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UMP HEALTHCARE HOLDINGS LIMITED

聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO MEDICAL SERVICES AGREEMENT

MEDICAL SERVICES AGREEMENT

The Board announces that on 1 October 2022, UMP Professional, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with FTLife in respect of provision and administration of the Medical Services by UMP Professional (or procure its applicable affiliates) to the insured and/or policyholders of FTLife (“**FTLife Members**”) and/or respective family members of policyholders of FTLife including spouse and children (“**Family Members**”).

IMPLICATIONS UNDER THE LISTING RULES

FTLife is an indirect wholly-owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD and CTFE (a substantial shareholder of the Company) is a controlling shareholder of NWD. Hence, FTLife is a connected person of the Company and the transactions contemplated under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) calculated based on the proposed largest annual cap for the continuing connected transactions contemplated under the Agreement is higher than 0.1% but less than 5% on annual basis, the continuing connected transactions thereunder are subject to the reporting, annual review and announcement requirements but exempt from the circular (including independent financial advice) and shareholders’ approval requirements under Rule 14A.76(2) of the Listing Rules.

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

Date

1 October 2022

Parties

- (1) UMP Professional
- (2) FTLife

Term

The term of the Agreement shall be for three (3) years commencing from the Effective Date, unless terminated in accordance with the terms of the Agreement (the “**Term**”).

Provision of Medical Services

UMP Professional agrees (or procure its applicable affiliates) to provide and administer medical services to FTLife Members and/ or Family Members, details of which are as follows:

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

(collectively, the “**Medical Services**”).

Pricing Policy

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

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

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

The Service Fees were negotiated and determined by the parties through an arm’s length negotiation and on normal commercial terms, and at a price which is no more favourable to FTLife than the price at which the Group provides similar services to other independent third parties having regard to the scope and terms of the services provided, and with reference to the historical service fees paid for medical services and the prevailing price of medical services offered by the Group to other customers with a similar scope of service. The prevailing market prices and benchmark price information are obtained through the market or third-party customers.

Payment Term

FTLife shall be primarily responsible for all the payment settlement under the Agreement including shortfall payments incurred by FTLife Members and/or Family Members which are to be collected by FTLife. Where the payment (including any outstanding amount payable by FTLife) cannot be settled by FTLife within thirty (30) calendar days from the invoice date, UMP Professional has the right to suspend the Medical Services between FTLife and UMP Professional (or its affiliate(s)). During the suspension period, UMP Professional shall not be responsible for any costs and expenses incurred by the FTLife Members or Family Members or FTLife in respect of the Medical Services.

HISTORICAL TRANSACTIONS AMOUNTS

There are no historical transactions between UMP Professional and FTLife in respect of provision of the Medical Services.

PROPOSED ANNUAL CAPS FOR THE MEDICAL SERVICES AGREEMENT

The proposed annual caps set for the Medical Services under the Agreement are as follows:

	Proposed annual caps			
	Effective Date	1 July 2023	1 July 2024	1 July 2025 to
	to 30 June	to 30 June	to 30 June	30 September
	2023	2024	2025	2025
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate amount of Service Fees payable by FTLife to UMP Professional	18 million	25 million	28 million	8 million

The proposed annual caps are estimated primarily with reference to:

- (a) the projected aggregate amount of Service Fees payable by FTLife to UMP Professional over the Term;
- (b) the estimated adjustment in Service Fees in respect of the overall increase in medical cost of the healthcare industry over the Term;
- (c) the estimated usage of the Medical Services and the expected increase in future usage of the Medical Services over the Term; and
- (d) inclusion of possible expansion of scope of Medical Services over the Term.

The above projection is assumed solely for determining the proposed annual caps and shall not be regarded as any indication directly or indirectly as to the respective revenue and profitability of the Group.

REASONS FOR AND BENEFITS OF THE MEDICAL SERVICES AGREEMENT

The Group is principally engaged in the provision of healthcare services, which include corporate healthcare solution services, medical and dental services, medical imaging and laboratory services and other auxiliary medical services.

The provision of the Medical Services to FTLife Members and/or Family Members pursuant to the Agreement is in the ordinary course of business of the Group. The Service Fees payable during the Term are determined by the relevant parties through an arm’s length negotiation and on normal commercial terms and with reference to the historical service fees paid for medical services and the prevailing price of medical services offered by the Group to other customers with a similar scope of service.

FTLife is a life insurance company operating in Hong Kong, providing a broad range of protection and savings-related life and medical products, serving both individual and institutional clients via tied agents and brokers. The entering of the Agreement with FTLife will further extend our healthcare service to B-to-B-to-C market. Further to the growing demand of privilege and high-end healthcare services for individuals, the Directors believed the entering of the Agreement shall increase customer base of the Group and shall provide contributions to the Group in future.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are determined after arm's length negotiations between the parties, conducted on normal commercial terms and in the ordinary and usual course of business of the Group, the terms and the proposed annual caps thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Mr. TSANG On Yip, Patrick and Mr. LEE Kar Chung, Felix, each being an executive Director, have abstained from voting on the Board resolution approving the Agreement and the annual caps due to their senior roles in CTFE. Mr. LEE Luen Wai, John, being an independent non-executive Director has also abstained from voting on the Board resolution approving the Agreement and the annual caps due to his position in NWD as an independent non-executive director.

INTERNAL CONTROL

The Group has adopted the following internal control procedures to manage the continuing connected transactions proposed and annual caps thereunder:

- (i) the finance department of the Company will closely monitor and record the actual transaction amounts of the continuing connected transactions under the Agreement to ensure that the annual caps will not be exceeded;
- (ii) the relevant personnel of the business department of the Company will conduct regular checks to review and assess that the transactions contemplated under the Agreement are conducted in accordance with the terms of the Agreement and will also regularly compare the prices and terms with the market prices or standards of similar transactions to consider whether the prices charged on specific transactions are fair and reasonable and in compliance with the above pricing policies;
- (iii) the auditors of the Company will conduct review (which is subject to the annual review and disclosure requirements under the Listing Rules) on the continuing connected transactions on an annual basis and confirm (a) whether the transactions under the Agreement have been approved by the Board; (b) whether the transactions are in accordance with the Group's pricing policies in all material respects; (c) whether the transactions are entered into in accordance with the Agreement; and (d) whether the annual caps are not exceeded; and

- (iv) the independent non-executive Directors will conduct an annual review (which is subject to the annual review and disclosure requirements under the Listing Rules) to confirm that the transactions under the Agreement are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) the transactions are conducted in accordance with the Agreement, which the terms are fair and reasonable as well as in the interests of the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY

The Company is an investment holding company. The Group is principally engaged in the provision of healthcare services, which include corporate healthcare solution services, medical and dental services, medical imaging and laboratory services and other auxiliary medical services.

INFORMATION ABOUT UMP PROFESSIONAL

UMP Professional is a company incorporated in Hong Kong with limited liability which is principally engaged in the provision of medical and healthcare services and is an indirect wholly-owned subsidiary of the Company.

INFORMATION ABOUT FTLLIFE

FTLife is a company incorporated in Bermuda with limited liability which is an insurer authorized by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap.41) and is principally engaged in insurance business and is an indirect wholly owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD and CTFE (a substantial shareholder of the Company) is a controlling shareholder of NWD.

LISTING RULES IMPLICATION

FTLife is an indirect wholly-owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD and CTFE (a substantial shareholder of the Company) is a controlling shareholder of NWD. Hence, FTLife is a connected person of the Company and the transactions contemplated under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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DEFINITIONS

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

“Agreement”	the medical services agreement dated 1 October 2022 entered into between UMP Professional and FTLife;
“Board”	the board of directors of the Company;
“B-to-B-to-C”	Business to Business to Customers;
“Company”	UMP Healthcare Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 722);
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“CTFE”	Chow Tai Fook Enterprises Limited, a company incorporated with limited liability in Hong Kong and a substantial shareholder of the Company;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules (as may be amended from time to time);
“Director(s)”	director(s) of the Company from time to time;
“Effective Date”	1 October 2022;
“FTLife”	FTLife Insurance Company Limited, a company incorporated in Bermuda with limited liability which an insurer authorized by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap.41) and is principally engaged in insurance business and is an indirect wholly-owned subsidiary of NWS Holdings which in turn is a subsidiary of NWD and CTFE (a substantial shareholder of the Company) is a controlling shareholder of NWD;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0017)
“NWS Holdings”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 659);
“percentage ratios”	has the same meaning ascribed to it under the Listing Rules;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“UMP Professional”	UMP Professional Management Limited, a company incorporated in Hong Kong with limited liability which is principally engaged in the provision of medical and healthcare services and is an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 1 October 2022

As at the date of this announcement, the Executive Directors of the Company are Dr. SUN Yiu Kwong (Chairman and Chief Executive Officer), Ms. KWOK Cheuk Kwan, Jacquen (Managing Director), Mr. TSANG On Yip, Patrick, Dr. SUN Man Kin, Michael, Mr. LEE Kar Chung, Felix and Dr. LEE Pak Cheung, Patrick; and the Independent Non-executive Directors are Mr. LEE Luen Wai, John, Dr. LI Kwok Tung, Donald, Mr. YEUNG Wing Sun, Mike and Mr. CHAU, Chit Jeremy.