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 2017

FINANCIAL HIGHLIGHTS

	Year ended 30 June			
	2017	2016	Increase/	
	HK$'000	*HK$'000*	(decrease)	*Notes*
Revenue	**514,023**	456,020	12.7%	
Profit before tax	**57,094**	14,254	300.5%	
Depreciation and amortisation	**17,561**	9,611	82.7%	
EBITDA(1)	**71,594**	22,993	211.4%	
Net profit	**48,244**	6,882	601.0%	
Revenue by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**311,668**	293,112	6.3%	
Hong Kong & Macau Clinical Healthcare Services	**234,581**	204,760	14.6%	
PRC Health Check-up Business	**42,797**	22,916	NM	
PRC Corporate Healthcare Solution & Clinical Healthcare Business	**1,792**	–	NM	
Total before elimination of inter-business lines sales	**590,838**	520,788	13.5%	
Reconcilation:				
Elimination of inter-business lines sales	**(76,815)**	(64,768)		
	514,023	456,020	12.7%	

	Year ended 30 June			
	2017	2016	Increase/	
	HK$'000	*HK$'000*	(decrease)	*Notes*
Operating profit by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**31,673**	30,332	4.4%	
Operating profit margin	**10.2%**	10.3%		
Hong Kong & Macau Clinical Healthcare Services	**16,977**	20,600	(17.6%)	
Operating profit margin	**7.2%**	10.1%		
PRC Health Check-up Business	**15,368**	6,835	NM	
Operating profit margin	**35.9%**	29.8%		
PRC Corporate Healthcare Solution & Clinical Healthcare Business[2]	**(33,538)**	(17,484)	NM	
EBITDA excluding Developing PRC Business[3]				
EBITDA	**71,594**	22,993	211.4%	*(a)*
Reconciliations:				
Operating losses of PRC Corporate Healthcare Solution & Clinical Healthcare Business in Beijing & Shanghai	**19,536**	–		*(b)*
Recognition of pre-opening expenses of a clinic in Shanghai	**–**	7,517		*(c)*
Share of losses of joint ventures in Beijing	**14,002**	9,967		*(d)*
Equity-settled share option expense	**8,066**	7,546		*(e)*
One-off listing expenses	**–**	16,376		*(f)*
Gain on disposal of subsidiaries	**(23,397)**	–		*(g)*
Gain on remeasurement of previously held interests in joint ventures	**(22,847)**	–		
Gain on bargain purchase	**(401)**	(3,499)		*(h)*
	66,553	60,900	9.3%	*(i)*

(i) = (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h)

(1) EBITDA represents earnings before interest, tax, depreciation and amortisation.

(2) Management views PRC Corporate Healthcare Solution & Clinical Healthcare Business as the Group's PRC Developing Business.

(3) EBITDA excludes PRC Developing Business is adjusted for (i) one-off non-recurring items, (ii) non-cash share option expense, (iii) operating losses of PRC Corporate Healthcare Solution & Clinical Healthcare Business in Beijing & Shanghai and (iv) share of losses of joint ventures in Beijing, giving shareholders a proxy of cash flow 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 PRC Developing 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. The consolidated results of the Company and its subsidiaries for the year ended 30 June 2017 are shown on page 7 to 10.

A YEAR IN REVIEW

UMP is one of the leading corporate healthcare solution providers in Hong Kong serving more than 1.4 million medical and dental patient visits annually. Our business model of working with corporates and insurance companies to tailor-made comprehensive healthcare service offerings to their staff and policyholders allows us to have a sticky, steady and growing members and patient base at the primary care entry level, and thereafter allowing UMP to deliver additional add-on services to customers including specialist services, secondary dental services and other auxiliary services.

UMP's existing business has continued to perform well in FY2017. In FY2017, as UMP continues to gain further brand recognition for its services from its corporate customers and patients, the total number of patient visits has continued to increase as compared to the same period in FY2016. UMP has also been investing in different specialties and is currently reviewing numerous potential acquisition opportunities to strengthen UMP's presence, service offerings and network locations in Hong Kong and Macau.

FY2017 marks another important milestone for us following the completion of our IPO in November 2015. Since our IPO, we have been working hard to expand our presence in China and within a short period of time, UMP now has over 8 service locations covering both Beijing and Shanghai. During this financial year, UMP has also undergone strategic group restructurings, laying the foundations for fast expansion of its clinic network and services in the PRC.

During FY2017, UMP has partnered up with Healthcare Ventures (a substantial shareholder of the Company) and NWS to pursue an asset-light operating model. Under such asset-light operating model, HAML (a 50:50 joint venture owned by Healthcare Ventures and NWS Subsidiary) takes the lead to invest, establish and acquire clinics in the PRC and has appointed UMP as the manager to manage such clinics. Subject to meeting certain requirements, we will be receiving management fees for managing such clinics.

HAML has acquired the four PRC clinics recently established by us. Going forward, we will continue to work with HAML to select strategic sites to open up further clinics and medical centers in the PRC. We will be focusing on the development of our corporate healthcare solution business, leveraging on the network of clinics owned by HAML as well as clinics owned by other third parties. In addition, should opportunities arise and subject to the terms of agreements we have signed with HAML, we will also maintain flexibility to selectively open up clinics and medical centers in the PRC. We believe that such new asset-light model will be beneficial to the Company and our shareholders as a whole. For further details of the aforesaid transaction, please refer to the Announcement and the Circular.

As shown in our financial highlights, our FY2017 EBITDA excluding PRC Developing Business was HK$66.6 million, representing a year-on-year increase of 9.3%. With such strong cash flow from operations, we have proposed a FY2017 final dividend of 2.2 cents per Share, subject to shareholders' approval at our forthcoming annual general meeting.

OUTLOOK

Hong Kong and Macau

Despite intense competition, we managed to achieve an organic growth of 9.7% for this fiscal year for both corporate healthcare solutions and clinical healthcare services. With a healthy cash reserve, we will strengthen our collaborations with strategic partners to establish a Hong Kong-PRC-Macau intercity outpatient and inpatient service network to provide bespoke healthcare management services for individuals and corporations and insurance policyholders.

We shall continue to work closely with corporations and medical insurance organisations on providing comprehensive healthcare solutions, and, with a mixture of caution, innovation and flexibility, strive to capture a leading market share.

PRC

Recent government policy reiterates accelerating the development of healthcare services as a strategic move to enhance the supply-side structural reform to increase quality and efficiency and provide sustainable growth. The ongoing healthcare reform has encouraged greater private sector participation to offer alternatives to those seeking a more diverse scope of medical services and better products to the growing middle class population, and to reduce overcrowding in public facilities. The private healthcare sector has been moving fast to keep pace with the escalating demand for health services prompted by rising incomes and the aging population.

We have developed a clear and shared vision on the private sector's potential contribution to health system goals and strive to identify areas where we can contribute most effectively in the long term. It has been our intention to build a strong primary healthcare workforce by introducing career development prospects for medical and health workers with enhanced compensation and standardised training to support competency. We hope this strategic planning will help increase recruitment, retention and motivation of primary care doctors, and to improve people's trust in the quality of care at the primary care level.

We believe that there is significant market demand for corporate healthcare solutions and private clinical healthcare services in the PRC where the 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. This population, with rising income and strong purchasing power, generally views good health as a priority in achieving a better quality of life for their families and is willing 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.

PRC Corporate Healthcare Solution

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. During the past financial year, we have received increasing interests from insurance companies and employee benefit organisations who are keen to develop and offer innovative preventive and outpatient products for corporate staff.

We have been working closely with insurance companies to design cost effective products to the market, with UMP providing guidance on effective health maintenance and effective cost control measures to balance healthcare needs with corporate budgets. In addition, we have also noticed increasing interests from corporates to offer cross-border healthcare services to their staff, as well as insurance companies offering cross border solutions to their policyholders. We believe our ability to offer healthcare solutions covering Hong Kong, Macau, Beijing, Shanghai and Guangdong areas will provide us with competitive advantages as corporates and insurance companies are increasingly looking to work with service providers that are able to offer one-stop multi-regions solutions for their staff and policyholders.

Our clinic network expansion

As we expand our product offerings in the PRC, we will continue to work closely with HAML to select strategic sites for our clinic network expansion, thereby further reinforcing our service capability in terms of both scope of services and our geographical reach in key cities in the PRC. Our initial focus will continue to be in Beijing, Shanghai, Guangzhou and Shenzhen.

We will be managing a new medical centre to be established by HAML in Guangzhou Central business district area. Such medical center is expected to commence operations in 2H2018. In Shenzhen, we are now working with a strategic partner to also establish our presence there. As we establish our flagship "hub" medical centers in each of these key cities, we shall also be establishing, acquiring and integrating further smaller "spoke" clinics in each of Beijing, Shanghai, Guangzhou and Shenzhen.

The UMP Training Programme

Our clinic network expansion strategy would also entail working with clinics on an affiliation basis. We will introduce to these affiliated clinics our UMP clinic management protocols and proprietary IT management systems to ensure efficient monitoring of healthcare services and claims administration. Most recently, we have partnered up with Zhu Hai International Travel Healthcare Centre ("Zhuhai ITHC") whereby Zhuhai ITHC will also become one of UMP's service points in Zhuhai, thereby expanding UMP's service capability further within PRC.

We believe there will be more similar public-private partnerships going forward as we continue to expand our product offerings in the PRC. To achieve such partnerships, UMP is actively promoting and rolling out its own doctors and clinic management training programmes to potential doctors, partners and government entities. Our UMP training programmes are put together by seasoned family medicine doctors who are also actively involved in assisting the PRC government in popularising family medicine doctors as gatekeepers for the population's health. The UMP training programmes focus on the latest clinical knowledge and skills for common diseases and treatments, communication skills, quality assurance and annual assessment.

We are developing an internal ongoing training programme for our full-time PRC doctors based upon the Hong Kong family medicine vocational training curriculum and the needs of PRC patients. These programmes are further localised with input from local PRC family medicine doctors to ensure they are executable in each of the region we operate in.

We see significant market potential for UMP to extend our corporate healthcare solution services to the PRC market. Over the past 25 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.

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 2017, together with the comparative amounts for the year ended 30 June 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
REVENUE	*5*	**514,023**	456,020
Other income and gains	*5*	**53,626**	8,489
Professional services expenses		**(287,603)**	(258,398)
Employee benefit expense		**(100,291)**	(78,667)
Property rental and related expenses		**(40,979)**	(35,391)
Cost of inventories consumed		**(20,500)**	(17,585)
Depreciation and amortisation		**(17,561)**	(9,611)
Other expenses, net		**(31,241)**	(42,441)
Share of profits and losses of:			
Joint ventures		**(14,002)**	(9,967)
Associates		**1,622**	1,805
PROFIT BEFORE TAX	*6*	**57,094**	14,254
Income tax expense	*7*	**(8,850)**	(7,372)
PROFIT FOR THE YEAR		**48,244**	6,882
Attributable to:			
Owners of the Company		**44,085**	6,676
Non-controlling interests		**4,159**	206
		48,244	6,882
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**HK6.01 cents**	HK1.01 cents
Diluted		**HK5.94 cents**	HK1.01 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	2017 HK$'000	2016 HK$'000
PROFIT FOR THE YEAR	**48,244**	6,882
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	**418**	–
Exchange differences on translation of foreign operations	**(919)**	(1,274)
Reclassification adjustment for a foreign operation disposed of during the year	**596**	–
Reclassification adjustment for a foreign operation upon subscription of additional interest in joint ventures, which became subsidiaries during the year	**979**	–
Share of other comprehensive loss of joint ventures	**(750)**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**324**	(1,274)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**48,568**	5,608
Attributable to:		
Owners of the Company	**44,424**	5,476
Non-controlling interests	**4,144**	132
	48,568	5,608

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**43,934**	38,416
Goodwill	*10*	**41,357**	32,755
Other intangible asset		**222**	333
Investments in joint ventures	*11*	**920**	23,814
Investments in associates		**3,116**	2,209
Held-to-maturity investments	*12*	**46,017**	26,721
Available-for-sale investments		**9,425**	9,007
Deferred tax assets		**1,375**	1,157
Deposits		**15,263**	16,281
Total non-current assets		**161,629**	150,693
CURRENT ASSETS			
Inventories		**6,685**	6,907
Trade receivables	*13*	**56,791**	47,450
Prepayments, deposits and other receivables		**8,849**	9,434
Financial assets at fair value through profit or loss		**2,356**	2,026
Held-to-maturity investments	*12*	**15,005**	30,007
Due from associates		**6,193**	593
Due from related companies		**5,284**	–
Tax recoverable		**753**	446
Pledged deposits		**821**	783
Cash and cash equivalents		**434,073**	261,299
Total current assets		**536,810**	358,945
CURRENT LIABILITIES			
Trade payables	*14*	**53,747**	47,291
Other payables, accruals and deferred income		**37,155**	41,530
Due to associates		**213**	266
Due to related companies		**423**	–
Tax payable		**9,244**	7,838
Total current liabilities		**100,782**	96,925
NET CURRENT ASSETS		**436,028**	262,020
TOTAL ASSETS LESS CURRENT LIABILITIES		**597,657**	412,713

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**969**	397
Provision		**1,074**	1,718
Total non-current liabilities		**2,043**	2,115
Net assets		**595,614**	410,598
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**737**	736
Reserves		**531,882**	411,367
		532,619	412,103
Non-controlling interests		**62,995**	(1,505)
Total equity		**595,614**	410,598

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;
- other auxiliary medical services; and
- healthcare management services

The shares of the Company were listed on the Main Board of the Stock Exchange on 27 November 2015.

2. 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.

3.1 CHANGES IN DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

3.2 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	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Amendments to HKAS 40	*Transfers of Investment Property*[2]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[2]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[3]
Annual Improvements 2014-2016 Cycle	Amendments to a number of HKFRSs[5]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption
5 Effective for annual periods beginning on or after 1 January 2018, except for the amendments to HKFRS 12, which are effective for annual periods beginning on or after 1 January 2017

4. 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 asset, 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 2017

	Corporate Healthcare Solution Services to Contract Customers *HK$'000*	Clinical Healthcare Services *HK$'000*	Total *HK$'000*
Segment revenue:			
External sales	**310,520**	**203,503**	**514,023**
Intersegment sales	**1,148**	**75,667**	**76,815**
	311,668	**279,170**	**590,838**
Reconciliation:			
Elimination of intersegment sales			**(76,815)**
Revenue			**514,023**
Segment results	**31,673**	**23,678**	**55,351**
Reconciliation:			
Interest income			**3,061**
Other income			**3,590**
Unallocated gains			**46,975**
Share of profits and losses of:			
Joint ventures			**(14,002)**
Associates			**1,622**
Corporate and other unallocated expenses			**(39,503)**
Profit before tax			**57,094**
Segment assets	**151,540**	**263,401**	**414,941**
Reconciliation:			
Elimination of intersegment receivables			**(76,060)**
Corporate and other unallocated assets			**359,558**
Total assets			**698,439**
Segment liabilities	**80,569**	**97,039**	**177,608**
Reconciliation:			
Elimination of intersegment payables			**(76,060)**
Corporate and other unallocated liabilities			**1,277**
Total liabilities			**102,825**
Other segment information:			
Depreciation and amortisation	**2,138**	**15,423**	**17,561**
Capital expenditure*	**10,949**	**26,039**	**36,988**
Loss on disposal of items of property, plant and equipment	**61**	**17**	**78**
Write-off of trade receivables	**65**	**23**	**88**

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

Year ended/as at 30 June 2016

	Corporate Healthcare Solution Services to Contract Customers *HK$'000*	Clinical Healthcare Services *HK$'000*	Total *HK$'000*
Segment revenue:			
External sales	292,241	163,779	456,020
Intersegment sales	871	63,897	64,768
	293,112	227,676	520,788
Reconciliation:			
Elimination of intersegment sales			(64,768)
Revenue			456,020
Segment results	30,332	19,918	50,250
Reconciliation:			
Interest income			872
Other income			4,118
Unallocated gain			3,499
Share of profits and losses of:			
Joint ventures			(9,967)
Associates			1,805
Corporate and other unallocated expenses			(36,323)
Profit before tax			14,254
Segment assets	146,660	77,674	224,334
Reconciliation:			
Elimination of intersegment receivables			(33,499)
Corporate and other unallocated assets			318,803
Total assets			509,638
Segment liabilities	71,140	59,142	130,282
Reconciliation:			
Elimination of intersegment payables			(33,499)
Corporate and other unallocated liabilities			2,257
Total liabilities			99,040
Other segment information:			
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

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

Geographical information

During the year ended 30 June 2017, the Group operates within three geographical locations, Hong Kong, Macau and the PRC. Approximately 86% (2016: 91%) of the Group's revenue was generated in Hong Kong. Less than 10% of the Group's revenue was generated in Macau or the PRC. Accordingly, no geographical information in respect of revenue from external customers is presented.

Non-current assets

	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**73,366**	88,097
The PRC	**22,806**	13,339
Macau	**1,754**	2,372
	97,926	103,808

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

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:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**61,249**	60,036
Customer B	**37,327**	N/A*

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

5. 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:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Provision of corporate healthcare solution services to contract customers:		
Medical services	**295,567**	276,138
Dental services	**14,953**	16,103
Provision of clinical healthcare services:		
Medical services	**151,636**	117,258
Dental services	**51,867**	46,521
	514,023	456,020
Other income and gains		
Administrative support fees	**2,350**	2,292
Bank interest income	**662**	430
Interest income on held-to-maturity investments	**1,904**	413
Interest income on available-for-sale investments	**495**	29
Dividend income from financial assets at fair value through profit or loss	**84**	98
Fair value gains on financial assets at fair value through profit or loss	**330**	–
Gain on bargain purchase	**401**	3,499
Gain on disposal of subsidiaries	**23,397**	–
Gain on remeasurement of previously held interests in joint ventures	**22,847**	–
Others	**1,156**	1,728
	53,626	8,489

6. PROFIT BEFORE TAX

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

	2017	2016
	HK$'000	*HK$'000*
Cost of services rendered	**287,603**	258,398
Equity-settled share option expense (including employees and professional consultants)	**8,066**	7,546
Foreign exchange differences, net	**129**	124
Loss on disposal of items of property, plant and equipment	**78**	336
Listing expenses	**–**	16,376
Minimum leases payments under operating leases	**35,132**	30,536
Write-off of trade receivables	**88**	107
Impairment/(reversal of impairment) of amounts due from associates	**(282)**	1,687
Fair value losses/(gains) on financial assets at fair value through profit or loss	**(330)**	696

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

	2017	2016
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**6,864**	6,825
Underprovision/(overprovision) in prior years	**200**	(360)
Current — Elsewhere		
Charge for the year	**1,878**	1,921
Withholding tax	**(71)**	140
Overprovision in prior years	**(365)**	(1,131)
Deferred	**344**	(23)
Total tax charge for the year	**8,850**	7,372

8. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final 2016 — HK2.0 cents (2015: HK$30,000,000) per ordinary share	**14,720**	30,000
Less: Dividend for shares held under the share award scheme	**(44)**	–
	14,676	30,000
Interim 2017 — HK0.5 cent (2016: Nil) per ordinary share	**3,680**	–
Less: Dividend for shares held under the share award scheme	**(22)**	–
	3,658	–
	18,334	30,000
Dividend proposed after the end of the reporting period:		
Proposed final 2017 — HK2.2 cents (2016: HK2.0 cents) per ordinary share	**16,283**	14,720

The proposed final 2017 dividend of HK2.2 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.

9. 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$44,085,000 (2016: HK$6,676,000), and the weighted average number of ordinary shares of 733,369,479 (2016: 661,092,896) in issue during the year, as adjusted to exclude the shares held under the share award scheme, on the assumption that the capitalisation issue, as further explained in note 15 below, had been completed on 1 July 2015.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$44,085,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 733,369,479 in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 9,300,829 assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares. 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.

10. GOODWILL

	2017	2016
	HK$'000	*HK$'000*
At beginning of year	**32,755**	28,086
Acquisitions of subsidiaries/business *(note 16)*	**8,602**	4,669
At end of year	**41,357**	32,755

11. INVESTMENTS IN JOINT VENTURES

	2017	2016
	HK$'000	*HK$'000*
Share of net assets/(liabilities)	**920**	(10,196)
Due from joint ventures	**–**	34,010
	920	23,814

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

During the years ended 30 June 2017 and 2016, the Group had the following material transactions in connection with its investments in joint ventures:

(a) On 13 July 2015, the Group entered into a joint venture agreement with Pinyu to establish UMP Healthcare (Beijing) on 50-50 basis and set up medical centres in the Beijing, Tianjin and Hebei regions, the PRC. Under the terms of the joint venture agreement, each party will advance interest-free shareholder's loan in an aggregate sum of no less than RMB50 million (equivalent to HK$58 million) to UMP Healthcare (Beijing) in stages. Pinyu is a wholly-owned subsidiary of China Resources Phoenix Healthcare Holdings Company Limited, which is a company listed on the Stock Exchange and owned 15% (2016: 15%) equity interest in the Company as at 30 June 2017.

(b) On 28 July 2016, the Group entered into another joint venture agreement with independent third parties to subscribe for 50% equity interest in Shanghai He Dun for a consideration of RMB1 million (equivalent to HK$1,151,000). Shanghai He Dun is primarily engaged in the provision of dental services in Shanghai, the PRC.

(c) On 30 August 2016, UMP Healthcare (Beijing) allotted 4,501 ordinary shares to the Group at par for a consideration of US$45.01 (equivalent to HK$351), which was settled through current account with UMP Healthcare (Beijing). On the same date, an amount due from UMP Healthcare (Beijing) to the Group of RMB24.25 million (equivalent to HK$29,122,000) was capitalised as investment in UMP Healthcare (Beijing).

(d) On 23 March 2017, UMP Healthcare (Beijing) disposed of its 100% equity interest in UMP Management to HAML, a company owned as to 50% by Healthcare Ventures, which is a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited and owns 15% equity interest in the Company, and as to 50% by Dynamic Ally Limited ("Dynamic Ally"), which is a wholly-owned subsidiary of NWS Holdings Limited, and assigned the shareholder's loan to HAML for a consideration of in the sum of RMB79.5 million and HK$2.8 million (equivalent to HK$92,091,000, in aggregate).

    On the same date, the Group subscribed for additional 6,668 ordinary shares of UMP Healthcare (Beijing) for a consideration of RMB32.3 million (equivalent to HK$36.3 million) (the "UMP Healthcare (Beijing) Subscription"). Immediately after the UMP Healthcare (Beijing) Subscription, the Group's equity interest in the UMP Healthcare (Beijing) Group increased from 50% to 70% and the UMP Healthcare (Beijing) Group became subsidiaries of the Group thereafter. A gain on remeasurement of investments in joint ventures, net of release of exchange fluctuation reserve of HK$979,000, of HK$22,847,000 was recognised in other income and gains in the consolidated statement of profit or loss for the year ended 30 June 2017.

12. HELD-TO-MATURITY INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Debt investments, at amortised cost	**61,022**	56,728
Analysed into:		
Non-current portion	**46,017**	26,721
Current portion	**15,005**	30,007
	61,022	56,728

As at 30 June 2017, the Group's held-to-maturity investments represented listed debt investments with fixed maturity dates between 2017 and 2022 and fixed interest rates ranging from 1.3% to 4.9% per annum (2016: 1.0% to 4.9% per annum).

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 designated policy 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:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**48,544**	34,705
1 to 2 months	**3,127**	6,073
2 to 3 months	**4,187**	2,646
Over 3 months	**933**	4,026
	56,791	47,450

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:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**22,506**	17,887
1 to 3 months	**30,866**	28,381
Over 3 months	**375**	1,023
	53,747	47,291

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days.

15. SHARE CAPITAL

	2017	2016
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 (2016: 5,000,000,000) ordinary shares of HK$0.001 (2016: HK$0.001) each	**5,000**	5,000
Issued and fully paid:		
737,492,000 (2016: 736,000,000) ordinary shares of HK$0.001 (2016: HK$0.001) each	**737**	736

The movements in the Company's authorised and issued share capital during the years ended 30 June 2017 and 2016 are as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares**
			HK$'000
Authorised:			
At 1 July 2015		5,000,000	388
Increase of 50,000 ordinary shares of HK$7.80 each	*(b)*	50,000	390
Cancellation of authorised but unissued shares of US$0.01 each	*(e)*	(5,000,000)	(388)
Sub-division of 50,000 ordinary shares of HK$7.80 each into ordinary shares of HK$0.01 each	*(f)*	38,950,000	–
Sub-division of 39,000,000 ordinary shares of HK$0.01 each into ordinary shares of HK$0.001 each	*(g)*	351,000,000	–
Increase of 4,610,000,000 ordinary shares of HK$0.001 each	*(g)*	4,610,000,000	4,610
At 30 June 2016, at 1 July 2016 and at 30 June 2017		5,000,000,000	5,000
Issued and fully paid:			
At 1 July 2015		1	–
Issuance of 99,999 ordinary shares of US$0.01 each	*(a)*	99,999	8
Share repurchase	*(c)*	(100,000)	(8)
Issuance of 1,000 ordinary shares of HK$7.80 each	*(d)*	1,000	8
Sub-division of 1,000 issued ordinary shares of HK$7.80 each into ordinary shares of HK$0.01 each	*(f)*	779,000	–
Sub-division of 780,000 issued ordinary shares of HK$0.01 each into ordinary shares of HK$0.001 each	*(g)*	7,020,000	–
Capitalisation issue	*(h)*	544,200,000	544
Issuance under initial public offering	*(i)*	184,000,000	184
At 30 June 2016 and at 1 July 2016		736,000,000	736
Exercise of share options	*(j)*	1,492,000	1
At 30 June 2017		737,492,000	737

(a) 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.

(b) 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.

(c) 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 (d) below).

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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 (i) below.

(i) 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.

(j) The subscription rights attaching to 1,492,000 share options were exercised at the subscription price of HK$1.2228 per share, resulting in the issue of 1,492,000 ordinary shares of HK$0.001 each for a total cash consideration, before expenses, of HK$1,824,000. An amount of HK$508,000 was transferred from the share-based payment reserve to the share premium account upon the exercise of the share options.

16. BUSINESS COMBINATIONS

In order to develop the Group's corporate healthcare solution and clinical healthcare businesses and to continually provide comprehensive and integrated healthcare services for the benefit of the patients, the Group entered into the following transactions during the years ended 30 June 2017 and 2016:

(a) On 30 October 2015, the Group acquired 100% equity interest in 上海耀東保健諮詢服務有限公司 ("Shanghai Eaton Consulting") from Guangzhou Ruian Enterprise Management Company Limited for a cash consideration of RMB5.1 million (equivalent to HK$6.2 million). Shanghai Eaton Consulting and its subsidiaries (the "Shanghai Eaton Consulting Group") are principally engaged in the provision of healthcare and medical services in the PRC. The fair value of the net identifiable assets of the Shanghai Eaton Consulting Group 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 (the "Ophthalmology Clinic Business") from an independent third party for a cash consideration of HK$5.1 million. The fair value of the net identifiable assets of the Ophthalmology Clinic Business as at the date of acquisition was HK$392,000, resulting in goodwill arising therefrom of HK$4,669,000.

(c) On 17 October 2016, the Group acquired 100% equity interest in 上海聯醫門診部有限公司 (formerly known as 上海快驗保門診部有限公司) ("UMP Pudong") from an independent third party for a consideration of RMB8.3 million (approximately HK$9.5 million). UMP Pudong is primarily engaged in the provision of medical services in Shanghai, the PRC.

The major assets acquired through this business combination include, amongst others, property, plant and equipment and prepayments, deposits and other receivables. Accordingly, the Group has recognised identifiable net assets of HK$886,000 and goodwill of HK$8,602,000 in accordance with HKFRS 3 (Revised) "Business Combinations".

(d) On 23 March 2017, the Group completed the UMP Healthcare (Beijing) Subscription. Immediately after the UMP Healthcare (Beijing) Subscription, the Group's equity interest in the UMP Healthcare (Beijing) Group increased from 50% to 70% and the UMP Healthcare (Beijing) Group became subsidiaries of the Group thereafter. The fair value of the net identifiable assets of the UMP Healthcare (Beijing) Group as at the date of business combination was HK$92,768,000, resulting in gain on bargain purchase arising therefrom of HK$401,000.

17. CAPITAL CONTRIBUTION BY NON-CONTROLLING INTEREST

On 23 March 2017, Dynamic Ally subscribed for 20 ordinary shares in UMP Healthcare China Limited ("UMP Healthcare China"), a wholly-owned subsidiary of the Group, for a consideration of RMB110 million (equivalent to HK$123,526,000) (the "UMP Healthcare China Subscription"). Immediately after the UMP Healthcare China Subscription, UMP Healthcare China is owned as to 80% by the Group and 20% by Dynamic Ally.

18. DISPOSAL OF SUBSIDIARIES

On 23 March 2017, the Group disposed of its 100% equity interest in UMP Management III to HAML and assigned the shareholder's loan to HAML for a consideration of in the sum of RMB22.3 million and HK$3.4 million (equivalent to HK$28,471,000, in aggregate). The net assets disposed of and the debit exchange fluctuation reserve released amounted to HK$4,578,000 and HK$596,000, respectively. Accordingly, gain on disposal of subsidiaries of HK$23,297,000 was recognised in other income and gains in the consolidated statement of profit or loss for the year ended 30 June 2017.

19. EVENT AFTER THE REPORTING PERIOD

On 23 September 2017, the Group entered into a provisional agreement for sale and purchase with an independent third party to acquire the entire issued share capital of Way Spread Limited, which is engaged in property investment in Hong Kong, for a cash consideration of HK$57,165,000.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BUSINESS

UMP's business scope consists of the following business lines:

1. Hong Kong & Macau Corporate Healthcare Solution Services

UMP provides corporate healthcare solutions through the design and administration of tailored healthcare benefits plans for its Contract Customers. UMP aims to provide convenient, reliable, coordinated, comprehensive and affordable healthcare services through the well-established and multi-specialties UMP Network. As at 30 June 2017, the UMP Network comprises more than 600 points of services located across Hong Kong and Macau.

The Group's Contract Customers comprise (i) insurance companies, which enter into contracts with the Group for healthcare services for their policyholders or employees of their policyholders and (ii) corporations, which enter into contracts with the Group for healthcare services for their employees and/or their dependants. When designing healthcare benefits plans, the Group collaborates closely with the Contract Customers and designs and refines corporate healthcare benefits plans, with each plan tailored to each customer's needs based on factors such as industry or occupational health-related concerns, scope of healthcare benefits desired, employee demographic as well as their budget.

2. Hong Kong & Macau Clinical Healthcare Services

UMP provides medical, dental and auxiliary services to Self-paid Patients. For medical services, UMP provides (i) general practice services, which serves as the first point of contact for the patients and (ii) specialist services covering more than 18 different specialties. For dental services, UMP provides both primary dental care and secondary dental care such as dental implants. For auxiliary services, UMP provides services such as medical imaging and laboratory services, physiotherapy and vision care.

3. PRC Health Check-up Business

Our PRC Health Check-up Business currently operates one medical centre in Beijing and two medical centres in Shanghai, delivering on average over 2,000 health check-ups per month for the PRC residents traveling abroad for study or for work. Our PRC Health Check-up Business also conducts health check-ups for corporate employees.

4. **PRC Corporate Healthcare Solution & Clinical Healthcare Business (PRC Developing Business)**

Our PRC Corporate Healthcare Solution & Clinical Healthcare Business represents our development of corporate healthcare solutions and clinical healthcare services in major cities in the PRC. The first phase of our investment will be focused on Beijing and Shanghai:

- in Beijing, we have partnered up with CR Phoenix Healthcare Group through a 50:50 joint venture. Such joint venture arrangement with CR Phoenix had changed followed the series of transactions as described in the Announcement and the Circular, which were approved by the shareholders on 27 February 2017; and

- in Shanghai, through our wholly owned operations.

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line has increased 6.3% from HK$293.1 million to HK$311.7 million (before intersegment elimination) due to a general increase in patient visits and average spending per visit, while our operating profit (operating profit before tax and before non-recurring items) has increased approximately 4.7% from HK$30.3 million to HK$31.7 million. Our results show that we are able to generate increase in revenue through the marketing to 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 14.6% from HK$204.8 million to HK$234.6 million (before intersegment elimination) due to a general increase in average spending per visit, while our operating profit (operating profit before tax and before non-recurring items) has decreased 17.6% from HK$20.6 million to HK$17.0 million. The increase in revenue is in part due to the expansion of specialist services and auxiliary services to our patients in Kowloon during FY2017 and for the same reason these newly set up centres which are still in the ramp-up period dragged down the operating profit.

PRC Health Check-up Business

In FY2016, we completed the acquisition of Shanghai Eaton Consulting and its subsidiaries on 30 October 2015, which generated revenue of HK$22.9 million between 31 October 2015 and 30 June 2016.

Revenue for this business for FY2017 has been recorded for HK$42.8 million with the acquisition of UMP Pudong on 17 October 2016. Assuming the acquisitions in FY2016 and FY2017 were completed on 1 July 2015 and 1 July 2016 respectively, our PRC Health Check-up Business would have generated revenue of HK$33.0 million for FY2016 and HK$45.5 million for FY2017, representing a year-on-year increase of 37.8%.

PRC Corporate Healthcare Solution & Clinical Healthcare Business

Our PRC Corporate Healthcare Solution Business is currently in development phase and therefore did not generate any revenue in FY2017, while the PRC Clinical Healthcare Business has recorded revenue of HK$1.8 million.

The following table sets out the revenue and operating profit for our business lines for FY2017 and FY2016 for comparison:

Revenue by business lines

	Year ended 30 June		
	2017	2016	Increase/
	HK$'000	*HK$'000*	(decrease)
Hong Kong & Macau Corporate Healthcare Solution Services	**311,668**	293,112	6.3%
Hong Kong & Macau Clinical Healthcare Services	**234,581**	204,760	14.6%
PRC Health Check-up Business	**42,797**	22,916	NM
PRC Corporate Healthcare Solution & Clinical Healthcare Business	**1,792**	–	NM
TOTAL	**590,838**	520,788	13.5%

Operating profit by business lines

	Year ended 30 June		
	2017	2016	Increase/
	HK$'000	*HK$'000*	(decrease)
Hong Kong & Macau Corporate Healthcare Solution Services	**31,673**	30,332	4.4%
Operating profit margin	**10.2%**	10.3%	
Hong Kong & Macau Clinical Healthcare Services	**16,977**	20,600	(17.6%)
Operating profit margin	**7.2%**	10.1%	
PRC Health Check-up Business	**15,368**	6,835	NM
Operating profit margin	**35.9%**	29.8%	
PRC Corporate Healthcare Solution & Clinical Healthcare Business	**(33,538)**	(17,484)	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 losses for PRC Corporate Healthcare Solution & Clinical Healthcare Business for FY2017 included losses of PRC Corporate Healthcare Solution Business in Shanghai and Beijing, PRC Clinical Healthcare Business in Shanghai and share of losses of joint ventures of HK$14.0 million (FY2016: HK$10.0 million) from the joint venture with CR Phoenix Healthcare Group in Beijing. The losses primarily represent startup costs including rental expenses, office renovation, recruitment of management and medical staff and training costs.

Presentation of our PRC Healthcare Business going forward

Following the disposal of our clinics to HAML and the full integration of our PRC Health Check-up Business into our Group, going forward, we will be presenting our PRC Healthcare Business as one segment only. We believe such presentation would better reflect our overall operations in the PRC as we integrate the management and the operations of all the clinics and medical centers owned and managed by UMP. We are in the process of revamping some of our clinics so that all of the clinics will be able to deliver comprehensive service offerings including preventive services and outpatient services. As such, in our future financial reports, our PRC Developing Business segment will be renamed to "PRC Healthcare Business" and shall consist of the following businesses:

— PRC Health Check-up Business;

— PRC Clinical Healthcare Business, where such services are provided at the medical centers owned by UMP; and

— PRC Corporate Healthcare Solution business.

FINANCIAL REVIEWS

FY2017 compared to FY2016

Revenue

During FY2017, we primarily 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 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 solution and clinical healthcare business in both Beijing and Shanghai through the establishment of medical centre network in these two cities. Our PRC Corporate Healthcare Solution Business is currently in development phase and therefore did not generate any revenue in FY2017, while the PRC Clinical Healthcare Solution Business has recorded revenue of HK$1.8 million.

Total consolidated revenue increased by 12.7% from HK$456.0 million in FY2016 to HK$514.0 million in FY2017, primarily due to (i) an increase in revenue from HK$433.1 million to HK$469.4 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) an increase in revenue from HK$22.9 million to HK$42.8 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 6.3% from HK$292.2 million in FY2016 to HK$310.5 million in FY2017.

- **Medical**. Revenue generated from the provision of Medical Services to Contract Customers increased by 7.1% from HK$276.1 million for FY2016 to HK$295.6 million for FY2017, primarily due to an increase in the average price per patient visit in FY2017 as well as the increase in the number of visits from the patients seeking Medical Services.

- **Dental**. Revenue generated from the provision of Dental Services to Contract Customers remained relatively stable at the range of HK$15.0 million to HK$16.1 million for both FY2016 and FY2017. The number of visits slightly decreased from 22,012 in FY2016 to 21,301 in FY2017.

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 13.5% from HK$94.3 million for FY2016 to HK$107.0 million for FY2017, primarily due to an increase in both the patient visits and the average price per patient visit in FY2017 driven by higher spending by patients who needed to utilise our auxiliary services.

- **Dental**. Revenue generated from the provision of Dental Services to Self-paid Patients increased by 11.6% from HK$46.5 million for FY2016 to HK$51.9 million for FY2017. The average price per patient visit increased in FY2017.

PRC Health Check-up Business

Revenue contribution from the PRC Health Check-up Business, which we acquired on 30 October 2015, increased from HK$22.9 million in FY2016 to HK$42.8 million in FY2017. The number of patient visits for FY2017 was 36,810.

For reference, Shanghai Eaton Consulting and its subsidiaries generated revenue of HK$10.1 million from 1 July 2015 to 30 October 2015 and UMP Pudong generated revenue of HK$2.7 million from 1 July 2016 to 16 October 2016. For illustration purposes, if we had completed the acquisitions on 1 July 2015 and 1 July 2016 respectively, the revenue for the PRC Health Check-up Business would have increased by 37.8% from HK$33.0 million in FY2016 to HK$45.5 million in FY2017 (or an increase of 39.9% under constant RMB currency basis). The following table provides further breakdown of the revenue and visits regarding the PRC Health Check-up Business:

	Year ended 30 June		
	2017	2016	Increase/ (decrease)
Revenue contribution post-acquisition on 30 October 2015 (HK$'000)	**42,797**	22,916	NM
Revenue per local currency (RMB'000)	**37,201**	19,630	NM
No. of visits	**36,810**	23,281	NM
Revenue contribution assuming acquisition was completed on 1 July (HK$'000)	**45,473**	32,989	37.8%
Revenue per local currency (RMB'000)	**39,527**	28,259	39.9%
No. of visits	**38,509**	33,844	13.8%

2016 RMB:HKD exchange rate at 1.16740
2017 RMB:HKD exchange rate at 1.15043

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 Services Providers), dividend income from financial assets at fair value through profit or loss, interest income from held-to-maturity investments and the gain from the series of transactions as described in the Announcement and the Circular, which was completed on 23 March 2017. Please refer to the Circular for further details.

Other income and gains increased by 530.6% from HK$8.5 million in FY2016 to HK$53.6 million in FY2017. The significant increase was primarily due to the one-off gains, including gain on disposal of subsidiaries and gain on remeasurement of previously held interests in joint ventures, derived from the series of transactions as described in the Announcement and the Circular of approximate HK$46.2 million in FY2017.

Professional Services Expenses

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

Professional services expenses increased by 11.3% from HK$258.4 million for FY2016 to HK$287.6 million for FY2017, primarily due to an increase in the cost of services rendered by doctors, dentists and other professionals, which was in line with the Group's increased revenue in FY2017.

Employee Benefit Expense

Employee benefit expense primarily comprise salaries and related costs, equity-settled share-based payment 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 27.4% from HK$78.7 million for FY2016 to HK$100.3 million for FY2017. Employee benefit expense increased primarily due to general increase in staff costs, full-period recognition of staff costs from the PRC Health Check-up Business for FY2017, the clinical staff costs relating to the operation of the Shanghai clinic which commenced operations in July 2016, the expansion of staff number in Shanghai for the PRC corporate healthcare solution business, the consolidation of corporate head office in Beijing upon the acquisition of additional shareholdings in UMP Healthcare (Beijing) in March 2017, the increase in number of staff for the headquarter office and clinics in Hong Kong in connection with the Group's expansion plans in the PRC and Hong Kong.

Property Rental and Related Expenses

Property rental and related expenses increased by 15.8% from HK$35.4 million for FY2016 to HK$41.0 million for FY2017, primarily due to the full-period recognition of rental expenses from the PRC Health Check-up Business for FY2017, the establishment of the Shanghai clinic as well as the corporate head office in Shanghai and the increase in rent for those existing premises for which leases were renewed.

Cost of Inventories Consumed

Cost of inventories consumed increased by 16.5% from HK$17.6 million for FY2016 to HK$20.5 million for FY2017, primarily due to an increase in the amount of drugs and other medical consumables consumed for the provision of clinical healthcare services to patients in Hong Kong and Macau. Such increase is generally in line with the increase in revenue from the provision of clinical healthcare services in Hong Kong and Macau in FY2017.

Depreciation and Amortisation

Depreciation and amortisation increased by 83.3% from HK$9.6 million for FY2016 to HK$17.6 million for FY2017, primarily due to the purchase of specialised equipment and decoration for the new medical imaging centre and day surgery centre in Kowloon, the setting up of the Shanghai clinic and the refurbishment of existing facilities in Hong Kong.

Other Expenses, Net

Other expenses, net primarily comprise general overhead expenses such as utilities, operation and other administrative expenses as well as repair and maintenance expenses incurred with respect to the Group's offices and medical equipment, printing expenses and bank charges.

Other expenses, net, decreased by 26.4% from HK$42.4 million in FY2016 to HK$31.2 million in FY2017, primarily due to HK$16.4 million of expenses incurred in connection with the Global Offering which did not recur in FY2017 while partially off-setted by the increase of legal and professional fees due to the the series of transactions as described in the Announcement and Circular which were completed in March 2017.

Share of Losses of Joint Ventures

Share of losses of joint ventures increased by 40% from HK$10.0 million in FY2016 to HK$14.0 million in FY2017. Within such losses there were (i) incremental employee benefit expenses relating to the establishment of the corporate head office in Beijing, (ii) clinical staff costs relating to the operation of the Beijing clinic in Fortune Plaza (which commenced operations in October 2016), (iii) pre-opening expenses (both rental and employee benefit expenses) relating to the establishment of another two clinics in Beijing, (iv) rental expenses for the corporate head office in Beijing and (v) expenses for the new establishment of a joint venture company, Shanghai He Dun.

Summary of operational data for FY2017 with comparative figures for FY2016:

Revenue by operating segment

	Year ended 30 June		
	2017	2016	Increase/
	HK$'000	*HK$'000*	(decrease)
Provision of corporate healthcare solution services	**310,520**	292,241	6.3%
Medical	**295,567**	276,138	7.0%
Dental	**14,953**	16,103	(7.1%)
Provision of clinical healthcare services	**203,503**	163,779	24.3%
Medical	**151,636**	117,258	29.3%
Dental	**51,867**	46,521	11.5%
TOTAL	**514,023**	456,020	12.7%

Number of visits by operating segment

	Year ended 30 June		Increase/
	2017	2016	(decrease)
Provision of corporate healthcare solution services	**1,253,674**	1,249,387	0.3%
Medical	**1,232,373**	1,227,375	0.4%
Dental	**21,301**	22,012	(3.2%)
Provision of clinical healthcare services	**171,884**	164,258	4.6%
Medical	**134,825**	128,129	5.2%
Dental	**37,059**	36,129	2.6%
TOTAL	**1,425,558**	1,413,645	0.8%

KEY FINANCIAL POSITION ITEMS

Property, Plant and Equipment

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 2017 and 30 June 2016, the Group's property, plant and equipment amounted to HK$43.9 million and HK$38.4 million, respectively. The increase was primarily due to the establishment of new medical imaging centre and the day surgery centre in Kowloon.

Held-to-maturity Investments

Held-to-maturity investments primarily represent the marketable corporate bonds issued by listed corporations with fixed interest rates from 1.33% to 4.875% 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 2017 and 30 June 2016, the Group's held-to-maturity investments amounted to HK$61.0 million (of which HK$15.0 million is classified as current assets and HK$46.0 million is classified as non-current assets) and HK$56.7 million (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 assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

As at 30 June 2017 and 30 June 2016, the Group's goodwill amounted to HK$41.4 million and HK$32.8 million, respectively. The increase in goodwill was primarily due to the acquisition of a medical clinic in Shanghai during the year.

Investments in Joint Ventures

We established a 50:50 joint venture company, UMP Healthcare (Beijing), with CR Phoenix Healthcare Group in July 2015. Under the terms of the original agreement, both UMP and CR Phoenix have undertaken to commit up to RMB50 million each into UMP Healthcare (Beijing). Such funds will be used to establish the Healthcare Management Model and a medical centre network in Beijing, as well as to recruit local management team and healthcare professionals. In March 2017, the subscription of new shares in UMP Healthcare (Beijing) by UMP Healthcare China was completed, upon which UMP Healthcare (Beijing) became a subsidiary of the Company, please refer to the Announcement and the Circular for details.

We also established a 50:50 joint venture company, Shanghai He Dun, with a dentist group in late July 2016 for the purpose of establishment of a platform with dental professionals in Shanghai and to provide dental services to the Group in Shanghai.

As at 30 June 2017, the net carrying value of the investments, including the share of net assets or net liabilities and the amount due from a joint venture, in Shanghai He Dun amounted to HK$0.9 million.

The net carrying value of the investments in Shanghai He Dun representing capital injection was HK$1.1 million (or RMB1.0 million equivalent) from UMP to Shanghai He Dun and was offsetted by the HK$0.2 million share of loss from Shanghai He Dun.

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 enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 30 June 2017 and 30 June 2016, the Group's trade receivables amounted to HK$56.8 million and HK$47.5 million, respectively. The annual receivable turnover ratio remained stable at 9.9 for both FY2017 and FY2016. The receivable turnover ratio was calculated by dividing the Group's turnover during a given period by the average trade receivables during the same period.

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$53.7 million and HK$47.3 million, as at 30 June 2017 and 30 June 2016, respectively.

Net Change in Financial Position

The Group's net assets amounted to HK$595.6 million and HK$410.6 million as at 30 June 2017 and 30 June 2016, respectively. The increase was primarily due to the consideration received upon the completion of the series of transactions as described in the Announcement and Circular which was completed in March 2017.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has historically funded its operations primarily by cash generated from operating activities. Upon the listing of the shares of the Company on the Stock Exchange, the Group intended to satisfy its liquidity requirements using a combination of cash generated from operating activities, net proceeds from the Global Offering and the net considerations received from the series of transactions as described in the Announcement and the Circular. The Group may also seek to borrow to satisfy liquidity requirements. As of 30 June 2017, the Group had cash and cash equivalents of HK$434.1 million.

As of the date of this announcement, the Group did not have any bank borrowings or outstanding bank loans and did not enter into any bank loan facilities.

GEARING RATIO

As at 30 June 2017, the Group had no net debt. The Group's gearing ratio was not applicable as at 30 June 2017.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Company during the year ended 30 June 2017. The capital of the Company comprises ordinary shares and other reserves.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

The Group acquired a medical clinic in Shanghai, namely 上海聯醫門診部有限公司 (formerly known as 上海快驗保門診部有限公司) ("UMP Pudong"), from a third party for a total consideration of RMB8.3 million (approximately HK$9.5 million) during FY2017. The completion thereof has been taken place in FY2017 and UMP Pudong became an indirect wholly-owned subsidiary of the Company as at the date of this announcement.

As disclosed in the Announcement and the Circular, UMP Healthcare China agreed to subscribe for shares which, together with the existing shares in UMP Healthcare (Beijing) held by UMP Healthcare China, representing 70% of the enlarged issued share capital of UMP Healthcare (Beijing), and NWS Subsidiary also agreed to subscribe for shares representing 20% of the enlarged issued share capital of UMP Healthcare China. Furthermore, the Group agreed to dispose of UMP Management (which own, among other things, three PRC clinics recently established by the Group) to HAML for a consideration of in the sum of RMB79.5 million and HK$2.8 million. Upon completion of the aforesaid transactions in March 2017, UMP Healthcare (Beijing) became an indirect non-wholly owned subsidiary of the Company and UMP Healthcare China remains as an indirect non-wholly owned subsidiary of the Company, UMP Management ceased to be subsidiary of the Company. The series of transactions were completed on 23 March 2017.

On the same date, on 23 March 2017, the Group also disposed of its 100% equity interest in UMP Management III which own, among other things, one PRC clinic recently established by the Group to HAML and assigned the shareholder's loan to HAML for a consideration of in the sum of RMB22.3 million and HK$3.4 million.

As per announcement of the Company dated 13 April 2017, on 13 April 2017, UMP Corporate Administration Services Limited, an indirect wholly-owned subsidiary of the Company and as purchaser, entered into a provisional agreement for sale and purchase with Mr. Liu Wai Lun, Jeffrey, an independent third party of the Company and as vendor, and Midland Realty (Comm.) Limited, an independent third party of the Company and as agent, pursuant to which UMP Corporate Administration Services Limited agreed to acquire, and Mr. Liu Wai Lun, Jeffrey agreed to sell the entire issued share capital of Excellent City Limited, a company incorporated in Hong Kong with limited liability, for a consideration of HK$56,650,000. Excellent City Limited is principally engaged in property investment in Hong Kong and is the sole legal beneficial owner of 18/F of NWH. The acquisition has been completed on 10 August 2017 and Excellent City Limited is now a wholly-owned subsidiary of UMP Corporate Administration Services Limited. The Group plans to relocate its existing Sheung Wan branch office to the said property after the tenancy agreements expire in March 2018 for the purpose of coping with the expansion of the Group, enhancing efficiency and strengthening internal control.

Save as aforesaid, there was no material acquisition or disposal of subsidiaries undertaken by the Group during FY2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business and the future plans as disclosed in the Prospectus, the Group did not have any specific future plan for material investments or capital assets as of 30 June 2017.

CAPITAL EXPENDITURE

The capital expenditure during the year was primarily related to deposits paid for and expenditures on additions of property, plant and equipment for the Group's medical, dental and auxiliary services centres. For FY2017, the Group incurred capital expenditure in an aggregate amount of approximately HK$37.0 million (FY2016: HK$26.8 million).

INDEBTEDNESS

Contingent Liabilities

As at 30 June 2017, 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 2017, the Group has pledged certain deposits with an aggregate carrying amount of HK$0.8 million (30 June 2016: HK$0.8 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 centre of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2017, the Group had a total of 407 full-time employees (FY2016: 392 full-time employees). For FY2017, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$100.3 million (FY2016: HK$78.7 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.

The Company 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 2017, 44,908,000 options under the Pre-IPO Share Option Scheme remained outstanding and 1,492,000 share options under the Pre-IPO Share Option Scheme have been exercised during FY2017. As at 30 June 2017, 2,426,000 options 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 2017.

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.

FINAL DIVIDEND

The directors proposed the payment of a final dividend of HK2.2 cents per Share for FY2017 (FY2016: HK2.0 cents). The proposed final dividend will be subject to approval of shareholders of the Company at the 2017 AGM to be held on Thursday, 30 November 2017 and is payable to shareholders of the Company whose names appear on the register of members of the Company on Thursday, 7 December 2017. It is expected that the final dividend will be paid on or about Thursday, 21 December 2017.

ANNUAL GENERAL MEETING

The 2017 AGM will be held on Thursday, 30 November 2017 at 2:30 p.m.. A notice convening the 2017 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 2017 AGM

For determining the entitlement to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Monday, 27 November 2017 to Thursday, 30 November 2017, 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 Friday, 24 November 2017.

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 on Thursday, 7 December 2017, 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 Wednesday, 6 December 2017.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code during FY2017, save for the deviation from code provision A.2.1 as mentioned below.

According to code provision A.2.1 of the Corporate Governance 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.

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 with all Directors, the Company confirmed that the Directors have complied with the Model Code during FY2017, save for the non-compliance incident as mentioned below.

The Company was informed by Dr. Li Kwok Tung, Donald *SBS JP*, an independent non-executive Director, that he purchased 92,000 Shares on 4 August 2016 (which was a date falling within the black-out period from 28 July 2016 to 26 September 2016). Dr. Li explained that such purchase was due to an inadvertent oversight as to the commencement date of the black-out period. Upon becoming aware of such inadvertent oversight, Dr. Li immediately sold such Shares on the Stock Exchange. Dr. Li also advised that he has donated the gain of approximately HK$2,000 to Hong Kong Red Cross. Dr. Li confirmed that he was not in possession of any inside information of the Company at the time of such purchase and sale. In response to such incident (albeit inadvertent in nature) and with a view to ensuring strict compliance with the Listing Rules and the Model Code going forward, the Company has reminded all Directors of their respective obligations under the Listing Rules and the Model Code, including with respect to the restrictions in dealing in the Company's securities. In addition, the Company has provided a refresher course as to the Listing Rules and corporate governance to Dr. Li.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Code of Conduct for Securities Transactions by Employees on terms that are no less exacting than those set out in the Model Code. To the best knowledge of the Company, there was no incident of non-compliance of the Code of Conduct for Securities Transactions by Employees during FY2017.

SCOPE OF WORK OF THE COMPANY'S AUDITOR 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 2017 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor 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 auditor on this preliminary announcement.

AUDIT COMMITTEE

Audit Committee 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 FY2017, 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

During the reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and provided by the Snow Lake Group to the Company as of the date of this announcement, and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules during FY2017.

EVENTS AFTER REPORTING PERIOD

As per the announcement of the Company dated 24 September 2017, on 23 September 2017, eClaims (Hong Kong) Limited, an indirect wholly-owned subsidiary of the Company and as purchaser, entered into a provisional agreement for sale and purchase with Mr. Liu Wai Lun, Jeffrey, an independent third party of the Company and as vendor, and Midland Realty (Comm.) Limited, an independent third party of the Company and as agent, pursuant to which eClaims (Hong Kong) Limited agreed to acquire, and Mr. Liu Wai Lun, Jeffrey agreed to sell the entire issued share capital of Way Spread Limited, a company incorporated in Hong Kong with limited liability, for a consideration of HK$57,165,000. Way Spread Limited is principally engaged in property investment in Hong Kong and is the sole legal beneficial owner of Offices 1, 2, 3, 4 and 5 on 12th Floor, Nam Wo Hong Building, No. 148 Wing Lok Street, Sheung Wan, Hong Kong. Completion of the acquisition will take place on or before 10 January 2018. The Group plans to relocate all of its business functions to the said property and 18/F of NWH.

Save as aforesaid, there were no material subsequent events undertaken by the Company or by the Group after 30 June 2017 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) and the Company (www.ump.com.hk), respectively. The annual report of the Company for FY2017 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

"18/F of NWH"	Offices 1, 2, 3, 4 and 5 on 18/F., Nam Wo Hong Building, No.148 Wing Lok Street, Sheung Wan, Hong Kong;
"2017 AGM"	the annual general meeting of the Company to be held on Thursday, 30 November 2017;
"2H2018"	second half of 2018;
"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;
"Announcement"	the announcement of the Company dated 15 December 2016 in relation to, among other things, the disposal of UMP Management and UMP Management III to HAML, the subscription of new shares in UMP Healthcare China by NWS Subsidiary and the subscription of new shares in UMP Healthcare (Beijing) by UMP Healthcare China;
"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"	auxiliary services provider(s) who is/are or will be engaged directly by the Group as a consultant to provide Auxiliary Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Auxiliary Services Providers;
"BBS"	Bronze Bauhinia Star;
"Board"	the board of Directors;
"Circular"	the circular of the Company dated 8 February 2017 in relation to, among other things, the disposal of UMP Management and UMP Management III to HAML, the subscription of new shares in UMP Healthcare China by NWS Subsidiary and the subscription of new shares in UMP Healthcare (Beijing) by UMP Healthcare China;

"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, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 722);
"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;
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"CR Phoenix"	China Resources Phoenix Healthcare Holdings Company Limited (formerly known as Phoenix Healthcare Group Co. Ltd.), a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (Stock code: 1515);
"CR Phoenix Healthcare Group"	CR Phoenix and its subsidiaries;
"Dental" or "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/are 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;
"Directors"	directors of the Company;
"Doctors"	doctors who is/are 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;
"FY2016"	the financial year ended 30 June 2016;
"FY2017"	the financial year ended 30 June 2017;

"general practitioner"	Doctors trained in general practice and best suited to act as first point of contract for patients, having the required knowledge to refer patients to the appropriate specialists or services required;
"Global Offering" or "IPO"	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", "our", "us" or "UMP"	the Company and its subsidiaries;
"HAML"	Healthcare Assets Management Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 50% by Healthcare Ventures and 50% by NWS Subsidiary as at the date of this announcement;
"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 contract for patients given their training in family medicine;
"Healthcare Ventures"	Healthcare Ventures Holdings Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is a substantial shareholder of the Company and a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited;
"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 Services"	provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau;
"Hong Kong & Macau Corporate Healthcare Solution Services"	provision of corporate healthcare solutions services in Hong Kong and Macau;
"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 Healthcare (Beijing);
"JP"	Justice of the Peace;

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Macau"	the Macau Special Administrative Region of the PRC;
"Medical" or "Medical Services"	include general practice and specialist practice;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
"NM"	not meaningful;
"NWS"	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 659);
"NWS Subsidiary"	Dynamic Ally Limited, a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of NWS;
"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 CR 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"	People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);
"PRC Corporate Healthcare Solutions & Clinical Healthcare Business " or "PRC Developing Business"	development of corporate healthcare solutions and clinical healthcare services in the PRC;
"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;
"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;
"Shanghai He Dun"	上海合敦醫療科技有限公司, a company established in the PRC;
"Share Award Scheme"	the share award scheme approved and adopted by the Board on 30 June 2016;
"Share(s)"	ordinary share(s) with a nominal value of HK$0.001 each in the share capital of the Company;
"Snow Lake Group"	based on the publicly available information so far, Snow Lake China Master Long Fund, Ltd., Snow Lake China Master Fund, Ltd., Snow Lake China Offshore Fund, Ltd. (which holds 80.93% of Snow Lake China Master Fund, Ltd.), Snow Lake Capital Limited (as investment manager of Snow Lake China Master Long Fund, Ltd. and Snow Lake China Master Fund, Ltd.) and Snow Lake Capital (HK) Limited (as investment manager of Snow Lake China Master Long Fund, Ltd. and Snow Lake China Master Fund, Ltd.);
"specialist practice" or "specialist services"	the range of specialist practice offered by UMP, including 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, an updated list of which is available on www.ump.com.hk;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"UMP Healthcare (Beijing)"	UMP Phoenix Healthcare Limited (to be renamed as "UMP Healthcare (Beijing) Group Limited", subject to the Registrar of Corporate Affairs of the British Virgin Islands approving the change of company name), a company incorporated under the laws of the British Virgin Islands with limited liability and owned by UMP Healthcare China and Pinyu as to 70% and 30%, respectively;

"UMP Healthcare (Beijing) Group"	UMP Healthcare (Beijing) and its subsidiaries;
"UMP Healthcare China"	UMP Healthcare China Limited, a company incorporated under the laws of the Cayman Islands with limited liability and a 80% owned subsidiary of the Company;
"UMP Management"	UMP Medical Centre Management Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of HAML;
"UMP Management III"	UMP Medical Centre Management (III) Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of HAML;
"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 which are clinics not operated by the Group but which has entered into an agreement with the Group to offer Medical Services, Dental Services and/or Auxiliary services to Plan Members;
"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 2017

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 and Mr. LEE Kar Chung, Felix 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.