 2,272,335 Shares (i.e. the maximum number of Award Shares that will be awarded to the Connected Participants was determined based on Initial Investment Share VWAP).

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Details of the Connected Participants as at the Latest Practicable Date and the maximum number of Award Shares that may be granted to these Connected Participants under the Connected Grants, based on the assumptions stated in the paragraph above, are set out in the table below.

Name	Position and connected relationship with the Group	Maximum Award Shares which can be granted based on the number of Investment Shares held by the relevant Plan Trustee	Maximum Award Shares as approximate percentage of total Award Shares	Maximum Award Shares as approximate percentage of total number of issued Shares following settlement ^(Note 1)
Mr. Lee Heung Wing	Executive Director	190,250	3.381%	0.019%
Mr. Wong Chi Cheung	Executive Director	187,965	3.340%	0.018%
Other 17 Connected Participants ^(Note 2)	Directors or substantial shareholders of subsidiaries of the Company	1,894,120	33.662%	0.189%
Total (19 Connected Participants)		2,272,335	40.383%	0.226%

Notes:

1. On the basis of the assumptions above. The total number of shares issued and outstanding following the settlement of the Award Shares on the foregoing basis is 1,004,821,970.
2. The other Connected Participants, excluding Mr. Lee Heung Wing and Mr. Wong Chi Cheung, comprises the following 17 Specified Persons:
 - (i) Ms. Chow Chi Lei Julie, Ms. Chung Sim Kai, Mr. Ho Kai Tin, Mr. Leung Lok Yan, Ms. Tsang Lai Man and Ms. Wong Miu Yee, each of whom is a director of a subsidiary of the Company, and the maximum number of Award Shares which may be Granted to such persons (subject to the abovementioned assumptions) is 74,285, 22,070, 9,395, 87,685, 41,500 and 45,650, respectively;
 - (ii) Ms. Chan Ching Yi, Ms. Cheung Man Sze, Mr. Chan Bosco, Mr. Chu Chun Pu, Mr. Ip Shing Fai, Mr. Tan Ho Yin Timothy, Ms. Wong Wan, Mr. Wong Yu Man and Mr. Young Arnold Jonathan Che-Tang, each of whom is a director and a substantial shareholder of a subsidiary of the Company, and the maximum number of Award Shares which may be Granted to such persons (subject to the abovementioned assumptions) is 46,990, 28,190, 100,000, 361,750, 143,980, 187,965, 56,380, 93,980 and 281,945, respectively;
 - (iii) Ms. Chui Sin Heng and Mr. Leung Shue Cheong Mark, each of whom was a director of a subsidiary of the Company in the 12-month period prior to the date of this circular, and the maximum number of Award Shares which may be Granted to such persons (subject to the abovementioned assumptions) is 50,000 and 262,355 respectively.

Please note that the potential grant, allotment and issue of Award Shares to the Participants would vary depending on the deviations from the assumptions stated above, including the occurrence of Reorganisation of Capital Structure; M&A Event; Strategic Investment Event; or other corporate events described under the section headed “1.17 Corporate Events” in Appendix I to the Circular. Accordingly, information contained in the above table is provided only for illustrative purpose and has been presented on the basis of the stated assumptions.

As the maximum dilutive impact allowed is not more than 4.0% under the Scheme Mandate Limit, we are of the view that the potential shareholding dilution impact give rise from the Co-Ownership Plan is acceptable as far as the Independent Shareholders are concerned and the benefits of the operational growth of the Group outweighs the potential shareholding dilution impact to the Shareholders.

4.2 Potential financial effect of the Company

The Management expects the Group will incur expenses upon the grant of Award Shares, the amount of which will depend on various factors, including the number of Shares subscribed and purchased and fair value of each Award Shares as at the date of the Grant. For instance, the Group’s equity-settled share-based payment expenses were approximately HK\$3.7 million and HK\$12.5 million for the years ended 31 March 2018 and 2019, representing approximately 1.3% and 3.3% of the net profit for the corresponding years respectively.

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Furthermore, the Management expects that there will be no material impact on the net asset value of the Company following the allotment and issue of the new Shares under the Scheme Mandate. Therefore, we do not expect that the Co-Ownership Plan will have any immediate material adverse effect on the Group at the time of its adoption or commencement. The Management takes the view, and we concur, that the recognition of the equity-based share-based payment expenses upon the Allocation, being essentially based on the profitability of rewarding the Participants, including the Connected Participants, for their contribution to the development of the Company, is fair and reasonable.

5. RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the grant of the Scheme Mandate to issue new Shares as Investment Shares and/or Award Shares under the Co-Ownership Plan and the Connected Grants under the Co-Ownership Plan are in the ordinary and usual course of business of the Group and interests of the Company and the Shareholders as a whole; and (ii) the terms of the Connected Purchase of Award Shares and the Connected Grants are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned.

However, Independent Shareholders should note that it is not in the usual and ordinary course of business of the Group to direct and procure the Plan Trustee to subscribe for new Shares or to purchase existing Shares in the open-market or from the Connected Sellers under the Connected Purchase of Award Shares to satisfy the settlement of the Award Shares. Notwithstanding the above, the Connected Purchase of Award Shares has the advantage of limiting the dilutive impact on the share capital of the Company and accommodates the Company's requirement to comply with its Public Float Requirement. Hence, we consider the overall methodology to Settle the Award Shares (including by the Connected Purchase of Award Shares) will be on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the Resolutions at the Extraordinary General Meeting.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Executive Director

Charlotte Khoo
Executive Director

Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

Ms. Charlotte Khoo (“Ms. Khoo”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. Ms. Khoo has over eight years of experience in corporate finance and advisory in Hong Kong, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. THE CO-OWNERSHIP PLAN AND ITS SUMMARY

The terms of the Co-Ownership Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the Co-Ownership Plan does not involve the grant of options by the Company to subscribe for new Shares.

If the Approval Conditions are satisfied, including the Plan Resolutions having been approved by the Independent Shareholders at the EGM, the Company will appoint the Plan Trustees to assist with the administration of the Plan Trusts and Grant of Award Shares granted pursuant to the Co-Ownership Plan. The Company will direct and procure the Plan Trustees to endeavour to purchase Investment Shares based on the cash Investment Amounts remitted in accordance with the terms set out below.

WARNING: The information set out in this circular relating to the Co-Ownership Plan, including the proposed bases for determining whether the conditions for the Grant of Award Shares are satisfied, are for the purpose of considering the resolutions to be presented at the EGM only. Nothing in this circular shall represent a forecast or projection of the Company's share price, future performance, cash flow or profitability. As the adoption of the Co-Ownership Plan is subject to the Approval Conditions, the Co-Ownership Plan may or may not be implemented and such bases for granting may or may not materialise. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

The following is a summary of the principal terms of the Co-Ownership Plan but does not form part of, nor was it intended to be part of the Co-Ownership Plan nor should it be taken as affecting the interpretation of the Co-Ownership Plan.

1.1 Term:

The Co-Ownership Plan shall be valid and effective for the period commencing on the Effective Date, and shall expire on the earliest of: (i) the date on which all Award Shares have been Settled; (ii) 31 December 2023; and (iii) the date on which the Co-Ownership Plan is terminated in accordance with the Rules (see the section headed "*Termination*", below).

1.2 Administration

The Co-Ownership Plan shall be administered by the Committee and the Plan Trustees.

1.3 Eligible Participants

Only Eligible Participants shall be eligible to participate in the Co-Ownership Plan. The Committee will invite Eligible Participants to participate in the Co-Ownership Plan and become Participants in accordance with the terms of the Rules and subject to the satisfaction of the Approval Conditions. An Eligible Participant will only become a Participant once the Committee confirms such Eligible Participants' acceptance of an invitation to participate. Each Eligible Participant has been selected on the basis of such person's (i) tenure and/or business relationship with the Group being one year or more; (ii) professional qualification(s); (iii) position being assistant manager-grade or above; and/or (iv) overall contribution to the Group as assessed by the Committee.

1.4 Investment Shares

Award Shares will only be Granted (in the manner determined based on the matching ratio as discussed in the section headed “*1.10 Basis for determining the number of Award Shares*” below) to Participants who have contributed Investment Amounts (in cash and/or Contribution Shares) for Investment Shares in accordance with the Rules.

The Committee shall determine the number, duration, and commencement date(s) of Invitation Period(s) during the Term, provided that no Invitation Period will end on or after 31 December 2022.

The Committee shall, within each Invitation Period, by way of an invitation letter (in such form as the Committee may determine and which may include such other terms as the Committee may determine), invite Eligible Participants (who for so long as at the start of such Invitation Period have not been previously invited to participate in the Co-Ownership Plan in any other prior Invitation Period), to contribute Investment Amounts and agree to be Granted Award Shares in accordance with the terms of the Rules and subject to the satisfaction of the Approval Conditions.

The Committee may set any Invitation Period as it may deem fit. To the extent that the Committee determines any Invitation Period has to be shortened or suspended, or has otherwise become not feasible or not available, by reason of the restrictions set out in under the section headed “*1.13 Restrictions*” below or otherwise, the Committee may set other Invitation Period(s) as appropriate, expedient or desirable to invite Eligible Participants (who for so long as at the start of such Invitation Period have not been previously invited to participate in the Co-Ownership Plan in any other prior Invitation Period) to participate in the Co-Ownership Plan.

During the Invitation Period, the Committee will invite each Eligible Participant to participate in the Co-Ownership Plan. Eligible Participants who have communicated their acceptance in an Acceptance Letter, and are accepted by the Committee (subject to the satisfaction of the Approval Conditions) shall, within five Business Days following the end of the Invitation Period: (i) transfer their cash Investment Amounts in immediately available funds to the relevant Plan Trustee through the Company; and/or (ii) transfer to the relevant Plan Trustee legal title to their Contribution Shares.

An Eligible Participant shall not be entitled to transfer any additional Contribution Shares or funds in the event the aggregate deemed value of an Eligible Participant’s Contribution Shares (when aggregated with funds transferred to settle his Investment Amount (if any)) is determined to be less than the Investment Amount specified in his/her Acceptance Letter. Instead, the aggregate deemed value of the Contribution Shares contributed, together with the funds transferred (if any) to settle his/her Investment Amount, shall be deemed to be the conclusive Investment Amount.

As soon as practicable after the Investment Amount Settlement Date, the Committee will direct and procure the Plan Trustees to acquire Shares in the manner specified in the paragraph headed “*1.5 Acquisition of Investment Shares*” below, on behalf of the Participants who have transferred cash to satisfy their Investment Amount, until the aggregate cash Investment Amounts transferred by those Participants have been utilised. The Shares acquired will be

allocated among the Participants who have transferred cash to satisfy their Investment Amount on a pro-rata basis, based on such Participant's respective Investment Amounts settled in cash (and disregarding any contribution of Contribution Shares).

The Participants will not be entitled to any interest in respect of the Investment Amounts or any other monies held in a Plan Trust.

The relevant Plan Trustee will hold the purchased Shares and Contribution Shares as Investment Shares on trust for the benefit of each Participant until the earlier of: (a) the date of service of a valid transfer notice by the relevant Participant to transfer all of Investment Shares to the Participant prior to the Grant Date; and (b) the Grant Date. As soon as reasonably practicable after the date of service of a transfer notice (or the Grant Date, for Participants who have not served a notice before such date), the Committee will arrange for the legal title to all of the Investment Shares to be transferred to the relevant Participant.

Participants whose Investment Shares are held by a Plan Trustee shall be entitled to cash dividends, distributions and bonus Shares (but not other distributions such as nil-paid rights) made by the Company with respect to the Investment Shares in respect of the period they are so held.

Any such cash dividends, distributions and bonus shares will generally be released to Participants from the relevant Plan Trust as soon as reasonably practicable after the relevant dividend, distribution or bonus, provided that the Committee shall have absolute discretion to determine when such dividend, distribution or bonus shares shall be so released. Any such cash dividends, distributions and bonus shares that have not been so released at the end of the term of the Co-Ownership Plan shall be released to Participants as soon as reasonably practicable thereafter.

Where there is a choice between scrip or cash dividends arising from such Investment Shares, the Plan Trustee shall always elect cash dividends (and Participants shall have no right of election).

The Plan Trustee shall not take voting instructions from the Participants with respect to their Investment Shares and shall not exercise any voting rights attached to such Investment Shares.

The Plan Trustee may not subscribe for any new Shares pertaining to either: (a) an open offer of new securities; or (b) any rights issue or bonus warrants issued in respect of any Investment Shares held by the Plan Trustee. In the event of a rights issue, the Plan Trustee will sell any nil-paid rights allotted to it. In the event of the issue of a bonus warrant, the Plan Trustee will sell the bonus warrants granted to it. The net proceeds from the sale of such rights are held as cash income of the trust fund of a Plan Trust and are first applied to fees, costs and expenses incurred by the Plan Trustee in the administration of the Plan Trusts and any excess then paid (without interest) to any Participant, subject to the Committee's absolute discretion.

1.5 Acquisition of Investment Shares

As soon as practicable after the Investment Amount Settlement Date in respect of the Initial Invitation Period, and in any event prior to 31 July 2020, the cash Investment Amounts of Participants who have accepted the invitation to participate in the Initial Invitation Period will be utilised in the following manner:

- (A) in respect of the cash Investment Amounts of Connected Participants, the Committee will (as it deems appropriate in its sole discretion, taking into account the Public Float Requirement):
- (i) direct and procure the Plan Trustee of the Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP;
 - (ii) direct and procure the Plan Trustee of the Connected Plan Trust to purchase up to 1,700,000 Connected Seller's Qualifying Shares as committed by Mr. Lee at a price per Share equal to the lower of the Investment Share VWAP and the Initial Investment Effective Date VWAP; and
 - (iii) if after such purchase there remain unutilised cash Investment Amounts of Connected Participants, either direct and procure the Plan Trustee of the Connected Plan Trust to: (a) endeavour to, no later than at the close of trading on the Stock Exchange on 16 July 2020, subscribe for new Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the lower of the Initial Investment Share VWAP; and/or (b) offer to purchase Connected Seller's Qualifying Shares from Mr. Tang at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP and, if Mr. Tang has agreed to sell, endeavour to acquire such Connected Seller's Qualifying Shares from Mr. Tang at such price;

until the aggregate cash Investment Amounts of such Connected Participants have been utilised; and

- (B) in respect of the cash Investment Amounts of Non-Connected Participants, the Committee will:
- (i) direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP; and
 - (ii) if at the close of trading on the Stock Exchange on 16 July 2020 there remain unutilised cash Investment Amounts of Non-Connected Participants, direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to subscribe for new Shares to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP,

until the aggregate cash Investment Amounts of such Non-Connected Participants have been utilised.

- (C) As soon as practicable after, and in any event within 4 months of, the Investment Amount Settlement Date in respect of any Invitation Period other than the Initial Invitation Period, the cash Investment Amounts of Participants who have accepted the invitation to participate in any Invitation Period other than the Initial Invitation Period will be utilised in the following manner:
- (i) in respect of the cash Investment Amounts of Connected Participants, the Committee will either (as the Committee deems appropriate in its sole discretion, taking into account the Public Float Requirement):
 - (a) direct and procure the Plan Trustee of the Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Investment Share VWAP;
 - (b) trading on the Stock Exchange on the date falling 3 months after the relevant Investment Amount Settlement Date there remain unutilised cash Investment Amounts of Connected Participants, direct and procure the Plan Trustee of the Connected Plan Trust to either: (A) endeavour to subscribe for new Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP; or (B) offer to purchase Connected Seller's Qualifying Shares from the Connected Sellers at a price per Share equal to the Investment Share VWAP and, if either or both of the Connected Sellers has agreed to sell, endeavour to acquire such Connected Seller's Qualifying Shares from the Connected Seller(s) at such price, until the aggregate cash Investment Amounts of such Connected Participants have been utilised (and, if both Connected Seller's agree to sell and the price for all of the Connected Seller's Qualifying Shares available to be purchased from them exceeds such aggregate cash Investment Amounts, the Connected Seller's Qualifying Shares will be purchased in proportion to their respective shareholdings in the Company as at the relevant time); and
 - (ii) in respect of the cash Investment Amounts of Non-Connected Participants, the Committee will:
 - (a) direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to purchase existing Shares on-market over a reasonable period of time as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Investment Share VWAP; and
 - (b) if at the close of trading on the Stock Exchange on the date falling 3 months after the relevant Investment Amount Settlement Date there remain unutilised cash Investment Amounts of Non-Connected Participants, the Committee will direct and procure the Plan Trustee of the Non-Connected Plan Trust to endeavour to subscribe for new Shares to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Investment Share VWAP;
- until the aggregate cash Investment Amounts of such Non-Connected Participants have been utilised.

- (D) The Shares subscribed for and/or purchased by the Plan Trustee pursuant this section or during any Share subscription/purchase period will be allocated among the Participants who have accepted an invitation to participate in the same Invitation Period preceding that Share subscription/purchase period and have remitted cash to satisfy that Investment Amount on a pro-rata basis, based on their respective Investment Amounts that they have settled in cash (and disregarding any contribution of Contribution Shares) in the relevant Plan Trust, provided that the number of Investment Shares allocated to each of those Participants will be rounded down to the nearest whole number of Shares. Any individual surplus cash Investment Amounts will be refunded to the relevant Participants on a pro-rata basis to their respective Investment Amounts that they have settled in cash (and disregarding any contribution of Contribution Shares). The Participants will not be entitled to any interest in respect of the Investment Amounts or any other monies held in a Plan Trust.

1.6 Priority if there is an over-subscription of Investment Shares

In respect of any Invitation Period, if the Committee determines that the total Investment Amounts of the Participants will result in a number of Investment Shares that would result in the total number of Award Shares for all Participants exceeding the Award Share Limit and/or require the issuance of Shares exceeding the Scheme Mandate Limit, the allocation for the subscription for and purchase of Investment Shares shall be determined in the following priority (the “**Priority**”):

- (A) to satisfy the cash Investment Amounts of up to an amount equal to 12 times the basic monthly salary of each Participant (excluding the Specified Persons) as an employee or individual service provider (as the case may be) of the Group as at the date of invitation to participate in the Co-Ownership Plan, with each Participant’s entitlement determined on a pro-rata basis as amongst all such Participants;
- (B) to satisfy the cash Investment Amounts of those Participants who, at the time of determination, are department heads or of a director grade, up to the remaining unsatisfied cash Investment Amounts of such Participants (excluding the Specified Persons) determined on a pro-rata basis;
- (C) to satisfy the cash Investment Amounts of those Participants who became an employee or service provider (as the case may be) of a Group Company on or prior to 11 March 2016, up to the remaining unsatisfied cash Investment Amounts of such Participants (excluding the Participants covered under limb (B) above and the Specified Persons) determined on a pro-rata basis;
- (D) to satisfy the cash Investment Amounts of those Participants who became an employee or service provider (as the case may be) of a Group Company after 11 March 2016, up to the remaining unsatisfied cash Investment Amounts of such Participants (excluding the Participants covered under limb (B) above and the Specified Persons) determined on a pro-rata basis; and
- (E) to satisfy the cash Investment Amounts of the Specified Persons on a pro-rata basis.

1.7 Investment Amount Range

The total Investment Amount to be contributed by a new Eligible Participant (in cash and/or Contribution Shares) must be within the Investment Amount Range.

1.8 Invitation Period

The Eligible Participants may only accept an invitation to take part in the Co-Ownership Plan during the Invitation Period.

1.9 Plan Trustees

The Company will appoint the Plan Trustees to administer the Co-Ownership Plan. The Plan Trustees will hold the relevant Investment Shares for each Participant in one of the two following Plan Trusts:

- (A) for Participants who are Connected Participants, in the Connected Plan Trust; and
- (B) for Participants who are Non-Connected Participants, in the Non-Connected Plan Trust.

Each Plan Trust will be administered on substantially the same terms. During the term of the Co-Ownership Plan, the Committee shall be permitted to direct and procure the Plan Trustee to transfer a Participant's Investment Shares from the Connected Plan Trust to the Non-Connected Plan Trust, or vice versa, if such Participant at any time ceases to be, or becomes (as the case may be), a Connected Participant.

The Committee may authorise the creation of any other trusts or arrangements as it deems necessary or advisable for the administration of the Co-Ownership Plan.

1.10 Basis for determining the number of Award Shares

A Participant who has his/her Investment Shares held by a Plan Trustee at all times until the Grant Date will be entitled to a Grant of Award Shares (if any) on the Grant Date in accordance with the following provisions (subject to any adjustments provided for in the Rules, including those described in the section headed "*1.17 Corporate Events*" below):

For every whole multiple of 10 Investment Shares beneficially held by a Participant, the Participant shall receive a number of Award Shares equal to **Y** or, if lower, **Z** where:

"Y" is calculated as follows:

- (i) if the 2023 EPS is less than 1.33 times the 2020 EPS, then Y is zero;
- (ii) if the 2023 EPS is greater than or equal to 1.33 times the 2020 EPS and less than 1.73 times the 2020 EPS, then Y is two;
- (iii) if the 2023 EPS is greater than or equal to 1.73 times the 2020 EPS and less than 2.20 times the 2020 EPS, then Y is three;
- (iv) if the 2023 EPS is greater than or equal to 2.20 times the 2020 EPS and less than 2.75 times the 2020 EPS, then Y is four; or
- (v) if the 2023 EPS is greater than or equal to 2.75 times the 2020 EPS, then Y is five; and

“Z” is calculated as follows:

- (i) if the Cumulative EPS is less than 3.64 times the 2020 EPS, then Z is zero;
- (ii) if the Cumulative EPS is greater than or equal to 3.64 times the 2020 EPS and less than 4.37 times the 2020 EPS, then Z is two;
- (iii) if the Cumulative EPS is greater than or equal to 4.37 times the 2020 EPS and less than 5.19 times the 2020 EPS, then Z is three;
- (iv) if the Cumulative EPS is greater than or equal to 5.19 times the 2020 EPS and less than 6.11 times the 2020 EPS, then Z is four; or
- (v) if the Cumulative EPS is greater than or equal to 6.11 times the 2020 EPS, then Z is five.

For illustrative purposes, if on the Grant Date, the 2023 EPS is 1.75 times the 2020 EPS and the Cumulative EPS is 5.20 times the 2020 EPS (in each case assuming no adjustments), a Participant would be awarded three Award Shares for every 10 Investment Shares held by such Participant through the relevant Plan Trustee.

A Participant’s maximum entitlement is five Award Shares for every whole multiple of 10 Investment Shares beneficially held by such Participant through the Plan Trustee. If the total number of Investment Shares beneficially held by a Participant is less than 10, such Participant shall not receive any Award Shares. No Award Shares will be Granted if the Company achieves a 2023 EPS below 1.33 times the 2020 EPS or a Cumulative EPS below 3.64 times the 2020 EPS.

1.11 Adjustments

Subject to the section headed “1.17 Corporate Events” above:

- (i) if a Participant who is not an invitee during the Initial Invitation Period participates in the Co-Ownership Plan under another Invitation Period, the number of Award Shares to be Granted to such Participant (if eligible) shall be determined in accordance with the calculations in the section headed “1.10 Basis for determining the number of Award Shares” above but pro-rated by dividing the number of calendar days during which such Participant has participated in the Co-Ownership Plan (from and including the Investment Amount Settlement Date in respect of the Invitation Period in which he/she was an invitee until and including the Grant Date) by the total number of calendar days in the period from and including the Investment Amount Settlement Date in respect of the Initial Invitation Period until and including the Grant Date; or
- (ii) if a Participant becomes a Good Leaver prior to the Grant Date, the number of Award Shares to be Granted shall be determined in accordance with the calculations in the section headed “1.10 Basis for determining the number of Award Shares” above but pro-rated by dividing the number of calendar days during which such Participant has participated in the Co-Ownership Plan (from and including the Investment Amount Settlement Date in respect of the Invitation Period in which he/she was an invitee until and including the date such Participant ceases his/her employment, engagement or office) by the total number of calendar days in the period from and including the Investment Amount Settlement Date in respect of the Initial Invitation Period until and including the Grant Date.

provided that, in each case, the number of Award Shares allocated to each of those Participants would be rounded down to the nearest whole number.

1.12 Award Share Limit

The maximum number of Award Shares that may be Granted to all Participants shall be the Award Share Limit. If the number of Award Shares to be Granted to all Participants based on the provisions above is greater than the Award Share Limit, then a number of Award Shares equal to the Award Share Limit will be allocated among the Participants on a pro-rata basis, based on their respective entitlements to Award Shares if the Award Share Limit was not in place, provided that the number of Award Shares allocated to each of those Participants will be rounded down to the nearest whole number.

1.13 Restrictions

- (A) The Company may not make an invitation to purchase Shares and any invitee may not accept any invitation during any of the following periods:
- (i) the period between the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the date of publication of the results;
 - (ii) the period between the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and the date of publication of the results;
 - (iii) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant Financial Year up to the date of publication of the results; and
 - (iv) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the date of publication of the results.
- (B) If the Company is in possession of unpublished inside information (as such term is defined in the SFO, it may not (a) make any invitation; (b) accept an invitation; (c) direct and procure the Plan Trustee to make purchases of Shares; (d) Grant any Award Shares; or (e) allot and issue any new Shares, until that inside information is published in accordance with the SFO or ceases to be inside information.
- (C) All allotments, issues and transfers of Shares under the Co-Ownership Plan will be subject to any necessary consents under any applicable enactments or regulations for the time being in force.
- (D) The Participant will be responsible for complying with any requirements he needs to fulfil in order to obtain or avoid the necessity for any such consent. The number of new Shares that the Company is obliged to allot and issue to Participants who are connected persons shall not exceed the maximum number of new Shares which the Company is authorised to allot and issue under any valid mandate granted by the Shareholders at a general meeting of the Company from time to time in compliance with the Listing Rules.
- (E) Any Grant to any Connected Participant or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director(s) who is or are Participants).
- (F) Notwithstanding any other provision of the Rules, if the Committee determines that the Settlement of a Grant to a Connected Participant (including a Participant who becomes a connected person after the Invitation Period in which he was an invitee) requires the

Company to make any filing or obtain any consent under any applicable enactments or regulations (including the consent of Independent Shareholders), the Committee may in its discretion (i) delay the Settlement until the necessary filing has been made and / or consent has been obtained; or (ii) determine that the Settlement of such Participant's Award Shares be made in an alternative form, provided that it shall be economically equivalent to any Award Shares, at the Award Share VWAP, he/she would otherwise be entitled to on the Grant Date.

1.14 Award Shares Grant Settlement

As soon as practicable after the Grant Date, and in any event prior to 30 September 2023, the Company will Settle the Award Shares in the following manner:

- (A) subject to the Public Float Requirement being complied with, the Committee will direct and procure the Plan Trustees to endeavour to purchase existing Shares on-market over a reasonable period of time (without delay) as is feasible to purchase the requisite number of Shares at the prevailing market prices of the Shares, provided that such prices must be less than or equal to the Award Share VWAP; and
- (B) if at the close of trading on the Stock Exchange on 16 September 2023 there remain Award Shares to be Settled, the Committee will direct and procure the Plan Trustees to make an offer after the close of trading on the Stock Exchange on such date to purchase Connected Seller's Qualifying Shares from the Connected Sellers up to such number of remaining Award Shares, at a price per Share equal to the Award Share VWAP and:
 - (i) if either or both of the Connected Sellers accept such offer prior to opening of trading on the Stock Exchange on the first Business Day after 16 September 2023, endeavour to purchase such number of Connected Seller's Qualifying Shares that the Connected Seller(s) have agreed to sell in accordance with the above mentioned terms (and, if both Connected Sellers agree to sell and the Connected Seller's Qualifying Shares available to be purchased from the Connected Sellers exceed the number of remaining Award Shares, in proportion to their respective shareholding in the Company as at the relevant time); or
 - (ii) if, having taken into account the Connected Seller's Qualifying Shares to be purchased from the Connected Seller(s), at the opening of trading on the Stock Exchange on the first Business Day after 16 September 2023 there remain Award Shares to be Settled, direct and procure the Plan Trustees to endeavour to subscribe for new Shares to Settle the remaining Award Shares, to be allotted and issued by the Company under the Scheme Mandate at a price per Share equal to the Award Share VWAP,

and such Shares so purchased and/or subscribed for by the Plan Trustees shall then be transferred to the relevant Grantee.

1.15 Early Termination by the Participant

A Participant may serve a notice prior to the Grant Date to have all, but not less than all, Investment Shares to which such Participant holds beneficial title transferred to such Participant. Upon receipt of notice of such transfer, such Participant shall cease to participate in the Co-Ownership Plan and shall not be entitled to any Award Shares.

1.16 Entitlement of Good Leaver

If a Participant becomes a Good Leaver prior to the Grant Date, the number of Award Shares to be Granted shall be pro-rated by dividing the number of calendar days during which such Participant has participated in the Co-Ownership Plan (from and including the Investment

Amount Settlement Date until and including the date such Participant ceases his/her employment, engagement or office) by the total number of calendar days in the period from and including the Investment Amount Settlement Date until and including the Grant Date.

1.17 Corporate Events

(A) If, prior to the making of a Grant, an M&A Event or a Strategic Investment Event occurs the Committee may either (in its sole discretion):

- (i) resolve to terminate the Co-Ownership Plan, in which case the Committee shall determine the timing of the Grant Date of any of the Award Shares (the date of such Grant then being the “**Grant Date**”) and the number of Award Shares to be Granted and such Grant shall be: (a) made on a pro-rata basis by dividing the number of calendar days during which Participants have participated in the Co-Ownership Plan (from and including the relevant Investment Amount Settlement Date until and including the Grant Date in respect of the Initial Invitation Period determined by the Committee) by the total number of calendar days in the period from and including the Investment Amount Settlement Date in respect of the Initial Invitation Period until and including 30 September 2023; and (b) subject to any Equitable Adjustments; or
- (ii) resolve not to so terminate the Co-Ownership Plan, in which case the Committee shall determine the timing and the number of Award Shares to be Granted as provided in (i) above (if applicable) and such Grant shall be subject to any Equitable Adjustments,

and an independent financial adviser to the Company must confirm to the Committee in writing that any such determination and Equitable Adjustments are in its opinion fair and reasonable.

(B) If, after a Grant has been made and prior to the Settlement of an Award Share:

- (i) a general offer by way of takeover or otherwise (other than by way of scheme of arrangement below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) by any person and such offer becomes or is declared unconditional, then prior to the offer becoming or being declared unconditional; or
- (ii) a general offer for Shares by way of a scheme of arrangement is made by any person to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings of such Shareholders, then prior to such meetings; or
- (iii) pursuant to the Companies Law, a compromise or arrangement (other than a scheme of arrangement contemplated above) between the Company and the Shareholders and/or the creditors of the Company is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- (iv) a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company,

the Committee shall determine in its absolute discretion whether and, if so, the number of Award Shares (if any) that: (a) shall be Settled and the period within which such Award Shares shall be Settled; and/or (b) shall not be Settled and regarding which the Grant shall lapse and when such lapse shall occur, but treating all Participants fairly and taking into

account the number of calendar days during which such Participant has participated in the Co-Ownership Plan, whether the Participant is a Good Leaver or a Bad Leaver (where applicable) and the calculation for determining the number of Award Shares (if any) that would be Granted if the relevant event as referred to in this paragraph had not occurred.

- (C) If after a Grant has been made and prior to the Settlement of an Award Share there is a Reorganisation of Capital Structure (subject to applicable laws and regulations):
- (i) where the Reorganisation of Capital Structure is a subdivision or consolidation of Shares, such corresponding adjustments shall be made to: (a) the Award Share Limit and Scheme Mandate Limit; and (b) the number or nominal value of Award Shares so far as not yet Settled, such adjustments shall be proportionate to the change in the share capital of the Company, provided that any such adjustments give a Grantee no less proportion of the share capital of the Company than that to which that Grantee was previously entitled;
 - (ii) where the Reorganisation of Capital Structure is not a subdivision or consolidation of Shares, such Equitable Adjustments shall be made as the Committee deems appropriate; and
 - (iii) in respect of any such adjustments, the auditors or an independent financial adviser to the Company (as the case may be) must confirm to the Committee in writing that the adjustments are in their opinion fair and reasonable.

1.18 Cancellation of Grants

A Grant that has not been Settled shall be cancelled automatically upon the earlier of:

- (A) the date on which the Grantee becomes a Bad Leaver; and
- (B) the date on which the Grantee (whether intentionally or otherwise) commits a breach of any provision of the Rules.

1.19 Termination

The Co-Ownership Plan shall terminate automatically on the earlier of: (x) the date when all Award Shares have been Settled and (y) 31 December 2023, unless terminated earlier by the Committee if: (i) the Approval Conditions have not been satisfied by 30 June 2020; (ii) an ordinary resolution to terminate the Co-Ownership Plan has been passed at a general meeting of the Company; (iii) the Committee resolves to terminate the Co-Ownership Plan upon the occurrence of an M&A Event or Strategic Investment Event; or (iv) the Committee determines that the Company has achieved a 2023 EPS below 1.33 times the 2020 EPS or a Cumulative EPS below 3.64 times the 2020 EPS. Upon termination, the legal title to the Investment Shares will be transferred to the relevant Participants, to the extent not already so transferred, and no further Award Shares may be offered, Granted or Settled.

1.20 Alteration of the Co-Ownership Plan

- (A) Subject to (B) below, the Committee may at any time alter any of the terms of the Co-Ownership Plan in any way.
- (B) Any alteration to the terms and conditions of the Co-Ownership Plan which constitutes a material change to the basis on which the specific mandate for the issue of Shares under the Co-Ownership Plan is granted by the Shareholders must be approved by the Shareholders in general meeting, except where the alterations or changes take effect automatically under the existing terms of the Co-Ownership Plan. The Committee's determination as to whether any proposed alteration to the terms and conditions of the Co-Ownership Plan is material shall be conclusive.

1. DISCLOSURE OF INTERESTS

1.1 Disclosure of Interests of Directors and Chief Executives in Equity and Debt Securities

As at the Latest Practicable Date, the interests and short positions of each Director, chief executive of the Company and their respective associates in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (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 and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange are set out below.

1.2 Directors' and Chief Executive's interests (long positions) and short positions in Shares, underlying shares and debentures of the Company

Name of Director	Number of Shares interested in (Long Position)	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date ^(Note 1)
Mr. Tang	728,988,230 ^(Note 2)	73.99%
Mr. Lee	12,426,000 ^(Note 3)	1.26%
Mr. Wong Chi Cheung	2,197,000 ^(Note 4)	0.22%
Mr. Lee Heung Wing	2,580,500 ^(Note 5)	0.26%
Mr. Luk Kun Shing Ben	2,587,500	0.26%
Mr. Ma Ching Nam	300,000 ^(Note 6)	0.03%
Mr. Lam Chi Hang Josekin	27,000	0.003%

Notes:

- As at the Latest Practicable Date, the total number of issued Shares was 985,277,448.
- Out of the 728,988,230 Shares which Mr. Tang was interested in, (i) 5,103,000 were held by Mr. Tang as the beneficial owner, (ii) 2,654,000 shares were held by his spouse, Ms. Yau Ming Li, and (iii) 721,231,230 shares were held by Union Medical Care Holding Limited, a company wholly owned by Mr. Tang.
- Out of 12,426,000 Shares which Mr. Lee was interested in, (i) Mr. Lee held 1,862,000 Shares as the beneficial owner and was interested in 9,175,000 share options of the Company, (ii) 80,000 Shares were held by his spouse, Ms. Fan Yui Sze, and (iii) 1,309,000 Shares were held by Nice Empire Limited, a company wholly-owned by Mr. Lee.
- Mr. Wong Chi Cheung held 197,000 Shares and was interested in 2,000,000 share options of the Company granted under the Share Option Scheme.
- Mr. Lee Heung Wing held 380,500 Shares and was interested in 2,200,000 share options of the Company granted under the Share Option Scheme.
- Mr. Ma Ching Nam was interested in 300,000 share options of the Company granted under the Share Option Scheme.

1.3 Directors' and Chief Executive's interests (long positions) and short positions in shares, underlying shares and debentures of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares interested in the associated corporation (Long Position)	Number of underlying shares of the associated corporation held under equity derivatives	Approximate percentage of the total issued capital of the associated corporation as at the Latest Practicable Date
Mr. Tang	Union Medical Care Holding Limited	Beneficial Owner	2 ^(Note 1)	—	100%

Note:

- The 2 shares in which Mr. Tang was interested in were ordinary shares of Union Medical Care Holding Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (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 and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

1.4 Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a 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, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity	Number of Shares and underlying Shares held (Long Position)	Approximate percentage of total issued share capital of the Company as at the Latest Practicable Date ^(Note 1)
Ms. Yau Ming Li ^(Note 2)	Interest of spouse	728,988,230	73.99%
Union Medical Care Holding Limited ^(Note 3)	Beneficial Owner	721,231,230	73.34%
OrbiMed Advisors III Limited ^(Note 4)	Interest in controlled corporations	63,806,686	6.49%
OrbiMed Asia GP III, L.P. ^(Note 4)	Interest of a controlled corporation	63,806,686	6.49%
OrbiMed Asia Partners III, L.P.	Beneficial Owner	63,806,686	6.49%

Notes:

1. As at the Latest Practicable Date, the total number of issued Shares was 985,277,448.
2. Ms. Yau Ming Li is the spouse of Mr. Tang, and Ms. Yau was therefore deemed to be interested in the shares of the Company in which Mr. Tang was interested under Part XV of the SFO.
3. Mr. Tang and Union Medical Care Holding Limited are the controlling shareholders of the Company. Union Medical Care Holding Limited is wholly-owned by Mr. Tang.
4. According to the information in the disclosure of interests form of OrbiMed Advisors III Limited (“**Orbi A III**”), Orbi A III holds 100% of the issued share capital of OrbiMed Asia GP III, L.P. (“**Orbi A GP**”); and Orbi A GP holds 2% of the issued share capital of OrbiMed Asia Partners III, L.P. Orbi A III and Orbi A GP were therefore deemed to be interested in the Shares of the Company which are owned by OrbiMed Asia Partners III, L.P. under Part XV of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person so far as is known to the Directors and chief executives of the Company (other than a Director or chief executive of the Company) who had an interest or a 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, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

1.5 Directors’ interest as a director or employee of a company which has a discloseable interest or short position in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, so far as is known to the Directors of the Company, no Director was a director or employee of a company which has an interest or short position in the Shares and 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.

2. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since the date to which the latest published audited accounts for the twelve months ended 31 March 2019 of the Group were made up.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN THE GROUP'S ASSETS

As at the Latest Practicable Date:

- (A) none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (B) no contracts or arrangements of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted as at the date of this circular.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) was interested directly or indirectly in any business, apart from their interest in the Company, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. EXPERT AND CONSENT

The qualifications of the expert who has given the opinion and advice, contained or referred to in this circular is as follows:

Name	Qualification
Altus Capital Limited	A licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusions of its letter dated 31 March 2020 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Altus Capital Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) any direct or indirect interest in any assets which have, since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

7. MISCELLANEOUS

- (A) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business in Hong Kong at Suites 7–9, L21 Langham Place Office Tower, 8 Argyle Street, Mong Kok, Hong Kong.
- (B) The Company's Hong Kong branch share registrar and transfer office is Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong.
- (C) The company secretary of the Company is Mr. Siu Chun Pong Raymond, a solicitor qualified in Hong Kong with over 14 years of experience in corporate finance and regulatory compliance.
- (D) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by Shareholders during normal business hours at the principal place of business of the Company in Hong Kong at Suites 7–9, L21 Langham Place Office Tower, 8 Argyle Street, Mong Kok, Hong Kong for a period of 14 days from the date of this circular:

- (A) the Rules;
- (B) the Plan Trust Deeds, each of which is appended with an agreed form sale and purchase agreement in respect of the proposed connected transactions involving the Connected Purchase of Award Shares;
- (C) a draft sale and purchase agreement to be entered into between the Plan Trustee and Mr. Lee in respect of the purchase up to 1,700,000 Connected Seller's Qualifying Shares as committed by Mr. Lee at a price per Share equal to the lower of the Initial Investment Share VWAP and the Initial Investment Effective Date VWAP;
- (D) the Letter from the Independent Financial Adviser, the text of which is set out on pages 36 to 57 of this circular; and
- (E) the written consent from Altus Capital Limited referred to in the section headed "*EXPERT AND CONSENT*" in this appendix.

NOTICE OF EGM



Union Medical Healthcare Limited

香港醫思醫療集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2138)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Union Medical Healthcare Limited (the “**Company**”) will be held at Level 50, Langham Place Office Tower, 8 Argyle Street, Mong Kok, Hong Kong on Thursday, 16 April 2020 at 10:00 a.m. for the following purposes.

ORDINARY RESOLUTIONS

1. **“THAT:**

- (A) a special mandate (the “**Scheme Mandate**”) be and is hereby granted to the directors (“**Directors**”) of the Company to exercise all the powers of the Company to allot and issue a total maximum number of new shares of the Company (“**Shares**”) of up to 4% of the issued Shares on the day of the EGM (subject to adjustment in the event of any share consolidation or subdivision after this Scheme Mandate has been approved, provided that the maximum number of new Shares that may be allotted and issued as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same) pursuant to and subject to the rules (the “**Rules**”) of the co-ownership plan conditionally approved by the Directors on 21 February 2020 (the “**Co-Ownership Plan**”) as may be amended from time to time, and such Scheme Mandate shall be in addition to and shall not prejudice or revoke any general or special mandate(s) which has/have been granted prior to the passing of this resolution or may from time to time be granted to the Directors; and
- (B) any one or more of the Directors be and are hereby authorised to do all such further acts and things, to execute such further documents and to take all such steps which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to the allotment and issue of the new Shares under the Co-ownership Plan, including approving any amendments to the terms of the Co-ownership Plan that are not material to the authority given hereunder.”

2. **“THAT:**

- (A) the purchase of Shares (the “**Connected Purchase of Award Shares**”) up to the Award Share Limit from (i) Mr. Tang Chi Fai, and/or (ii) Mr. Lee Gabriel, each of whom is an executive Director, in order to satisfy the settlement of the grant of Shares (the “**Award Shares**”) to participant(s) in the Co-Ownership Plan in accordance with the terms of the Co-Ownership Plan, be and is hereby approved and confirmed; and

* *For identification purposes only*

NOTICE OF EGM

(B) any one or more of the Directors be and are hereby authorised to do all such further acts and things, to execute such further documents and to take all such steps, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to the implementation of the Connected Purchase of Award Shares.”

3. **“THAT:**

(A) the proposed grant(s) and settlement(s) of Award Shares up to the Award Share Limit to the Specified Persons (the **“Connected Grants”**) who are participants in the Co-Ownership Plan and who to the extent is/are connected person(s) (as defined under the Listing Rules) of the Company (a **“Connected Participant”**), in accordance with the terms of the Co-Ownership Plan (including but not limited to the settlement(s) by issuing new Shares under the Scheme Mandate and/or by acquiring and transferring existing Shares to such Connected Participant(s), and transferring cash (to acquire Shares) and/or Shares to the Plan Trustee administering the trust for Connected Participants, constituted in accordance with the terms of the Co-Ownership Plan, who itself may constitute a connected person (as defined under the Listing Rules) of the Company, or to any Connected Participant) to the extent required under the Listing Rules, be and are hereby approved and confirmed; and

(B) any one or more of the Directors be and are hereby authorised to do all such further acts and things, to execute such further documents and to take all such steps, which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to the implementation of the Connected Grants.”

In these resolutions:

“Award Share Limit” means the total maximum number of Award Shares which may be awarded pursuant to the Co-Ownership Plan, being 4% of the issued Shares on the day of the EGM (as may be adjusted in the event of any consolidation or subdivision of Shares).

“Listing Rules” mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;

“Plan Trustee” means the third-party professional trustee(s) of the Co-Ownership Plan trusts constituted under the relevant trust deed to hold Shares for Connected Participants and/or the Co-Ownership Plan trust constituted under the relevant plan trust deed to hold Shares on trust for non-Connected Participants (who are not Connected Persons as at the relevant time), as the case may be, and appointed by the Company from time to time; and

“Specified Persons” comprise: (i) Mr. Lee Heung Wing and Mr. Wong Chi Cheung, each of whom is a Director; (ii) Mr. Chan Bosco, Ms. Chan Ching Yi, Ms. Chow Chi Lei Julie, Mr. Chu Chun Pu, Ms. Chung Sim Kai, Ms. Cheung Man Sze, Mr. Ho Kai Tin, Mr. Ip Shing Fai, Mr. Leung Lok Yan, Mr. Tan Ho Yin Timothy, Ms. Tsang Lai Man, Ms. Wong Miu Yee, Ms. Wong Wan, Mr. Wong Yu Man and Mr. Young Arnold Jonathan Che-Teng, each of whom is a director or a substantial shareholder of a subsidiary of the Company; and (iii) Ms. Chui Sin Heng and Mr. Leung Shue Cheong Mark, each of whom was a director of a subsidiary of the Company in the 12-month period prior to 31 March 2020.

Yours faithfully
For and on behalf of the Board of
Union Medical Healthcare Limited
Lee Gabriel
Executive Director

Hong Kong, 31 March 2020

NOTICE OF EGM

Notes:

1. All resolutions (except for procedural and administrative matters) at the meeting will be taken by poll pursuant to the Listing Rules. 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 another person as his/her/its proxy to attend and vote on his/her/its behalf. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his/her/its behalf at the above meeting. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
3. In case of joint registered holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of Shareholders of the in respect of the Shares.
4. 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 offices of the Company's branch share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM or any adjournment thereof should he so wish and in such event, the form of proxy shall be deemed to be revoked.
5. The register of shareholders of the Company will be closed from 14 April 2020 to 16 April 2020 (both days inclusive), during which period no transfer of Shares will be effected, in order to determine the identity of the shareholders who are entitled to attend and vote at the EGM. To be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty Ltd. at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on 9 April 2020.
6. If a black rainstorm warning signal is in force or a tropical cyclone warning signal number 8 or above remains hoisted at 8:00 a.m. on 16 April 2020, the above meeting will be postponed. Shareholders of the Company are requested to read the website of the Company at www.umhgp.com for details of alternative meeting arrangements. If shareholders of the Company have any queries concerning the alternative meeting arrangements, please call the Company at (852) 3975 4798 during business hours from 9:30 a.m. to 6:30 p.m. on Monday to Friday, excluding public holidays.
7. The above meeting will be held as scheduled when an amber or red rainstorm warning signal is in force.
8. Shareholders of the Company should make their own decision as to whether they would attend the above meeting under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.

As at the date of this notice, the Board comprises Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Wong Chi Cheung and Mr. Lee Heung Wing as executive Directors; Mr. Luk Kun Shing Ben and Mr. Wang David Guowei as non-executive Directors; and Mr. Ma Ching Nam, Mr. Look Andrew, Mr. Lam Chi Hang Josekin as independent non-executive Directors.