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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)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

	Year ended 30 June		Increase/ (decrease) Notes
	2016 HK\$'000	2015 HK\$'000	
<b>Revenue</b>	<b>456,020</b>	401,037	13.7%
Profit before tax	<b>14,254</b>	47,780	(70.2%)
Depreciation	<b>9,611</b>	6,028	59.4%
EBITDA <sup>(1)</sup>	<b>22,993</b>	53,762	(57.2%)
<b>Net profit</b>	<b>6,882</b>	40,860	(83.2%)
<b>Revenue by business lines</b>			
Hong Kong & Macau Corporate Healthcare Solution Services	<b>293,112</b>	272,597	7.5%
Hong Kong & Macau Clinical Healthcare Services	<b>204,760</b>	187,818	9.0%
PRC Health Check-up Business	<b>22,916</b>	1,692	NM
PRC Corporate Healthcare Solutions & Clinical Healthcare Business	<u>—</u>	<u>—</u>	NM
Total before elimination of inter-business lines sales	<b>520,788</b>	462,107	12.7%
<b>Reconciliation:</b>			
Elimination of inter-business lines sales	<u>(64,768)</u>	<u>(61,070)</u>	
	<u><b>456,020</b></u>	<u>401,037</u>	13.7%

	Year ended 30 June		Increase/ (decrease) Notes
	2016 HK\$'000	2015 HK\$'000	
<b>Operating profit by business lines</b>			
Hong Kong & Macau Corporate Healthcare Solution Services	<b>30,332</b>	25,706	18.0%
Operating profit margin	<b>10.3%</b>	9.4%	
Hong Kong & Macau Clinical Healthcare Services	<b>20,600</b>	15,394	33.8%
Operating profit margin	<b>10.1%</b>	8.2%	
PRC Health Check-up Business	<b>6,835</b>	1,052	NM
Operating profit margin	<b>29.8%</b>	NM	
PRC Corporate Healthcare Solutions & Clinical Healthcare Business <sup>(2)</sup>	<b>(17,484)</b>	–	NM
<b>EBITDA excluding Developing PRC Business<sup>(3)</sup></b>			
EBITDA	<b>22,993</b>	53,762	(57.2%) (a)
<i>Reconciliations:</i>			
Recognition of pre-opening expenses of a clinic in Shanghai	<b>7,517</b>	–	(b)
Share of losses of joint ventures in Beijing	<b>9,967</b>	–	(c)
Equity-settled share option expense	<b>7,546</b>	–	(d)
One-off listing expenses	<b>16,376</b>	1,425	(e)
One-off gain from disposal of investment in an associate	–	(2,990)	(f)
One-off gain from bargain purchase	<b>(3,499)</b>	–	(g)
	<b><u>60,900</u></b>	<b><u>52,197</u></b>	16.7% (h)
(h) = (a) + (b) + (c) + (d) + (e) + (f) + (g)			
<sup>(1)</sup> EBITDA represents earnings before interest, tax, depreciation and amortisation.			
<sup>(2)</sup> Management views PRC Corporate Healthcare Solutions & Clinical Healthcare Business as the Group's Developing PRC Business.			
<sup>(3)</sup> EBITDA excludes Developing PRC Business is adjusted for (i) one-off non-recurring items, (ii) non-cash share option expense, (iii) pre-opening expenses of a clinic in Shanghai and (iv) share of losses of joint ventures in Beijing, giving shareholders a proxy of cashflow generated by the Group's Hong Kong and Macau Corporate Healthcare Solution Services and Clinical Healthcare Services and PRC Health Check-up Business.			
Operating profit by business lines and EBITDA excluding Developing PRC Business are not standard measures under Hong Kong Financial Reporting Standards (“HKFRS”) and therefore should not be considered in isolation or constructed as substitutes for analysis of HKFRS financial measures.			

## **A YEAR IN REVIEW**

UMP has been serving the Hong Kong community since 1990, delivering quality, affordable and accessible healthcare services through over 600 service points in Hong Kong. UMP is one of the leading corporate healthcare solutions providers in Hong Kong serving more than 1.4 million medical and dental patient visits annually. UMP partners with corporations and insurance companies in the design and administration of corporate healthcare benefits plans for, and provides healthcare services to, such members, employees and policyholders.

We are pleased to report on our first full year financial results following the completion of our listing on the Stock Exchange in November 2015. Against a backdrop of general economic slowdown, our business has performed well and has delivered a year-on-year revenue growth of 13.7%, supported by a record high of 1.4 million patient visits.

Our reported net profit however has decreased by 83.2% to HK\$6.8 million in FY2016, primarily due to one-off expenses and our investments made in the establishment of our Developing PRC Business). We have therefore presented our results by business lines to illustrate our on-going strategy of maintaining and growing our established businesses, while deploying our capital to replicating our successful business model in China.

As shown in our financial highlights, our business excluding Developing PRC Business have achieved strong operating profit growth across each business line. EBITDA excluding Developing PRC Business has achieved a record high of HK\$60.9 million, representing a year-on-year increase of 16.7%. With such strong cashflow from operations, we have proposed a FY2016 final dividend of HK\$14.7 million (HK2.0 cents per ordinary share), subject to shareholders' approval at our forthcoming annual general meeting.

### **Hong Kong and Macau**

For our healthcare services offering in Hong Kong and Macau, the Group's business has been developing steadily. Our total number of patient visits has increased from 1.3 million to 1.4 million. We believe that such increase is due to our increased brand awareness following the completion of our Global Offering, as well as our pursuit to offer additional services to our customers. In 2016, we have successfully consolidated and launched our new multi-disciplinary centre in Jordan, a new 12,000 sq.ft center that offers one-stop-shop services from specialist consultations, health check-up, primary and secondary dental services, medical imaging services (including CT services) and day surgery services. We have also revamped our various medical centres to give a new fresher look to our clinics and further developing our brand consistency across our centers, most notably our flagship clinic in Central. Despite a general economic slowdown in Hong Kong and Macau, we have been successful in renewing our existing and securing new service contracts with corporate customers, further cementing our position as one of the leading corporate healthcare solutions provider in Hong Kong.

In addition to investments in our facilities, we have also been successful in attracting experienced specialists and family practitioners to join our Group. We believe that our commitment to expand our service offering, our significant corporate customer base and our new scope of services in China are some of the reasons why we are seeing increasing number

of doctors joining our Group. This in turn enriches our service offering capabilities, which also lead to more corporate customers and insurance companies engaging with us to provide healthcare services to their employees and members.

## **China**

### *Shanghai*

We are pleased to announce that our first new Shanghai clinic, UMP Xintiandi Medical Centre, has commenced operations in late July 2016, providing a range of services including family physicians, pediatrics, cardiology, dental and checkup services. We have received warm market response to our service offering, particularly from various Hong Kong corporates, and we are in the process of signing the first few corporate contracts providing healthcare solutions to various corporates. We have also started revamping our existing Shanghai Eaton medical centre (a site that current primarily provides health check-up business) with the aim to commence providing outpatient services in December 2016. In addition, we are in the process of acquiring a clinic in the Pudong area. Upon completion of this acquisition, we will have three service points covering both Puxi and Pudong, laying down our foundation network for the provision of corporate healthcare services.

We are continuing our expansion of clinic network in Shanghai and are constantly reviewing strategic sites for the opening up of further family physician clinics. To this end, we continue to maintain close dialogues with our strategic shareholders in reviewing and selecting sites for the expansion of our clinic network in Shanghai.

### *Beijing*

UMP will introduce a new strategic shareholder, NWS, to take up a 20% ownership in our Beijing joint venture company, UMP Phoenix JV, subject to shareholders' approval. Following the subscription of shares for RMB55 million by NWS, the joint venture shall be owned as to 50% by UMP, 30% by Phoenix and 20% by NWS. UMP Phoenix JV will be renamed as UMP Healthcare (Beijing) Group Limited ("UMP Beijing").

We are very pleased to welcome NWS as a new strategic shareholder in our Beijing operations. NWS, with a market capitalization of over HK\$50 billion as at the date of this announcement, is a veteran in conducting various businesses in China, ranging from infrastructure projects to strategic investments in different sectors. More recently, NWS is exploring further opportunities in the healthcare sector, including its investment in Gleneagle Hong Kong Hospital, which is expected to commence operations in 2017. We believe that as UMP Beijing expands its operations in Beijing and in nearby regions, NWS's know-how, business network and financial strength will be invaluable in assisting UMP Beijing in such expansion.

On the operations side, we are also pleased to announce that our first new Beijing clinic, UMP Beijing Cai Fu Medical Centre, will be commencing operations in October 2016. Our two other clinics are also in the final stage of licence application and we hope to obtain such licences by December 2016/January 2017. Similar to Shanghai, we are also revamping our

existing Beijing Eaton clinic such that by first quarter of 2017, we will have four service points covering key business and residential regions in Beijing.

## **OUTLOOK**

### **Hong Kong and Macau**

With the expansion of our specialist and medical imaging services in Hong Kong, we look forward to establishing a Hong Kong-China-Macau outpatient and inpatient service network to provide individuals with bespoke healthcare management services and access to private and tertiary hospital referrals.

We shall work closely with corporations and medical insurance organizations on healthcare solutions and global budgets, and, with a mixture of caution, innovation and flexibility, we strive to capture the largest healthcare services market share in this region.

### **China**

The ongoing healthcare reform has encouraged greater private sector participation to provide a more diverse scope of medical services to the growing middle class population, and to reduce overcrowding in public facilities.

We intend to build a strong primary healthcare workforce by offering career pathways for local medical and health workers with enhanced compensation, structured training and accreditation. The process is challenging, but we hope this strategic planning will help alleviate the shortage of qualified family medicine doctors and importantly improve population's trust in the quality of care at the primary care level.

We believe that there is significant market demand for corporate healthcare solution and private clinical healthcare services in the PRC, in particular in major first tier cities. The PRC's growing middle class population has become increasingly health conscious and often felt under served by the existing public hospital system due to long waiting time. Given the middle class's rising income, there is a growing demand and willingness to pay for more convenient medical access and quality healthcare services.

Private healthcare services providers like us are well-positioned to fill this demand gap. The middle class population, with strong purchasing power, generally view good health as a priority in achieving a better quality of life for their families. Therefore, the growth of the middle class population provides huge growth potential for healthcare services providers in the PRC. In addition, we believe that corporations in the PRC are increasingly looking for alternative ways to retain their staff. The ability to offer integrated healthcare solutions to employees and their family members will likely become one of the key considerations for employees in choosing which corporation to join.

We see significant market potential for UMP to extend our corporate healthcare solution services to the PRC market. Over the past 20 years, we have accumulated significant experience in the design and administration of health plans with insurance companies, ultimately delivering a win-win situation where both insurance companies and a medical group like us are able to generate financial returns. Through our accumulated knowhow, we will develop customized solutions that cater to both corporates and insurance companies.

The moderating growth of China's economy sets the stage for gradual rebalance towards services. In the next decade or so, healthcare services will provide significant contributions towards the country's economic growth. China is poised to transition its healthcare delivery towards patient-centred and integrated care built on the foundation of a strong primary healthcare system. UMP has embraced a clear and shared vision on goals that are aligned with these public interests by providing convenient, safe, coordinated and affordable outpatient healthcare services.

The board (“Board”) of directors (“Directors”) of UMP Healthcare Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2016, together with the comparative amounts for the year ended 30 June 2015, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	6	456,020	401,037
Other income and gains	6	8,489	7,928
Professional services expenses		(258,398)	(234,351)
Employee benefit expense		(78,667)	(65,780)
Property rental and related expenses		(35,391)	(23,169)
Cost of inventories consumed		(17,585)	(15,898)
Depreciation		(9,611)	(6,028)
Other expenses, net		(42,441)	(17,893)
Share of profits and losses of:			
Joint ventures		(9,967)	–
Associates		1,805	1,934
PROFIT BEFORE TAX	7	14,254	47,780
Income tax expense	8	(7,372)	(6,920)
PROFIT FOR THE YEAR		<u>6,882</u>	<u>40,860</u>
Attributable to:			
Owners of the Company		6,676	41,392
Non-controlling interests		206	(532)
		<u>6,882</u>	<u>40,860</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		<u>HK1.01 cents</u>	<u>HK7.50 cents</u>
Diluted		<u>HK1.01 cents</u>	<u>HK7.50 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>6,882</u>	<u>40,860</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(1,274)</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>(1,274)</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>5,608</u>	<u>40,865</u>
Attributable to:		
Owners of the Company	5,476	41,397
Non-controlling interests	<u>132</u>	<u>(532)</u>
	<u>5,608</u>	<u>40,865</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Notes</i>	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>38,416</b>	27,027
Goodwill		<b>32,755</b>	28,086
Other intangible asset		<b>333</b>	–
Investments in joint ventures	<i>11</i>	<b>23,814</b>	–
Investments in associates		<b>2,209</b>	1,862
Held-to-maturity investments	<i>12</i>	<b>26,721</b>	–
Available-for-sale investments		<b>9,007</b>	3,510
Deferred tax assets		<b>1,157</b>	1,242
Deposits		<b>16,281</b>	5,011
		<hr/>	<hr/>
Total non-current assets		<b>150,693</b>	66,738
<b>CURRENT ASSETS</b>			
Inventories		<b>6,907</b>	5,216
Trade receivables	<i>13</i>	<b>47,450</b>	45,057
Prepayments, deposits and other receivables		<b>9,434</b>	9,784
Financial assets at fair value through profit or loss		<b>2,026</b>	2,722
Held-to-maturity investments	<i>12</i>	<b>30,007</b>	–
Due from associates		<b>593</b>	3,562
Due from related companies		–	31,925
Tax recoverable		<b>446</b>	145
Pledged deposits		<b>783</b>	1,019
Cash and cash equivalents		<b>261,299</b>	83,477
		<hr/>	<hr/>
Total current assets		<b>358,945</b>	182,907
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>14</i>	<b>47,291</b>	41,058
Other payables, accruals and deferred income		<b>41,530</b>	46,245
Due to associates		<b>266</b>	149
Due to related companies		–	79,173
Due to a director		–	6,769
Tax payable		<b>7,838</b>	8,238
		<hr/>	<hr/>
Total current liabilities		<b>96,925</b>	181,632
<b>NET CURRENT ASSETS</b>			
		<hr/> <b>262,020</b> <hr/>	<hr/> 1,275 <hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<hr/> <b>412,713</b> <hr/>	<hr/> 68,013 <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***As at 30 June 2016*

	<i>Notes</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>397</b>	450
Provision		<b>1,718</b>	1,372
		<hr/>	<hr/>
Total non-current liabilities		<b>2,115</b>	1,822
		<hr/>	<hr/>
Net assets		<b>410,598</b>	66,191
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	15	<b>736</b>	–
Reserves		<b>411,367</b>	67,711
		<hr/>	<hr/>
		<b>412,103</b>	67,711
		<hr/>	<hr/>
Non-controlling interests		<b>(1,505)</b>	(1,520)
		<hr/>	<hr/>
Total equity		<b>410,598</b>	66,191
		<hr/> <hr/>	<hr/> <hr/>

## NOTES

### 1. CORPORATE AND GROUP INFORMATION

UMP Healthcare Holdings Limited is a limited company incorporated in the Cayman Islands. The principal place of business of the Company is located at Room 1404–1408, 14/F., Wing On House, 71 Des Voeux Road Central, Hong Kong.

During the year, the Group was 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 shares of the Company were listed on the Main Board of the Stock Exchange on 27 November 2015.

### 2. REORGANISATION AND BASIS OF PRESENTATION

Pursuant to the Reorganisation in connection with the listing of the shares of the Company, the Company became the holding company of the companies now comprising the Group on 30 December 2014. As the Reorganisation involved the transfer of certain subsidiaries now comprising the Group to new holding companies and has not resulted in any change of economic substances, the financial statements has been presented as continuation of the existing companies using the pooling of interests method as if the Reorganisation had been completed at 1 July 2014. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History and Reorganisation” in the Prospectus.

The consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year ended 30 June 2015 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control, where this is a shorter period.

### 3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and certain available-for-sale investments which have been measured at fair value. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

### 4.1. CHANGES IN DISCLOSURES

The Company has adopted the amendments to the Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

## 4.2. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> <sup>3</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>6</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>1</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>1</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>5</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>3</sup>
HKFRS 16	<i>Leases</i> <sup>4</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>1</sup>
Amendments to HKAS 7	<i>Disclosure Initiative</i> <sup>2</sup>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>1</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>1</sup>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>5</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

<sup>6</sup> The original effective date has been deferred/removed and a new effective date of the amendments will be determined at a future date, and early application of the amendments continues to be permitted.

## 5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) Corporate healthcare solution services (“Corporate Healthcare Solution Services to Contract Customers”) segment engages in the provision of corporate healthcare solutions to contract customers; and
- (b) Clinical healthcare services (“Clinical Healthcare Services”) segment engages in the provision of medical and dental services, health check and other auxiliary services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit before tax except that interest income, other income and gains, and share of profits and losses of joint ventures and associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude goodwill, other intangible assets, investments in joint ventures and associates, financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale investments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended/as at 30 June 2016

	Corporate Healthcare Solution Services to Contract Customers <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>			
External sales	292,241	163,779	456,020
Intersegment sales	871	63,897	64,768
	<u>293,112</u>	<u>227,676</u>	<u>520,788</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(64,768)</u>
Revenue			<u><u>456,020</u></u>
<b>Segment results</b>	<b>30,332</b>	<b>19,918</b>	<b>50,250</b>
<i>Reconciliation:</i>			
Interest income			872
Other income			4,118
Unallocated gains			3,499
Share of profits and losses of:			
Joint ventures			(9,967)
Associates			1,805
Corporate and other unallocated expenses			<u>(36,323)</u>
Profit before tax			<u><u>14,254</u></u>
<b>Segment assets</b>	<b>146,660</b>	<b>77,674</b>	<b>224,334</b>
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(33,499)
Corporate and other unallocated assets			<u>318,803</u>
Total assets			<u><u>509,638</u></u>
<b>Segment liabilities</b>	<b>71,140</b>	<b>59,142</b>	<b>130,282</b>
<i>Reconciliation:</i>			
Elimination of intersegment payables			(33,499)
Corporate and other unallocated liabilities			<u>2,257</u>
Total liabilities			<u><u>99,040</u></u>
<b>Other segment information:</b>			
Depreciation	968	8,643	9,611
Capital expenditure*	3,690	23,145	26,835
Loss on disposal of items of property, plant and equipment	–	336	336
Write-off of trade receivables	55	52	107
	<u><u>55</u></u>	<u><u>52</u></u>	<u><u>107</u></u>

\* Capital expenditure consists of additions to property, plant and equipment including additions from the acquisition of subsidiaries and deposits paid for purchases of items of property, plant and equipment.

**Year ended/as at 30 June 2015**

	Corporate Healthcare Solution Services to Contract Customers <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>			
External sales	271,823	129,214	401,037
Intersegment sales	<u>775</u>	<u>60,295</u>	<u>61,070</u>
	272,598	189,509	462,107
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(61,070)</u>
Revenue			<u><u>401,037</u></u>
<b>Segment results</b>			
	25,706	16,446	42,152
<i>Reconciliation:</i>			
Interest income			46
Other income			4,331
Unallocated gains			3,551
Share of profits of associates			1,934
Corporate and other unallocated expenses			<u>(4,234)</u>
Profit before tax			<u><u>47,780</u></u>
<b>Segment assets</b>			
	143,498	72,445	215,943
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(17,571)
Corporate and other unallocated assets			<u>51,273</u>
Total assets			<u><u>249,645</u></u>
<b>Segment liabilities</b>			
	68,963	48,122	117,085
<i>Reconciliation:</i>			
Elimination of intersegment payables			(17,571)
Corporate and other unallocated liabilities			<u>83,940</u>
Total liabilities			<u><u>183,454</u></u>
<b>Other segment information:</b>			
Depreciation	553	5,475	6,028
Capital expenditure*	1,480	21,318	22,798
Loss on disposal of items of property, plant and equipment	–	41	41
Write-off of trade receivables	<u>52</u>	<u>–</u>	<u>52</u>

\* Capital expenditure consists of additions to property, plant and equipment including additions from the acquisition of subsidiaries and deposits paid for purchases of items of property, plant and equipment.

## Geographical information

During the years ended 30 June 2016 and 2015, the Group operates within three geographical locations, Hong Kong, Macau and the PRC. Approximately 91% of its revenue was generated in Hong Kong and approximately 90% of its non-current assets and capital expenditure were located/incurred in Hong Kong. Accordingly, no geographical information in respect of revenue from external customers and locations of non-current assets is presented.

## Information about major customers

Revenue from two major customers which accounted for 10% or more of the Group's revenue from the Corporate Healthcare Solution Services to Contract Customers segment is set out below:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	<b>60,036</b>	49,587
Customer B	N/A*	28,057

\* Less than 10% of the Group's revenue from the Corporate Healthcare Solution Services to Contract Customer segment

## 6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of the gross amounts received and receivable from third parties for the provision of corporate healthcare solution services and clinical healthcare services during the year.

An analysis of revenue, other income and gains is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Revenue</b>		
Provision of corporate healthcare solution services to contract customers:		
Medical services	<b>276,138</b>	255,505
Dental services	<b>16,103</b>	16,318
Provision of clinical healthcare services:		
Medical services	<b>117,258</b>	86,095
Dental services	<b>46,521</b>	43,119
	<b>456,020</b>	401,037
<b>Other income and gains</b>		
Bank interest income	<b>430</b>	46
Interest income on held-to-maturity investments	<b>413</b>	–
Interest income on available-for-sale investments	<b>29</b>	–
Administrative support fees	<b>2,292</b>	2,241
Dividend income from financial assets at fair value through profit or loss	<b>98</b>	1,022
Fair value gains on financial assets at fair value through profit or loss	–	561
Gain on bargain purchase	<b>3,499</b>	–
Gain on disposal of investment in an associate	–	2,990
Others	<b>1,728</b>	1,068
	<b>8,489</b>	7,928

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of services rendered	<b>258,398</b>	234,351
Equity-settled share option expense (including employees and professional consultants)	<b>7,546</b>	–
Foreign exchange differences, net	<b>124</b>	705
Loss on disposal of items of property, plant and equipment	<b>336</b>	41
Listing expenses	<b>16,376</b>	1,425
Minimum leases payments under operating leases	<b>30,536</b>	19,723
Write-off of trade receivables	<b>107</b>	52
Impairment of amounts due from associates	<b>1,687</b>	959
Fair value losses/(gains) on financial assets at fair value through profit or loss	<b>696</b>	(561)
	<u><b>696</b></u>	<u>(561)</u>

## 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	<b>6,825</b>	5,799
Overprovision in prior years	<b>(360)</b>	–
Current — Elsewhere		
Charge for the year	<b>1,921</b>	359
Withholding tax	<b>140</b>	626
Overprovision in prior years	<b>(1,131)</b>	–
Deferred	<b>(23)</b>	136
	<u><b>7,372</b></u>	<u>6,920</u>

## 9. DIVIDENDS

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim 2015 dividends	–	70,893
Final 2015 dividend	<u>30,000</u>	–
	<u><b>30,000</b></u>	<u>70,893</u>
Dividend proposed after the end of the reporting period:		
Proposed final 2016 — HK2.0 cents (2015: HK\$30,000,000) per ordinary share	<u><b>14,720</b></u>	<u>30,000</u>

The proposed final 2016 dividend of HK2.0 cents per ordinary share for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Prior to the listing of the shares of the Company, a final dividend of HK\$30,000,000 in respect of the year ended 30 June 2015 was approved by the shareholders of the Company on 2 November 2015.

The interim 2015 dividends of HK\$70,893,000 were declared by subsidiaries of the Company to the then shareholders during the year ended 30 June 2015.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$6,676,000 (2015: HK\$41,392,000), and the weighted average number of ordinary shares of 661,092,896 (2015: 552,000,000) in issue during the year, on the assumption that the Reorganisation and capitalisation issue, as further explained in note 15 below, had been completed on 1 July 2014.

No adjustment has been made to the basic earnings per share amount presented for the year ended 30 June 2016 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented. The Group had no potentially dilutive ordinary shares in issue during the year ended 30 June 2015.

## 11. INVESTMENTS IN JOINT VENTURES

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Share of net liabilities	<b>(10,196)</b>	–
Due from joint ventures	<u><b>34,010</b></u>	–
	<u><b>23,814</b></u>	–

On 13 July 2015, the Group entered into the Joint Venture Agreement with Pinyu to form UMP Phoenix JV on 50-50 basis and set up medical centres in the Beijing, Tianjin and Hebei regions. Under the terms of the Joint Venture Agreement, each of the Group and Pinyu will advance interest-free shareholder's loan in an aggregate sum of no less than RMB50 million (equivalent to HK\$58 million) to the joint venture in stages. Pinyu is an indirectly wholly-owned subsidiary of Phoenix Healthcare Group Co. Ltd. which is a company listed on the Stock Exchange and owns as to 15% (2015: Nil) equity interest in the Company as at 30 June 2016.

The amounts due from joint ventures are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these amounts are considered as part of the Group's net investments in the joint ventures.

## 12. HELD-TO-MATURITY INVESTMENTS

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Listed debt investments, at amortised cost	<b>56,728</b>	–
Less: Portion classified as non-current assets	<b>(26,721)</b>	–
	<u>          </u>	<u>          </u>
Current portion	<b>30,007</b>	–
	<u>          </u>	<u>          </u>

As at 30 June 2016, the Group's held-to-maturity investments represented listed debt investments with fixed maturity dates and fixed interest rates ranging from 1.0% to 4.9% per annum (2015: Nil).

## 13. TRADE RECEIVABLES

The Group's trading terms with its Contract Customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each contract customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to monitor and minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	<b>34,705</b>	33,416
1 to 2 months	<b>6,073</b>	7,652
2 to 3 months	<b>2,646</b>	2,694
Over 3 months	<b>4,026</b>	1,295
	<u>          </u>	<u>          </u>
	<b>47,450</b>	45,057
	<u>          </u>	<u>          </u>

## 14. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	<b>17,887</b>	15,112
1 to 3 months	<b>28,381</b>	25,331
Over 3 months	<b>1,023</b>	615
	<u>          </u>	<u>          </u>
	<b>47,291</b>	41,058
	<u>          </u>	<u>          </u>

The trade payables are non-interest-bearing and are normally settled on terms of 90 days.

## 15. SHARE CAPITAL

	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2015: 5,000,000) ordinary shares of HK\$0.001 (2015: US\$0.01) each	<u><b>5,000</b></u>	<u>388</u>
Issued and fully paid:		
736,000,000 (2015: 1) ordinary share of HK\$0.001 (2015: US\$0.01) each	<u><b>736</b></u>	<u>–</u>

The movements in the Company's authorised and issued share capital during the period from 5 November 2014 (date of incorporation) to 30 June 2016 are as follows:

	<i>Notes</i>	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares</b> <i>HK\$'000</i>
Authorised:			
Upon incorporation on 5 November 2014, at 30 June 2015 and at 1 July 2015	<i>(a)</i>	5,000,000	388
Increase of 50,000 ordinary shares of HK\$7.80 each	<i>(c)</i>	50,000	390
Cancellation of authorised but unissued shares of US\$0.01 each	<i>(f)</i>	(5,000,000)	(388)
Sub-division of 50,000 ordinary shares of HK\$7.80 each into ordinary shares of HK\$0.01 each	<i>(g)</i>	38,950,000	–
Sub-division of 39,000,000 ordinary shares of HK\$0.01 each into ordinary shares of HK\$0.001 each	<i>(h)</i>	351,000,000	–
Increase of 4,610,000,000 ordinary shares of HK\$0.001 each	<i>(h)</i>	<u>4,610,000,000</u>	<u>4,610</u>
At 30 June 2016		<u><b>5,000,000,000</b></u>	<u><b>5,000</b></u>
Issued and fully paid:			
Upon incorporation on 5 November 2014, at 30 June 2015 and at 1 July 2015	<i>(a)</i>	1	–
Issuance of 99,999 ordinary shares of US\$0.01 each	<i>(b)</i>	99,999	8
Share repurchase	<i>(d)</i>	(100,000)	(8)
Issuance of 1,000 ordinary shares of HK\$7.80 each	<i>(e)</i>	1,000	8
Sub-division of 1,000 issued ordinary shares of HK\$7.80 each into ordinary shares of HK\$0.01 each	<i>(g)</i>	779,000	–
Sub-division of 780,000 issued ordinary shares of HK\$0.01 each into ordinary shares of HK\$0.001 each	<i>(h)</i>	7,020,000	–
Capitalisation issue	<i>(i)</i>	544,200,000	544
Issuance under initial public offering	<i>(j)</i>	<u>184,000,000</u>	<u>184</u>
At 30 June 2016		<u><b>736,000,000</b></u>	<u><b>736</b></u>

- (a) On 5 November 2014, the Company was incorporated with authorised share capital of US\$50,000 divided into 5,000,000 ordinary shares of US\$0.01 each. On the same date, 1 ordinary share of US\$0.01 was allotted and issued at par to the initial subscriber and was subsequently transferred to the then ultimate holding company of the Company.

- (b) On 8 July 2015, the Company allotted and issued 99,999 ordinary shares of US\$0.01 each at par to the then ultimate holding company of the Company.
- (c) On 25 August 2015, the authorised share capital of the Company was increased by HK\$390,000 by the creation of 50,000 additional ordinary shares of HK\$7.80 each, ranking pari passu in all respects with the existing shares of the Company.
- (d) On 25 August 2015, the Company repurchased 100,000 ordinary shares of US\$0.01 each at par from the then shareholders of the Company (which was paid out from the proceeds of the issue of 1,000 ordinary shares of HK\$7.80 each referred to in (e) below).
- (e) On 25 August 2015, the Company allotted and issued 1,000 ordinary shares of HK\$7.80 each at par to the then shareholders of the Company.
- (f) On 25 August 2015, the authorised but unissued share capital of the Company of 5,000,000 ordinary shares of US\$0.01 each was cancelled.
- (g) On 25 August 2015, each issued and unissued ordinary share of HK\$7.80 was sub-divided into 780 ordinary shares of HK\$0.01 each such that the authorised share capital of the Company was HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each.
- (h) Pursuant to the written resolution of the shareholders of the Company passed on 2 November 2015, (i) every ordinary share of HK\$0.01 in the capital of the Company was sub-divided into 10 ordinary shares of HK\$0.001 each such that the authorised share capital of the Company was HK\$390,000 divided into 390,000,000 ordinary shares of HK\$0.001 each; and (ii) the authorised share capital of the Company was increased to HK\$5,000,000 by the creation of 4,610,000,000 additional ordinary shares of HK\$0.001 each, ranking pari passu in all respects with the existing shares of the Company.
- (i) Pursuant to the written resolution of the shareholders of the Company passed on 13 November 2015, 544,200,000 ordinary shares of HK\$0.001 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the then shareholders on a pro-rata basis. This allotment and capitalisation issue was conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (j) below.
- (j) In connection with the Company's initial public offering, 184,000,000 ordinary shares of HK\$0.001 each were issued at a price of HK\$2.06 per share for a total cash consideration before expenses, of approximately HK\$379,040,000. Dealing in the shares of the Company on the Stock Exchange commenced on 27 November 2015.

## 16. BUSINESS COMBINATIONS

In order to increase the range of healthcare services offered and to continually provide comprehensive and integrated healthcare services for the benefit of the patients, the Group entered into the following transactions during the year:

- (a) On 30 October 2015, the Group acquired a 100% equity interest in Shanghai Eaton Consulting from GZ Ruian for a cash consideration of RMB5.1 million (equivalent to HK\$6.2 million). The fair values of the net identifiable assets of Shanghai Eaton Consulting as at the date of acquisition was HK\$13,602,000, resulting in gain on bargain purchase arising therefrom of HK\$3,499,000.
- (b) On 31 May 2016, the Group acquired the business of an ophthalmology clinic ("Dr. Chan Ophthalmology") from Dr. Chan Ho Yin, David for a cash consideration of HK\$5.1 million. The fair value of the net identifiable assets of Dr. Chan Ophthalmology as at the date of acquisition was HK\$392,000, resulting in goodwill arising therefrom of HK\$4,669,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEWS

#### Revenue

During FY2016, we generated revenue from (i) the provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau, (ii) the provision of clinical healthcare services in Hong Kong and Macau and (iii) the PRC Health Check-up Business, which we acquired on 30 October 2015 and primarily represents revenue generated from the provision of medical examinations for local residents in the PRC and immigration visa applicants.

We are actively expanding our corporate healthcare solutions and clinical healthcare business in both Beijing (through our 50:50 joint venture with Phoenix Healthcare Group) and Shanghai through the establishment of our own medical centre network in these two cities. Our PRC Corporate Healthcare Solutions and Clinical Healthcare Business is currently in the establishment phase and did not generate any revenue in FY2016.

Summary of operational data as at 30 June 2016 with comparative figures for FY2015:			
<b>Revenue by operating segment</b>			
	<b>Year ended 30 June</b>		Increase/ (decrease)
	<b>2016</b>	<b>2015</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
<b>Provision of corporate healthcare solution services</b>	<b>292,241</b>	271,823	7.5%
Medical	<b>276,138</b>	255,505	8.1%
Dental	<b>16,103</b>	16,318	(1.3%)
<b>Provision of clinical healthcare services</b>	<b>163,779</b>	129,214	26.8%
Medical	<b>117,258</b>	86,095	36.2%
Dental	<b>46,521</b>	43,119	7.9%
<b>TOTAL</b>	<b><u>456,020</u></b>	<b><u>401,037</u></b>	<b><u>13.7%</u></b>
<b>Number of visits by operating segment</b>			
	<b>Year ended 30 June</b>		Increase/ (decrease)
	<b>2016</b>	<b>2015</b>	
<b>Provision of corporate healthcare solution services</b>	<b>1,249,387</b>	1,140,934	9.5%
Medical	<b>1,227,375</b>	1,121,918	9.4%
Dental	<b>22,012</b>	19,016	15.8%
<b>Provision of clinical healthcare services</b>	<b>164,258</b>	149,555	9.8%
Medical	<b>128,129</b>	113,606	12.8%
Dental	<b>36,129</b>	35,949	0.5%
<b>TOTAL</b>	<b><u>1,413,645</u></b>	<b><u>1,290,489</u></b>	<b><u>9.5%</u></b>

Total consolidated revenue increased by 13.7% from HK\$401.0 million in FY2015 to HK\$456.0 million in FY2016, primarily due to (i) an increase in revenue from HK\$399.3 million to HK\$433.1 million from the provision of corporate healthcare solution services to Contract Customers and provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau, and (ii) additional revenue contribution of HK\$22.9 million from the PRC Health Check-up Business, which we acquired on 30 October 2015.

***Provision of corporate healthcare solution services to Contract Customers in Hong Kong and Macau***

Revenue from the provision of corporate healthcare solution services to Contract Customers in Hong Kong and Macau increased 7.5% from HK\$271.8 million in FY2015 to HK\$292.2 million in FY2016.

- **Medical.** Revenue generated from the provision of Medical Services to Contract Customers increased by 8.1% from HK\$255.5 million for FY2015 to HK\$276.1 million for FY2016, primarily due to an increase in patient visits in FY2016. The number of visits from patients seeking Medical Services increased by 9.4% from 1,121,918 in FY2015 to 1,227,375 in FY2016.
- **Dental.** Revenue generated from the provision of Dental Services to Contract Customers remained relatively stable at approximately HK\$16 million for both FY2015 and FY2016. The number of visits increased from 19,016 in FY2015 to 22,012 in FY2016.

***Provision of clinical healthcare services in Hong Kong and Macau***

- **Medical.** Revenue generated from the provision of Medical Services to Self-paid Patients increased by 11.7% from HK\$84.4 million for FY2015 to HK\$94.3 million for FY2016, primarily due to an increase in the average price per patient visit in FY2016 driven by higher spending by patients who needed to utilise our Auxiliary Services. The number of visits from patients seeking Medical Services decreased slightly from 113,606 in FY2015 to 104,848 in FY2016.
- **Dental.** Revenue generated from the provision of Dental Services to Self-paid Patients increased by 7.9% from HK\$43.1 million for FY2015 to HK\$46.5 million for FY2016. The average price per patient visit increased in FY2016. The number of visits from patients seeking Dental Services increased from 35,949 in FY2015 to 36,129 in FY2016.

### ***PRC Health Check-up Business***

Additional revenue contribution from the PRC Health Check-up Business, which we acquired on 30 October 2015, was HK\$22.9 million for FY2016. The number of patient visits was 23,281.

For illustration purposes, if we had completed the acquisition on 1 July 2014, the revenue for the PRC Health Check-up Business would have increased by 7.0% from HK\$30.8 million in FY2015 to HK\$33.0 million in FY2016 (or an increase of 15.9% under constant RMB currency basis). The following table provides further breakdown of the revenue, visits regarding the PRC Health Check-up Business:

	<b>Year ended 30 June</b>		<b>Increase/ (decrease)</b>
	<b>2016</b>	<b>2015</b>	
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>	
Revenue contribution post-acquisition on 30 October 2015 (HK\$'000)	<b>22,916</b>	1,692	NM
Revenue per local currency (RMB'000)	<b>19,630</b>	1,337	NM
Number of visits	<b>23,281</b>	–	NM
Revenue contribution assuming acquisition was completed on 1 July 2014 (HK\$'000)	<b>32,989</b>	30,837	7.0%
Revenue per local currency (RMB'000)	<b>28,259</b>	24,380	15.9%
Number of visits assuming acquisition was completed on 1 July 2014	<b>33,844</b>	29,527	14.6%

2015 RMB: HKD exchange rate at 1.26477

2016 RMB: HKD exchange rate at 1.16740

### **Other Income and Gains**

Other income and gains primarily comprise administrative support fees (including fees derived from providing administrative support to Affiliated Doctors, Affiliated Dentists and Affiliated Auxiliary Service Providers and clinics), dividend income from financial assets at fair value through profit or loss and gain on bargain purchase.

Other income and gains increased 7.6% from HK\$7.9 million in FY2015 to HK\$8.5 million in FY2016. The year on year increase was primarily due to the one-off gain on bargain purchase from the acquisition of the PRC Health Check-up Business. Further, other income and gains in FY2015 included a gain from disposal of investment in an associate of HK\$3.0 million, which did not recur in FY2016.

## **Professional Services Expenses**

Professional services expenses primarily comprise fees paid to Doctors, Dentists and Auxiliary Services Providers for Medical, Dental and Auxiliary Services rendered within the UMP Network, as well as fees paid to third party laboratories and testing centers for services rendered to the Group.

Professional services expenses increased by 10.2% from HK\$234.4 million for FY2015 to HK\$258.4 million for FY2016, primarily due to the acquisition of the PRC Health Check-up Business on 30 October 2015 which led to the consolidation of the expenses for FY2016.

## **Employee Benefit Expense**

Employee benefit expense primarily comprise salaries and related costs, equity-settled share option expense, as well as pension scheme contributions for nurses and administrative personnel, and also include those of the Directors and key management personnel.

Employee benefit expense increased by 19.6% from HK\$65.8 million for FY2015 to HK\$78.7 million for FY2016. Employee benefit expense increased primarily due to recognition of non-cash share option expense of HK\$6.8 million relating to share options granted to selected employees, additional staffing expenses from the PRC Health Check-up Business following the completion of the acquisition on 30 October 2015, Directors' fee, general increase in staff costs at existing UMP Medical Centres and management office, and new staff recruited in connection with the Group's expansion plans in the PRC.

## **Property Rental and Related Expenses**

Property rental and related expenses increased by 52.6% from HK\$23.2 million for FY2015 to HK\$35.4 million for FY2016, primarily due to pre-opening rental expenses of HK\$6.8 million incurred for our new clinic in Shanghai, which started operations in late July 2016, expansion of the network of UMP Medical Centre in Hong Kong, as well as increase in rent for those existing premises for which leases were renewed.

## **Cost of Inventories Consumed**

Cost of inventories consumed increased by 10.7% from HK\$15.9 million for FY2015 to HK\$17.6 million for FY2016. Such increase is in line with the increase in revenue from the provision of clinical healthcare to Self-paid Patients.

## **Depreciation**

Depreciation increased by 59.4% from HK\$6.0 million for FY2015 to HK\$9.6 million for 2016, primarily due to the full-year recognition of depreciation of the specialised equipment for the Causeway Bay medical imaging centre, purchase of medical equipment and decoration for new UMP Medical Centre in Hong Kong and new clinic in Shanghai.

## **Other Expenses, Net**

Other expenses, net primarily comprise general overhead expenses such as utilities, operation and other administrative expenses as well as expenses in connection with the Global Offering, fees to professional parties, change in fair value of financial assets and impairment losses on amounts due from associates.

Other expenses, net, increased by 136.9% from HK\$17.9 million in FY2015 to HK\$42.4 million in FY2016, primarily due to one-off expense of HK\$16.4 million incurred in connection with the Global Offering and other additional recurring expenses in connection with the Group's corporate development. Excluding one-off expenses, other expenses, net increased by 58.2% from HK\$16.5 million in FY2015 to HK\$26.0 million in FY2016.

## **Share of Profits and Losses of a Joint Venture**

On 13 July 2015, UMP Healthcare China, entered into the Joint Venture Agreement with Pinyu, a wholly-owned subsidiary of Phoenix to form the UMP Phoenix JV, on a 50-50 basis.

The Group, together with Phoenix Healthcare Group, have plans to develop a UMP Phoenix network of medical centres in the Beijing-Tianjin-Hebei region in the PRC, with an initial focus on Beijing. UMP Phoenix JV has set up its head office in Beijing, with plans to set up three new integrated medical centres at prime locations in Beijing, including a flagship medical centre located in the Chaoyang district and two other integrated medical centres at strategic locations in Wangjing and Shunyi, which are expected to commence operations in late 2016/early 2017.

Share of losses of a joint venture represents the establishment cost of the UMP Phoenix JV with Phoenix Healthcare Group. Share of losses of the joint ventures amounted to HK\$10.0 million for FY2016. Such losses represent 50% of the losses of the joint ventures and primarily consist of staff costs, rental and utilities expenses for UMP Phoenix JV's management office and new clinics to be opened in late 2016.

## **Income Tax Expense**

Income tax expense increased by 7.2% from HK\$6.9 million for FY2015 to HK\$7.4 million for FY2016. The increase in income tax expense is in line with the year on year increase in the adjusted profit before tax, which adjusted for income and expenses that are not taxable nor tax deductible.

## **BUSINESS LINES ANALYSIS**

### **Hong Kong & Macau Corporate Healthcare Solution Services**

Revenue for this business line has increased 7.5% from HK\$272.6 million to HK\$293.1 million (before intersegment elimination) due to a general increase in patient visits, while our

operating profit (operating profit before tax and before non-recurring items) has increased 18.0% from HK\$25.7 million to HK\$30.3 million. Our results show that we are able to generate increase in revenue through market share and the delivering of a comprehensive suite of services to our corporate customers, insurance companies and patients.

### **Hong Kong & Macau Clinical Healthcare Services**

Revenue for this business line has increased 9.0% from HK\$187.8 million to HK\$204.8 million (before intersegment elimination) due to a general increase in patient visits, while our operating profit (operating profit before tax and before non-recurring items) has increased 33.8% from HK\$15.4 million to HK\$20.6 million. The increase in revenue is in part due to the offering of additional specialist services and Auxiliary Services to our patients. The increase in operating profit was also due to the fully ramped up operations of the Causeway Bay medical imaging centre which was operating at a loss in FY2015, but with such loss being significantly reduced in FY2016 due to increased patient volume.

### **PRC Health Check-up Business**

We completed the acquisition of the PRC Health Check-up Business on 30 October 2015, which generated revenue of HK\$22.9 million between 31 October 2015 and 30 June 2016. Our PRC Health Check-up Business has experienced higher patient visits due to the increasing demand from local residents for medical examinations and more PRC residents traveling abroad for study and for work.

### **PRC Corporate Healthcare Solutions and Clinical Healthcare Business**

Our PRC Corporate Healthcare Solutions and Clinical Healthcare Business was in development phase and therefore did not generate any revenue in FY2016.

The following table sets out the revenue and operating profit for our business lines for the year ended 30 June 2016 and the corresponding period for comparison:

*Revenue by business lines (before elimination of intersegment sales)*

	<b>Year ended 30 June</b>		<b>Increase/</b>
	<b>2016</b>	<b>2015</b>	<b>(decrease)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Hong Kong and Macau Corporate Healthcare Solution Services	<b>293,112</b>	272,597	7.5%
Hong Kong and Macau Clinical Healthcare Services	<b>204,760</b>	187,818	9.0%
PRC Health Check-up Business	<b>22,916</b>	1,692	NM
PRC Corporate Healthcare Solutions and Clinical Healthcare Business	<b>—</b>	<b>—</b>	<b>NM</b>
<b>TOTAL</b>	<b><u>520,788</u></b>	<b><u>462,107</u></b>	<b><u>12.7%</u></b>

### *Operating profit by business lines*

	<b>Year ended 30 June</b>		Increase/ (decrease)
	<b>2016</b>	2015	
	<b>HK\$'000</b>	HK\$'000	
Hong Kong and Macau Corporate Healthcare Solutions Services	<b>30,332</b>	25,706	18.0%
Operating profit margin	<b>10.3%</b>	9.4%	
Hong Kong and Macau Clinical Healthcare Services	<b>20,600</b>	15,394	33.8%
Operating profit margin	<b>10.1%</b>	8.2%	
PRC Health Check-up Business	<b>6,835</b>	1,052	NM
Operating profit margin	<b>29.8%</b>	NM	
PRC Corporate Healthcare Solutions and Clinical Healthcare Business	<b>(17,484)</b>	–	NM

- (1) Business lines revenue presented above are before intersegment sales elimination
- (2) Operating Profit by business lines represent operating profit before tax for each business line and excluding non-recurring items
- (3) Operating loss for the PRC Corporate Healthcare Solutions and Clinical Healthcare Business for the year ended 30 June 2016 includes share of losses of joint ventures of HK\$10.0 million from the joint venture operation with Phoenix Healthcare Group and the loss of new clinic in Shanghai. The losses primarily represent start-up costs including rental expenses, office renovation, recruitment of management and medical staff and training costs.

### **KEY FINANCIAL POSITION ITEMS**

#### **Property, Plant and Equipment, net**

Property, plant and equipment comprise leasehold improvements, furniture, fixtures and office equipment, medical equipment, computer equipment and software, and motor vehicle in relation to the Group's premises and operations. Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

As at 30 June 2015 and 30 June 2016, the Group's property, plant and equipment, net amounted to HK\$27.0 million and HK\$38.4 million, respectively. The increase was primarily due to the acquisition of the PRC Health Check-up Business on 30 October 2015 which led to the consolidation of their statements of financial position as at 30 June 2016, a new clinic established in Shanghai, relocation and expansion of our specialist medical centre in Jordan, Hong Kong and the expansion of the network of UMP Medical Centre in Hong Kong.

## **Investments in Joint Ventures**

We set up a 50:50 joint venture company, UMP Phoenix JV, with Phoenix Healthcare Group in July 2015. Under the terms of the Joint Venture Agreement, both UMP and Phoenix have undertaken to commit up to RMB50 million each into UMP Phoenix JV. Such funds will be used to establish the Healthcare Management Model and a medical center network in Beijing, as well as to recruit local management team and healthcare professionals.

As at 30 June 2016, the net carrying value of the investments in UMP Phoenix JV amounted to HK\$23.8 million, representing capital injection of HK\$29.1 million (or RMB24.25 million equivalent) from UMP to UMP Phoenix JV (RMB24.25 million, being approximately 48.5% of the RMB50 million fund commitment under the terms of the Joint Venture Agreement) and the amount of certain set-up costs for the three medical centers that have been paid by UMP on behalf of UMP Phoenix JV, offsetted by the HK\$10.0 million share of loss from UMP Phoenix JV.

## **Held-to-maturity Investments**

Held-to-maturity investments primarily represent the marketable corporate bonds issued by listed corporations with fixed interest rates from 0.98% to 6.875% per annum. The marketable debt securities which will mature within one year and more than one year are classified as current assets and non-current assets respectively. The Group receives related interest payments semi-annually and annually.

As at 30 June 2016, the Group's held-to-maturity investments amounted to HK\$56.7 million (FY2015: Nil), of which HK\$30.0 million is classified as current assets and HK\$26.7 million is classified as non-current assets, respectively.

## **Goodwill**

Goodwill primarily represents the excess of the aggregate of the consideration over the fair value of the identifiable net assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

As at 30 June 2015 and 30 June 2016, the Group's goodwill amounted to HK\$28.1 million and HK\$32.8 million, respectively. The increase in goodwill was due to the acquisition of an ophthalmology clinic in Hong Kong which was completed on 31 May 2016.

## **Trade Receivables**

Trade receivables primarily comprise receivables due from Contract Customers under fee for service plans and capitation plans. Most Self-paid Patients of medical and dental practices settle in cash, although payments made by credit card will be classified as trade receivables until they are settled (typically within two to three days). Contract Customers typically settle payments within one to two months of the provision of services to their members. The Group allows an average credit period of 30 to 90 days to its Contract Customers. The Group does not hold any collateral or other credit enhancement arrangements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 30 June 2015 and 30 June 2016, the Group's trade receivables amounted to HK\$45.1 million and HK\$47.5 million, respectively. The average trade receivables turnover days for FY2016 and FY2015 was 37 days and 40 days respectively. The decrease was primarily due to the increase in the number of Self-paid Patients who typically settle by cash or credit card at the end of each visit.

### **Trade Payables**

Trade payables primarily comprise professional fees accrued and owing to Affiliated Doctors and amounts owing to suppliers of medical equipment and consumables. Trade payables are non-interest-bearing and are normally settled within one to three months.

The Group's trade payables amounted to HK\$41.1 million and HK\$47.3 million, respectively, as at 30 June 2015 and 30 June 2016. The increase in trade payables was primarily due to an increase in the amount of professional fees accrued and payable to Doctors as a result of the provision of more services to Contract Customers and increased revenue.

### **Net Change in Financial Position**

The Group's net assets amounted to HK\$410.6 million and HK\$66.2 million as at 30 June 2016 and 30 June 2015, respectively. The increase in net assets was primarily due to the cash proceeds of HK\$330 million, net of direct costs associated with the listing, from the completion of our initial public offering on the Stock Exchange in November 2015.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has historically funded its operations primarily by cash generated from operating activities. Going forward, the Group expects to satisfy its liquidity requirements using a combination of cash generated from operating activities and net proceeds from the Global Offering, although it may also seek to borrow to satisfy liquidity requirements. As of 30 June 2016, the Group had cash and cash equivalents of HK\$261.3 million.

As of the date of this announcement, the Group did not have any bank borrowings nor outstanding bank loans.

### **SIGNIFICANT INVESTMENTS HELD**

During the reporting period, the Group has made held-to-maturity investments for corporate treasury purpose. The held-to-maturity investments are revenue in nature in the ordinary and usual course of business of the Group. The Group receives related interest payments semi-annually and annually.

As at 30 June 2016, the Group's held-to-maturity investments amounted to HK\$56.7 million (FY2015: Nil), of which HK\$30.0 million is classified as current assets and HK\$26.7 million is classified as non-current assets, respectively.

Save as disclosed above, the Group did not hold any other significant investments during FY2016.

## **CAPITAL STRUCTURE**

The shares of the Company were listed on the Stock Exchange on 27 November 2015. There has been no change in the capital structure of the Company since then. The capital of the Company comprises ordinary shares and other reserves.

## **MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES**

Except for the acquisition of the entire interest in Shanghai Eaton Consulting Limited for a total consideration of RMB5.1 million (approximately HK\$6.2 million) on 30 October 2015 and the acquisition of an ophthalmology clinic in Hong Kong for a total consideration of HK\$5.1 million, there was no material acquisition or disposal of subsidiaries undertaken by the Group during FY2016.

## **CAPITAL EXPENDITURE**

The capital expenditure during the year was primarily related to deposits paid for and expenditures on additions of property, plant and equipment and renovation for the Group's medical centers. For FY2016, the Group incurred capital expenditure in an aggregate amount of approximately HK\$26.8 million (2015: HK\$22.8 million).

## **INDEBTEDNESS**

### **Borrowings**

During the reporting period, the Group did not have any bank borrowings or enter into any bank loan facilities and as at 30 June 2016, the Group had no outstanding bank loans, other borrowings or indebtedness.

### **Contingent Liabilities**

As at 30 June 2016, the Group did not have any material off-balance sheet arrangements.

## **RISK MANAGEMENT**

### **Foreign Currency Risk**

During the reporting period, the Group undertook certain transactions in foreign currencies, which exposed the Group to foreign currency risk, primarily relating to the Renminbi against Hong Kong Dollars.

The Group did not use any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging against significant foreign exchange exposure when the need arises.

## **Credit risk**

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and concentrations of credit risk are managed by customer/counterparty.

## **PLEDGE OF ASSETS**

As at 30 June 2016, the Group has pledged certain deposits with an aggregate carrying amount of HK\$0.8 million (30 June 2015: HK\$1.0 million) in connection with a surety bond issued by a bank in favour of an independent third party for potential damages of dental equipment and a bank guarantee issued by a bank in favour of a landlord for leasing of a medical center of the Group.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 June 2016, the Group had a total of 392 full-time employees (FY2015: 296 employees). For FY2016, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK\$78.7 million (year ended 30 June 2015: HK\$65.8 million).

The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, prevailing remuneration benchmarks in the industry, and market conditions within the general framework of the Group's remuneration system.

In addition, the Company also adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, where eligible participants are entitled to subscribe for the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 30 June 2016, 46,400,000 options under the Pre-IPO Share Option Scheme remained outstanding and no share options under the Pre-IPO Share Option Scheme have been exercised during FY2016. As at 30 June 2016, 2,426,000 options were granted and remained outstanding under the Post-IPO Share Option Scheme and no share options under the Post-IPO Share Option Scheme have been exercised during the year ended 30 June 2016.

In addition, the Company has also adopted the Share Award Scheme on 30 June 2016 to provide an incentive and reward to selected participants for their contribution or potential contribution to the Group. No award have been granted under the Share Award Scheme since its adoption.

The remuneration of the Directors are reviewed by the Remuneration Committee and approved by the Board, according to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Company's operating results and comparable market statistics.

## **USE OF PROCEEDS**

The shares of the Company were listed on the Main Board of the Stock Exchange on 27 November 2015. Net proceeds from the Global Offering were approximately HK\$330 million after deducting the underwriting commission and relevant expenses. The Company intends to use such proceeds in the manner consistent with that disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus. For the year ended 30 June 2016, the Group has used the net proceeds in the following key items:

- (i) HK\$34.3 million which primarily consists of shareholders’ loan of HK\$29.1 million (or RMB24.25 million equivalent) used to fulfill the Group’s minimum capital commitment under the agreement with UMP Phoenix JV to set up and operate the initial three medical centres in Beijing;
- (ii) Approximately HK\$22 million used to set up our management office and a medical centre in Shanghai, which included but not limited to (a) costs in relation to the purchase of items of property, plant and equipment, (b) rental and building management fees deposits for the premises, and (c) payments of pre-opening rental expense of the medical centre;
- (iii) Approximately HK\$2.4 million used to set up a dedicated day surgery and endoscopy centre in Hong Kong;
- (iv) Approximately HK\$2.3 million used to relocate and expand our specialist medical centre in Hong Kong; and
- (v) Approximately HK\$2.0 million used to renovate our flagship medical centre in Central, Hong Kong.

## **FINAL DIVIDEND**

The Board proposed payment of a final dividend of HK2.0 cents per ordinary share for FY2016. The proposed final dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 18 November 2016. Subject to the approval by the shareholders of the Company at the 2016 AGM to be held on Thursday, 10 November 2016 at 2 p.m., it is expected that the final dividend will be paid on or before Tuesday, 6 December 2016.

## **ANNUAL GENERAL MEETING**

The 2016 AGM will be held on Thursday, 10 November 2016 at 2 p.m.. A notice convening the 2016 AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS FOR THE 2016 AGM**

For determining the entitlement to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Tuesday, 8 November 2016 to Thursday, 10 November 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the meeting, investors should lodge all transfers of shares accompanied by the relevant share certificates and transfer forms with the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 7 November 2016.

## **CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND**

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 16 November 2016 to Friday, 18 November 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 15 November 2016.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high standards of corporate governance and transparency. The Company has complied with the CG Code since the Listing Date up to 30 June 2016, except for the deviation mentioned below:

### **Code Provision A.2.1**

According to code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Dr. Sun Yiu Kwong, the Chairman, is also the Chief Executive Officer. The Board believes that vesting the roles of both chairman and chief executive officer in an experienced and qualified person such as Dr. Sun Yiu Kwong provides the Company with strong and consistent leadership while allowing effective and efficient planning and implementation of business decisions and strategies. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangement when the Board considers appropriate.

Further information of the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for FY2016.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code for dealings in the securities by Directors.

Having made specific enquiry, all Directors have confirmed compliance with the Model Code since the Listing Date up to 30 June 2016. However, the Company received a letter on 4 August 2016 from Dr. LI Kwok Tung, Donald *SBS JP* (“**Dr. Li**”), an independent non-executive Director that on 4 August 2016, Dr. Li purchased 92,000 shares of the Company at the price of HK\$1.12 despite Dr. Li, as a director of the Company, is prohibited from dealing with the securities of the Company during the black-out period (being the period from 28 July 2016 up to the publication date of this announcement). Dr. Li explained to the Company that such mistake was made out of an inadvertent oversight as to the commencement date of the black-out period. Upon realising his mistake, Dr. Li immediately sold 92,000 shares of the Company at the price of HK\$1.14 within an hour. Dr. Li has donated the gain of approximately HK\$2,000 made as a result of the transactions to Hong Kong Red Cross on the same date. It is confirmed that there was no inside information provided to any Directors and Dr. Li did not possess any inside information at the time of purchase and selling down. Dr. Li acknowledged to the Company for his breach of Rules A.3 and B.8 of the Model Code in relation to this incident. In view of this incident and in order to ensure strict compliance of the Listing Rules and enhance corporate governance measures, the Company will remind all Directors as to their respective obligations under the Listing Rules in all aspects, including but not limited to the restrictions in dealing with Company’s securities. In addition, refresher course as to the Listing Rules and corporate governance will be provided to Dr. Li as appropriate.

Senior managers, executives and staff who, because of their roles in the Company, are likely to possess inside information, have also been requested to comply with the Code of Conduct for Securities Transactions by Employees, the terms of which are no less exacting than those set out in the Model Code. To the best knowledge of the Company, no incident of non-compliance of the Code of Conduct for Securities Transactions by Employees.

## **SCOPE OF WORK OF THE COMPANY’S AUDITORS IN RESPECT OF THIS PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2016 as set out in this announcement have been agreed by the Company’s auditors to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by the Company’s auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company’s auditors on this preliminary announcement.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the CG Code on 2 November 2015 which comprises three independent non-executive Directors, namely Mr. Lee Luen Wai, John *BBS JP* (chairman), Dr. Li Kwok Tung, Donald *SBS JP* and Mr. Yeung Wing Sun, Mike, all of whom possess extensive experience in financial and general management. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee reviewed the audited consolidated financial statements of the Group for FY2016, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Since the Listing Date and up to 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **PUBLIC FLOAT**

From information that is publicly available to the Company and within the knowledge of its Directors, at least 25% of the Company's total issued share capital is held by the public since the Listing Date and up to the date of this announcement.

## **EVENTS AFTER REPORTING PERIOD**

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2016 and up to the date of this announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE**

This announcement is required to be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ump.com.hk](http://www.ump.com.hk)), respectively. The annual report of the Company for FY2016 containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

## DEFINITIONS

“2016 AGM”	the annual general meeting of the Company to be held on Thursday, 10 November 2016.
“Affiliated Clinic(s)”	clinic(s) which is not operated by the Group but which has entered or will enter into an agreement directly with the Group to offer Medical Services, Dental Services and/or Auxiliary Services to the Plan Members.
““Affiliated Doctor”, “Affiliated Dentist”, “Affiliated Auxiliary Services Providers”	doctor(s)/dentist(s)/Auxiliary Services Provider(s) who has entered or will enter into an agreement directly with the Group to provide services to Plan Members and who, in accordance with the terms of such agreement, has received or will receive an amount from the Group based on the volume of Plan Members treated
“Audit Committee”	the audit committee of the Board
“Auxiliary Services”	includes imaging and laboratory services, physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment
“Auxiliary Services Provider”	includes imaging and laboratory services, physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment
“BBS”	Bronze Bauhinia Star
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“Code of Conduct for Securities Transactions by Employees”	the Code of Conduct for Securities Transactions by Employees adopted by the Company
“Company”	UMP Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 5 November 2014
“Contract Customers”	collectively, insurance companies and corporations which have entered or will enter into corporate plans with the Group for healthcare benefits for Plan Members

“Dental”, “Dental Services”	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening
“Dentists”	dentists who is or will be engaged directly by the Group as a consultant to provide Dental Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Dentists
“Developing PRC Business”	PRC Corporate Healthcare Solutions and Clinical Healthcare Business
“Directors”	directors of the Company
“Doctors”	doctors who is or will be engaged directly by the Group as a consultant to provide Medical Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group and the Affiliated Doctors
“FY2015”	the financial year ended 30 June 2015
“FY2016”	the financial year ended 30 June 2016
“General Practitioner”	Doctors trained in general practice and best suited to act as first point of contact for patients, having the required knowledge to refer patients to the appropriate specialists or services required
“Global Offering”	the offer of the shares of the Company to the public in Hong Kong and outside the United States of America in offshore transactions in reliance on Regulation S, the details of which are set out in the section headed “Structure of the Global Offering” of the Prospectus
“Group”, “we” or “UMP”	the Company and its subsidiaries
“Healthcare Management Model”	the Group’s business model that is founded on the basis that General Practitioners are best suited to serve as the first point of contact for patients given their training in family medicine
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong & Macau Clinical Healthcare Service”	provision of clinical healthcare services to Self-paid Patients

“Joint Venture Agreement”	the joint venture agreement entered into between UMP Healthcare China, a wholly-owned subsidiary of the Company, and Pinyu on 13 July 2015 for the purpose of forming UMP Phoenix JV
“JP”	Justice of the Peace
“Listing Date”	27 November 2015
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Medical”, “Medical Services”	include general practice and specialist practice. Specialist practice includes Cardiology, Dermatology, Endocrinology, Diabetes and Metabolism, Family Medicine, Gastroenterology and Hepatology, General Surgery, Internal Medicine, Nephrology, Neurology, Neurosurgery, Obstetrics and Gynaecology, Ophthalmology, Orthopaedics and Traumatology, Otorhinolaryngology (ENT), Paediatrics, Paediatrics Surgery, Radiology, Respiratory Medicine, Rheumatology and Urology. Please see <a href="http://www.ump.com.hk">www.ump.com.hk</a> for the updated list of specialist practices
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
“NWS”	NWS Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 659)
“Phoenix”	Phoenix Healthcare Group Co. Ltd., a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange and a substantial shareholder of the Company
“Phoenix Healthcare Group”	Phoenix and its subsidiaries
“Pinyu”	Pinyu Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is a substantial shareholder of the Company and an indirect wholly-owned subsidiary of Phoenix
“Plan Members”	members of the Group’s corporate healthcare benefits plans, who typically include group medical insurance policyholders and employees of corporations and/or their dependants

“Post-IPO Share Option Scheme”	the post-IPO share option scheme approved and adopted by the Company on 2 November 2015
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan)
“PRC Corporate Healthcare Solutions and Clinical Healthcare Business”	development of corporate healthcare solutions and clinical healthcare services in China
“PRC Health Check-up Business”	provision of check-up services for (i) PRC residents traveling abroad for study or for work and (ii) for corporate employees
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Board on 18 August 2015
“Prospectus”	the prospectus of the Company dated 17 November 2015
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the restructuring steps taken by the Group in connection with the listing of the Shares of the Company, further details of which are set out in the section headed “History and Reorganisation” in the Prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“SBS”	Silver Bauhinia Star
“Self-paid Patients”	patients who visit a UMP Medical Centre operated by the Group and pays for services using cash or credit card
“Share Award Scheme”	the share award scheme approved and adopted by the Board on 30 June 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UMP Healthcare China”	UMP Healthcare China Limited, a company incorporated under the laws of the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“UMP Medical Centre(s)”	medical centre(s) offering Medical Services, Dental Services and/or Auxiliary Services which is operated by the Group
“UMP Network”	consist of (i) UMP Medical Centres which are operated by the Group and (ii) Affiliated Clinics

“UMP Phoenix JV”	UMP Phoenix Healthcare Limited, a joint venture company formed by the Group and Phoenix pursuant to the Joint Venture Agreement
“US\$”	US dollar, the lawful currency of the United States of America

In this announcement, the terms “associate”, “connected person”, “connected transaction”, “subsidiary” and “substantial shareholder” shall have the same meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 26 September 2016

*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 Mr. JIANG Tianfan 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.*