

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the prospectus of the Company dated 17 November 2015 in respect of the Existing Continuing Connected Transaction Agreements.

As the Existing Continuing Connected Transaction Agreements expired on 30 June 2018, the Company entered into the New Continuing Connected Transaction Agreements for a term up to 30 June 2021.

Given that the applicable percentage ratios under the Listing Rules for the transactions under each of the New Continuing Connected Transaction Agreements on an annual basis is more than 0.1% but less than 5%, the transactions contemplated thereunder will be exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Rule 14A.76 of the Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the prospectus of the Company dated 17 November 2015 in relation to the Existing Continuing Connected Transaction Agreements. As the Existing Continuing Connected Transaction Agreements expired on 30 June 2018, the Company entered into the New Continuing Connected Transactions Agreements for a term commencing on 1 July 2018 and ending on 30 June 2021 and the proposed financial caps thereof for the three financial years ending on 30 June 2021 are set out in this announcement.

(A) New Property Leasing Framework Agreement

Background

On 13 November 2015, the Company entered into the Existing Property Leasing Framework Agreement with Rich Point in order to regulate the lease arrangements between the Group and the Rich Point Group, and pursuant to which the Group leased properties from the Rich Point Group for the purposes of operating medical centres and warehouses.

Rich Point is principally engaged as a property investment holding company.

The Group intends to continue leasing the properties leased from the Rich Point Group after the expiry of the Existing Property Leasing Framework Agreement. On 6 September 2018, the Company entered into the New Property Leasing Framework Agreement with Rich Point in respect of the properties of the Rich Point Group for a term up to 30 June 2021. The following table sets out the principal terms of the lease agreements as of the date of this announcement:

Commencement date of lease	Location of property	Term	Floor area	Monthly rental	Use property
1 July 2018	Room 1109, 11/F, Office Tower, Convention Plaza, No 1, Harbour Road, Hong Kong	Two years	1,984 sq. ft.	HK\$110,000	Medical centre
1 July 2018	Partial of 13/F, No. 22 Yee Wo Street, Hong Kong	Three years	555 sq. ft.	HK\$14,430	Medical centre – physiotherapy centre
1 September 2018	Unit No. 1901D on 19/F, East Point Centre, No. 555 Hennessy Road, Hong Kong	Three years	2,542 sq. ft.	HK\$135,997	Medical centre – imaging centre
1 July 2018	Unit No. 1 on 10/F, Wing On Plaza, No. 62 Mody Road, Kowloon, Hong Kong	Three years	2,015 sq. ft.	HK\$74,555	Medical centre

Commencement date of lease	Location of property	Term	Floor area	Monthly rental	Use property
1 July 2018	Workshop C on 8/F, Block 1, Koon Wah Mirror Factory (6th) Industrial Building, Nos. 7-9 Ho Tin Street, Tuen Mun, New Territories, Hong Kong	Three years	1,380 sq. ft.	HK\$7,000	Warehouse
1 July 2018	Workshop No. 3 on 4/F, Kin Wing Industrial Building, No. 33 Kin Wing Street, Tuen Mun, New Territories, Hong Kong	Three years	1,049 sq. ft.	HK\$7,000	Warehouse

Details of the New Property Leasing Framework Agreement are set out below:

Date: 6 September 2018

Parties: (1) the Company
(2) Rich Point

Nature of transaction: Pursuant to the New Property Leasing Framework Agreement, the relevant Group member and the relevant Rich Point Group member shall enter into individual agreements with respect to the relevant leased properties, which will prescribe specific terms and conditions of the leasing arrangements, including rental amount, payment method and other relevant terms.

Term: Three years from 1 July 2018 to 30 June 2021, both days inclusive, and may be renewed by mutual consent of the parties.

Pricing policy:

The annual rent for the properties to be leased under the New Property Leasing Framework Agreement shall be determined by the relevant parties through arm's length negotiation and on normal commercial terms, by reference to (i) the historical rent paid for the properties and (ii) the prevailing market price of properties with comparable size and quality situated in the same locality. The annual rent for the properties shall be no less favourable than the rental amounts offered by independent landlords or lessors of comparable premises. To facilitate the Group in determining the prevailing market price, the Group will consider the rental amounts of comparable premises and will also monitor the movement of market price from time to time. The prevailing market prices and benchmark price information will be obtained through the market or from independent property agents, landlords or lessors. The relevant department of the Group would consider at least two comparable properties offered by an independent landlords or lessors during the same period where applicable, and report to the senior management accordingly. In the absence of any comparable property, the Group will conduct market research on the open market where applicable.

Historical figures, Existing Annual Caps and Proposed Annual Caps

The table below sets out the historical figures and the Existing Annual Caps under the Existing Property Leasing Framework Agreement and the Proposed Annual Caps under the New Property Leasing Framework Agreement.

Year ended 30 June 2016		Year ended 30 June 2017		Year ended 30 June 2018		Month ended 31 July 2018	Year ending 30 June 2019	Year ending 30 June 2020	Year ending 30 June 2021
Annual cap (HKD'000)	Actual amount	Annual cap (HKD'000)	Actual amount	Annual cap (HKD'000)	Actual amount	Actual amount	Proposed annual cap (HKD'000)	Proposed annual cap (HKD'000)	Proposed annual cap (HKD'000)
4,000	3,842	4,100	3,851	4,100	3,851	349	4,300	4,300	4,500

The Proposed Annual Caps under the New Property Leasing Framework Agreement were determined with reference to (i) the annual rent paid by the Group in respect of the property leasing arrangements under the Existing Property Leasing Framework Agreement; (ii) the expected renewals of all the existing leasing arrangements at substantially the same rental amount (save for the expected increase of the rental amount for a lease as described below); (iii) the prevailing market price of properties with comparable size and quality situated in the same locality; and (iv) the potential increase of approximately 15% in annual rent for the lease of the property located at Convention Plaza that will be renewed upon expiration of the existing lease term on 30 June 2020.

The Directors (including the INEDs) are of the view that the Proposed Annual Caps under the New Property Leasing Framework Agreement are fair and reasonable.

Reasons for the transaction

In order to maintain its business operations and satisfy its business needs, the Group has historically leased certain properties from the Rich Point Group which were used to operate medical centres and warehouses during the term of the Existing Property Leasing Framework Agreement. Any relocation of the relevant medical centres operating under such leases will cause unnecessary disruptions to the operations of the Group and incur unnecessary costs. The annual rent of the existing leasing arrangements were determined after arm's length negotiations between the parties thereto with reference to the prevailing market rates in respect of same or similar properties in the locality.

The Directors (including the INEDs) consider that the terms of the transactions contemplated by the New Property Leasing Framework Agreement are fair and reasonable and in the interests of the Company and the Company's shareholders as a whole.

Listing Rule Implications

Dr. Sun is an executive Director and Controlling Shareholder. Therefore Dr. Sun and his associates are connected persons of the Company pursuant to Rule 14A.07(1) of the Listing Rules. As Rich Point is a company in which Dr. Sun holds 30% or more interest, Rich Point and its subsidiaries are connected persons of the Company by virtue of them being associates of Dr. Sun pursuant to Rule 14A.12(1) (c) of the Listing Rules. Therefore, the transactions contemplated under the New Property Leasing Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(B) New Consultancy Agreement with Dr. Patrick Lee

Background

On 13 November 2015, the Company entered into the Existing Consultancy Agreement with Dr. Patrick Lee to regulate the consultancy relationship between the Group and Dr. Patrick Lee for the provision of dental services by Dr. Patrick Lee to the Group.

The Company intends to continue engaging Dr. Patrick Lee as a consultant after the expiry of the Existing Consultancy Agreement with Dr. Patrick Lee. On 6 September 2018, the Company entered into the New Consultancy Agreement with Dr. Patrick Lee for a term up to 30 June 2021.

Details of the New Consultancy Agreement with Dr. Patrick Lee are set out below:

- Date: 6 September 2018

- Parties: (1) the Company
(2) Dr. Patrick Lee

- Nature of transaction: Pursuant to the New Consultancy Agreement with Dr. Patrick Lee, Dr. Patrick Lee shall provide dental services to the Group.

- Term: Three years from 1 July 2018 to 30 June 2021, both days inclusive, and may be renewed by mutual consent of the parties.

Pricing policy:

The consultancy fees payable under the New Consultancy Agreement with Dr. Patrick Lee shall be determined by the parties through arm's length negotiation and on normal commercial terms, based on the scope of services rendered by Dr. Patrick Lee and with reference to the fees charged by at least two other independent consultants of similar expertise and experience with similar role, scope of services and responsibilities under similar circumstances to ensure that the terms are no less favourable to the Group than terms which the relevant member of the Group could obtain from independent consultants. The prevailing market prices and benchmark price information will be obtained through the market or third party independent consultants. The relevant department of the Group would consider the fees charged by at least two other independent consultants having similar expertise and experience for similar role, scope of services and responsibilities under similar circumstances during the same period where applicable, and report to senior management accordingly. In the absence of any comparable arrangement, the Group will conduct market research on the open market where applicable.

Historical figures, Existing Annual Caps and Proposed Annual Caps

The table below sets out the historical figures and the Existing Annual Caps under the Existing Consultancy Agreement with Dr. Patrick Lee and the Proposed Annual Caps under the New Consultancy Agreement with Dr. Patrick Lee.

Year ended 30 June 2016		Year ended 30 June 2017		Year ended 30 June 2018		Month ended 31 July 2018	Year ending 30 June 2019	Year ending 30 June 2020	Year ending 30 June 2021
Annual cap (HKD'000)	Actual amount	Annual cap (HKD'000)	Actual amount	Annual cap (HKD'000)	Actual amount	Actual amount	Proposed annual cap (HKD'000)	Proposed annual cap (HKD'000)	Proposed annual cap (HKD'000)
4,500	3,964	5,000	4,541	5,500	4,429	458	6,000	6,500	7,000

The Proposed Annual Caps under the New Consultancy Agreement with Dr. Patrick Lee were determined with reference to (i) the historical and agreed consultancy fees payable by the Group to Dr. Patrick Lee under the Existing Consultancy Agreement with Dr. Patrick Lee; (ii) the expected expansion of the Group's business and hence the expected increase in patients, which would require additional professional support on dental services; and (iii) the expected increase in consultancy fees due to general cost inflation and the increase in demand for dental services.

The Directors (including the INEDs) are of the view that the Proposed Annual Caps under the New Consultancy Agreement with Dr. Patrick Lee are fair and reasonable.

Reasons for the transaction

The Group requires consultancy services from dentists for its business operation. Given it is expected that the fees to be charged by Dr. Patrick Lee are no less favourable than those which the relevant members of the Group could obtain from independent consultants of similar expertise and experience for similar role, scope of services and responsibilities under similar circumstances, the Directors (including the INEDs) consider that the terms of the transactions contemplated by the New Consultancy Agreement with Dr. Patrick Lee are fair and reasonable and in the interests of the Company and the Company's shareholders as a whole.

Listing Rule Implications

Dr. Patrick Lee is an executive Director and is therefore a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the transactions contemplated under the New Consultancy Agreement with Dr. Patrick Lee will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(C) New Medical Services Framework Agreement

Background

On 13 November 2015, the Company entered into the Existing Medical Services Framework Agreement with CTFE to regulate the provision of medical, dental and auxiliary services to the employees of CTFE and its associates.

CTFE is principally engaged in investment holding.

The Group intends to continue providing medical, dental and auxiliary services to the employees of CTFE and its associates after the expiry of the Existing Medical Services Framework Agreement. On 6 September 2018, the Company entered into the New Medical Services Framework Agreement for a term up to 30 June 2021.

Details of the New Medical Services Framework Agreement are set out below:

Date:	6 September 2018
Parties:	(1) the Company (2) CTFE
Nature of transaction:	Pursuant to the New Medical Services Framework Agreement: (a) the Group shall provide medical, dental and auxiliary services to the employees of CTFE and its associates; and (b) the relevant members of the Group shall enter into individual agreements which prescribe specific terms and conditions, including scope of medical services, service amount, payment method and other terms.
Term:	Three years from 1 July 2018 to 30 June 2021, both days inclusive, and may be renewed by mutual consent of the parties.

Pricing policy:

The service fees will be determined by the parties through arm's length negotiation and on normal commercial terms, and at a price which is not more favourable to CTFE than the price at which the Group provides similar services to 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 will be obtained through the market or third party customers. In particular, where appropriate, the relevant department of the Group will consider at least two comparable transactions with independent third party customers during the same period, and report to senior management accordingly. In the absence of any comparable transaction, the Group will conduct market research on the open market where applicable.

Historical figures, Existing Annual Caps and Proposed Annual Caps

The table below sets out the historical figures and the Existing Annual Caps under the Existing Medical Services Framework Agreement and the Proposed Annual Caps under the New Medical Services Framework Agreement.

Year ended 30 June 2016		Year ended 30 June 2017		Year ended 30 June 2018		Month ended 31 July 2018	Year ending 30 June 2019	Year ending 30 June 2020	Year ending 30 June 2021
Annual cap (HKD'000)	Actual amount	Annual cap (HKD'000)	Actual amount	Annual cap (HKD'000)	Actual amount (HKD'000)	Actual amount (HKD'000)	Proposed annual cap (HKD'000)	Proposed annual cap (HKD'000)	Proposed annual cap (HKD'000)
14,000	11,038	19,000	11,809	23,000	13,987	1,483	27,000	28,000	29,000

In arriving at these Proposed Annual Caps, the Group has taken into account the historical service fees payable by CTFE to the Group under the Existing Medical Services Framework Agreement. In addition, the Group has taken into account a variety of growth factors including, in particular, (i) the Group's expanding clinical network; (ii) the expected increase in the number of employees of CTFE and its associates in Hong Kong and the PRC as a result of CTFE's continuous growth.

The Directors (including the INEDs) are of the view that the Proposed Annual Caps under the New Medical Services Framework Agreement are fair and reasonable.

Reasons for the transaction

The Group has been providing medical, dental and auxiliary services to the employees of CTFE and its associates. The service fees payable during the service period are determined by the relevant parties through 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.

The Directors (including the INEDs) consider that the terms of the transactions contemplated by the New Medical Services Framework Agreement are fair and reasonable and in the interests of the Company and the Company's shareholders as a whole.

Listing Rule Implications

CTFE is a substantial shareholder of the Company and is therefore a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the transactions contemplated under the New Medical Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

GENERAL

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, healthcare and hospital management services, and other auxiliary medical services.

As each of the applicable percentage ratios (other than the profit ratio) under Chapter 14A of the Listing Rules for the transactions under each of the New Continuing Connected Transaction Agreements (namely, the New Property Leasing Framework Agreement, the New Consultancy Agreement with Dr. Patrick Lee and the New Medical Services Framework Agreement) on an annual basis is more than 0.1% but less than 5%, the transactions contemplated thereunder will be subject to compliance with the annual review, reporting and announcement requirements by the Company under Chapter 14A.76 of the Listing Rules but exempted from the circular and the independent shareholders' approval requirements. The amount of each of (i) the aggregate rents payable by the Group for the leases with the Rich Point Group; (ii) the consultancy fees payable by the Group for the dental services from Dr. Patrick Lee to the Group; and (iii) the service fees payable by CTFE and its associates to the Group, during the period from 1 July 2018 to the date of this announcement does not exceed HK\$3,000,000 and none of the applicable percentage ratios (other than the profit ratio) under Chapter 14A of the Listing Rules in respect of each of such amount exceeds 5%.

The Directors (including the INEDs) consider that the transactions contemplated under each of the New Continuing Connected Transaction Agreements are conducted on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Dr. Sun, Dr. Patrick Lee and Mr. Tsang On Yip, Patrick, each being an executive Director, have abstained from voting on the relevant Board resolution approving the relevant New Continuing Connected Transaction Agreement(s) and the annual caps therefor as they have material interests in the relevant New Continuing Connected Transaction Agreement(s).

DEFINITIONS

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

“Company”	UMP Healthcare Holdings Limited (stock code: 722), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under 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
“Director(s)”	the director(s) of the Company
“Dr. Patrick Lee”	Dr. Lee Pak Cheung, Patrick, an executive Director

“Dr. Sun”	Dr. Sun Yiu Kwong, the Chairman of the Board, the Chief Executive Officer of the Company, an executive Director and a Controlling Shareholder
“Existing Annual Caps”	the annual caps for the Existing Continuing Connected Transaction Agreements for the three years ending 30 June 2018
“Existing Continuing Connected Transaction Agreements”	the Existing Property Leasing Framework Agreement, Existing Consultancy Agreement with Dr. Patrick Lee and Existing Medical Services Framework Agreement
“Existing Consultancy Agreement with Dr. Patrick Lee”	the consultancy agreement dated 13 November 2015 entered into between the Company and Dr. Patrick Lee
“Existing Medical Services Framework Agreement”	the medical services framework agreement dated 13 November 2015 entered into between the Company and CTFE
“Existing Property Leasing Framework Agreement”	the property leasing framework agreement dated 13 November 2015 entered into between the Company and Rich Point
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INEDs”	the independent non-executive Directors
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Continuing Connected Transaction Agreements”	the New Property Leasing Framework Agreement, New Consultancy Agreement with Dr. Patrick Lee and New Medical Services Framework Agreement
“New Consultancy Agreement with Dr. Patrick Lee”	the consultancy agreement dated 6 September 2018 entered into between the Company and Dr. Patrick Lee

“New Medical Services Framework Agreement”	the medical services framework agreement dated 6 September 2018 entered into between the Company and CTFE
“New Property Leasing Framework Agreement”	the property leasing framework agreement dated 6 September 2018 entered into between the Company and Rich Point
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under each of the New Continuing Connected Transaction Agreements for the three years ending 30 June 2021
“Rich Point”	Rich Point Investment Holdings Limited, a company incorporated in Hong Kong with limited liability
“Rich Point Group”	Dr. Sun and his associates including Rich Point
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
MA Hoi Wan
UMP Healthcare Holdings Limited
Company Secretary

Hong Kong, 6 September 2018

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