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新創建 NWS

新創建集團有限公司*
NWS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(stock code: 00659)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO MEDICAL SERVICES AGREEMENT

MEDICAL SERVICES AGREEMENT

On 1 October 2022, FTLife (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with UMP Professional (an indirect wholly-owned subsidiary of UMP Healthcare Holdings) in respect of provision and administration of the Medical Services (as defined below) by UMP Professional (or 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**”).

LISTING RULES IMPLICATIONS

NWD together with its subsidiaries hold approximately 60.88% of the total issued share capital of the Company. NWD is therefore a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules. CTF Enterprises together with its subsidiaries hold approximately 45.20% of the total issued share capital of NWD and CTF Enterprises holds approximately 2.48% of the total issued share capital of the Company. CTF Enterprises is therefore considered to be a connected person of the Company under the Listing Rules. CTF Enterprises together with its subsidiaries hold approximately 15.26% of the total issued share capital of UMP Healthcare Holdings. Dr. Sun Yiu Kwong (an executive director and the chairman of UMP Healthcare Holdings) is a brother-in-law of Dr. Cheng Kar Shun, Henry (a Director) and an uncle of Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian, Mr. Cheng Chi Leong, Christopher and Mr. William Junior Guilherme Doo (each a Director). Dr. Sun Yiu Kwong directly and indirectly holds an aggregate of approximately 36.77% of the total issued share capital of UMP Healthcare Holdings. UMP Professional is an indirect wholly-owned subsidiary of UMP Healthcare Holdings. UMP Professional is therefore considered to be a connected person of the Company under the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of entering into the Agreement in 2022, the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) calculated based on the expected maximum aggregate annual transaction value in respect of the Transactions was less than 0.1% and accordingly the entering into of the Agreement and the Transactions constituted de minimis continuing connected transactions for the Company under the Listing Rules and were not subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the information currently available to the Company, the actual demand for the Medical Services (as defined below) under the Agreement has exceeded the original expectations of the Group, which has resulted in a corresponding increase in the expected total amount of Service Fees payable by FTLife to UMP Professional under the Agreement. As such, the aggregate amount of Service Fees payable by FTLife to UMP Professional under the Agreement is expected to be higher than the level envisaged at the time when the parties entered into the Agreement in 2022. Upon assessment on the basis of the latest information available, the Board sets the annual caps for the nine months ending 30 June 2023, the financial years ending 30 June 2024 and 30 June 2025, and the three months ending 30 September 2025 as HK\$30.0 million, HK\$50.0 million, HK\$76.0 million and HK\$28.0 million respectively. As certain of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated based on the highest annual cap in respect of the Transactions are higher than 0.1% but less than 5%, the Transactions and the proposed annual caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MEDICAL SERVICES AGREEMENT

On 1 October 2022, FTLife (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with UMP Professional (an indirect wholly-owned subsidiary of UMP Healthcare Holdings) in respect of provision and administration of the Medical Services (as defined below) by UMP Professional (or its applicable affiliates) to the FTLife Members and/or Family Members.

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

Date

1 October 2022

Parties

- (1) UMP Professional; and
- (2) FTLife

Term

The term of the Agreement shall be for three (3) years commencing from 1 October 2022, unless terminated in accordance with the terms of the Agreement (the “**Term**”).

Provision of Medical Services

UMP Professional agrees to (or to procure its applicable affiliates to) arrange or 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, either through the medical services network directly managed by UMP Professional or other medical services providers including hospitals, clinics and/or doctors (“**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 as stated in the Agreement and usage of the Medical Services. The Service Fees shall comprise of two main components:

- (a) the fees payable by FTLife 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 (the “**Administrative Fees**”); and
- (b) the fees payable by FTLife in respect of different Clinical Services as required by FTLife Members and/or Family Members from time to time (the “**Clinical Fees**”).

UMP Professional reserves its right to make reasonable adjustments on charges, fees and expenses from time to time during the Term subject to mutual agreement in writing between FTLife and UMP Professional.

The Administrative Fees were negotiated and determined by the parties in the ordinary and usual course of business on normal commercial terms, negotiated on an arm's length basis, and at prices and on terms no less favourable to the Group than terms available from independent third parties providing similar services under similar scope, and UMP Professional was selected with particular consideration of UMP Professional's established medical services network and its expertise, experience, reputation and fee level in providing the medical management services to insurance policyholders. In ascertaining the amount of Administrative Fees, reference was made to at least two quotations of similar services offered by independent third parties, with consideration to the nature and scope of services and fee level as well as projected cost savings from engaging an external medical services administrator.

The Clinical Fees payable by FTLife to UMP Professional should be (i) at the fee level as stipulated in the Agreement for different scopes and types of Clinical Services to the extent that the medical services network is directly managed by or affiliated with UMP Professional, and in determining the same, reference was made to the results of not less than two relevant market researches on the fee levels charged by independent third party medical service providers; or (ii) the rates published by medical services providers other than (i) above, and the fees involved in each of the aforementioned medical cases are subject to the pre-approval procedure by FTLife before incurrence.

Payment Term

FTLife should be primarily responsible for all the payment settlement under the Agreement. Payment by FTLife to UMP Professional should be made within thirty (30) calendar days from the invoice date, and the settlement of Clinical Fees could be deducted from a working fund account of HK\$3,500,000 funded by FTLife from time to time. The set-up of the working fund arrangement was to facilitate swift settlement of Clinical Fees by FTLife to UMP Professional, and no service fees relating thereto, and no mark-up on the Clinical Fees, were payable by FTLife to UMP Professional. Any remaining balance in the working fund must be returned to FTLife within thirty (30) days from the date of termination of the Agreement.

HISTORICAL TRANSACTION VALUES OF THE AGREEMENT

The amount of Service Fees paid by FTLife to UMP Professional for the seven months ended 30 April 2023 was approximately HK\$16.5 million.

PROPOSED ANNUAL CAPS FOR THE AGREEMENT

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

	Proposed annual caps			Three months ending 30 September 2025 <i>HK\$' million</i>
	Nine months	Financial	Financial	
	ending	year ending	year ending	
	30 June 2023	30 June 2024	30 June 2025	
Aggregate amount of Service Fees payable by FTLife to UMP Professional	30.0	50.0	76.0	28.0

The proposed annual caps are estimated primarily with reference to:

- (a) the historical amount of Service Fees paid by FTLife to UMP Professional for the seven months ended 30 April 2023;
- (b) the estimated adjustment in Service Fees arising from 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, taking into account, amongst other things, the demographic profile and claims history of FTLife Members and/or Family Members; and
- (d) inclusion of possible expansion of scope of Medical Services over the Term.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE AGREEMENT

The Transactions are expected to be recurring in nature and in the ordinary course of business of the Group. In order to organize all the Transactions systematically, leverage the extensive and well-established medical services network directly managed by or affiliated with UMP Professional to provide comprehensive and quality Clinical Services to the FTLife Members and/or Family Members, as well as having regard to the benefits from the more transparent and/or competitive pricing terms for the medical services items within the scope and types of services detailed in the Agreement and for which UMP Professional would ensure only suitably qualified and trained medical practitioners are involved, FTLife decided to enter into the Agreement.

By partnering with UMP Professional, FTLife can create a more efficient and seamless claim process for FTLife Members and/or Family Members. The enhanced comprehensive support services and medical services provided by UMP Professional will in turn result in higher satisfaction levels of FTLife Members and/or Family Members. Centralizing the administrative and medical services with UMP Professional can also lead to cost savings and operational efficiency of FTLife as a whole.

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 or better, and, together with the proposed annual caps, are fair and reasonable, and the Transactions are in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

To ensure that the Agreement and the Transactions adhere to normal commercial terms and the amounts of the Transactions do not exceed the proposed annual caps, the Company has implemented the following internal control procedures:

- (1) Review and assessment:** The relevant personnel of FTLife will closely review, monitor and assess the number of subscribers for Administrative Services and implement pre-approval procedures for Clinical Services provided under the Agreement to ensure the approved cases fall within the relevant insurance policy of FTLife Members and/or Family Members, and are consistent with the principles and provisions set out in the Agreement.
- (2) Transactions monitoring and reporting:** The finance department of the Group will consistently record and monitor the amounts of Transactions to ensure the proposed annual caps are not exceeded. Half-yearly reports, including utilisation of the proposed annual caps, will be submitted to the Audit Committee for review.
- (3) Annual review by internal audit function:** The audit and risk assurance department of the Group will perform an annual review of the internal controls for the continuing connected transactions for the preceding financial year.
- (4) Annual review by external auditor and independent non-executive Directors:** The Company's external auditor along with the independent non-executive Directors will perform annual review of the continuing connected transactions for the preceding financial year in accordance with the Listing Rules.

INFORMATION ABOUT THE GROUP

The Group invests and operates a wide range of businesses predominantly in Hong Kong and the Mainland. Its core business includes toll roads, construction and insurance, while it also manages a strategic portfolio spanning sectors from logistics and facilities management.

INFORMATION ABOUT FTLIFE

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 (Chapter 41 of the Laws of Hong Kong) and is principally engaged in insurance business. FTLife is an indirect wholly-owned subsidiary of the Company.

INFORMATION ABOUT UMP HEALTHCARE HOLDINGS AND THE UMP GROUP

UMP Healthcare Holdings is an investment holding company, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00722). The UMP 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 UMP Healthcare Holdings.

LISTING RULES IMPLICATIONS

NWD together with its subsidiaries hold approximately 60.88% of the total issued share capital of the Company. NWD is therefore a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules. CTF Enterprises together with its subsidiaries hold approximately 45.20% of the total issued share capital of NWD and CTF Enterprises holds approximately 2.48% of the total issued share capital of the Company. CTF Enterprises is therefore considered to be a connected person of the Company under the Listing Rules. CTF Enterprises together with its subsidiaries hold approximately 15.26% of the total issued share capital of UMP Healthcare Holdings. Dr. Sun Yiu Kwong (an executive director and the chairman of UMP Healthcare Holdings) is a brother-in-law of Dr. Cheng Kar Shun, Henry (a Director) and an uncle of Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian, Mr. Cheng Chi Leong, Christopher and Mr. William Junior Guilherme Doo (each a Director). Dr. Sun Yiu Kwong directly and indirectly holds an aggregate of approximately 36.77% of the total issued share capital of UMP Healthcare Holdings. UMP Professional is an indirect wholly-owned subsidiary of UMP Healthcare Holdings. UMP Professional is therefore considered to be a connected person of the Company under the Listing Rules. Accordingly, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the time of entering into the Agreement in 2022, the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) calculated based on the expected maximum aggregate annual transaction value in respect of the Transactions was less than 0.1% and accordingly the entering into of the Agreement and the Transactions constituted de minimis continuing connected transactions for the Company under the Listing Rules and were not subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Based on the information currently available to the Company, the actual demand for the Medical Services under the Agreement has exceeded the original expectations of the Group, which has resulted in a corresponding increase in the expected total amount of Service Fees payable by FTLife to UMP Professional under the Agreement. As such, the aggregate amount of Service Fees payable by FTLife to UMP Professional under the Agreement is expected to be higher than the level envisaged at the time when the parties entered into the Agreement in 2022. Upon assessment on the basis of the latest information available, the Board sets the annual caps for the nine months ending 30 June 2023, the financial years ending 30 June 2024 and 30 June 2025, and the three months ending 30 September 2025 as HK\$30.0 million, HK\$50.0 million, HK\$76.0 million and HK\$28.0 million respectively. As certain of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) calculated based on the highest annual cap in respect of the Transactions are higher than 0.1% but less than 5%, the Transactions and the proposed annual caps are subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

APPROVAL BY THE BOARD OF DIRECTORS

Each of Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian and Mr. Cheng Chi Leong, Christopher, each being a Director, is also a director of CTF Enterprises.

Dr. Sun Yiu Kwong (an executive director and the chairman of UMP Healthcare Holdings) is a brother-in-law of Dr. Cheng Kar Shun, Henry (a Director) and an uncle of Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian, Mr. Cheng Chi Leong, Christopher and Mr. William Junior Guilherme Doo (each a Director).

Accordingly, Dr. Cheng Kar Shun, Henry, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian, Mr. Cheng Chi Leong, Christopher and Mr. William Junior Guilherme Doo abstained from voting on the resolutions approving the proposed annual caps in relation to the Transactions at the relevant Board meeting.

Save as disclosed above, no other Directors is regarded as having material interest in the Transactions and hence no other Director is required under the Listing Rules to abstain from voting on the resolutions approving proposed annual caps in relation to the Transactions at the relevant Board meeting.

DEFINITIONS

Unless the context otherwise requires, the capitalized terms used in this announcement shall have the following meanings:

“Agreement”	the medical services agreement dated 1 October 2022 entered into between UMP Professional and FTLife
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors

“Company”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 00659) and held as to approximately 60.88% by NWD and its subsidiaries and approximately 2.48% by CTF Enterprises as at the date of this announcement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“CTF Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of UMP Healthcare Holdings
“Director(s)”	director(s) of the Company
“FTLife”	FTLife Insurance Company Limited, a company incorporated in Bermuda with limited liability and an insurer authorized by the Insurance Authority of Hong Kong under the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong). It is principally engaged in insurance business and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“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
“Mainland”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 00017) and held as to approximately 45.20% by CTF Enterprises and its subsidiaries as at the date of this announcement
“percentage ratio”	any of the applicable percentage ratios (other than the profits and the equity capital ratios) under Rule 14.07 of the Listing Rules and “percentage ratios” should be interpreted accordingly
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholders”	holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	any entity which falls within the definition of “subsidiary” ascribed to it under the Listing Rules or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Transactions”	the transactions contemplated under the Agreement
“UMP Group”	UMP Healthcare Holdings and its subsidiaries from time to time
“UMP Healthcare Holdings”	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: 00722)
“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 an indirect wholly-owned subsidiary of UMP Healthcare Holdings
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Dr. Cheng Kar Shun, Henry
Chairman

Hong Kong, 29 May 2023

As at the date of this announcement, (a) the executive Directors are Dr. Cheng Kar Shun, Henry, Mr. Ma Siu Cheung, Mr. Ho Gilbert Chi Hang, Dr. Cheng Chi Kong, Adrian, Mr. Cheng Chi Ming, Brian and Mr. Cheng Chi Leong, Christopher; (b) the non-executive Directors are Mr. To Hin Tsun, Gerald, Mr. Dominic Lai and Mr. William Junior Guilherme Doo (alternate director to Mr. William Junior Guilherme Doo: Mr. Lam Wai Hon, Patrick); and (c) the independent non-executive Directors are Mr. Shek Lai Him, Abraham, Mr. Lee Yiu Kwong, Alan, Mrs. Oei Wai Chi Grace Fung, Mr. Wong Kwai Huen, Albert, Professor Chan Ka Keung, Ceajer and Ms. Ng Yuen Ting, Yolanda.

* *For identification purposes only*