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UMP HEALTHCARE HOLDINGS LIMITED

聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

The board of Directors (“Board”) of UMP Healthcare Holdings Limited (the “Company”) is pleased to announce the interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2015 together with the comparative figures for the corresponding period in 2014.

INTERIM RESULTS HIGHLIGHTS

	Six months end 31 December			
	2015	2014		
	HK\$'000	HK\$'000	Increase/	Notes
	(Unaudited)	(Unaudited)	(decrease)	
Revenue	216,473	196,379	10.2%	(a)
Profit before tax	12,650	23,827	-46.9%	(b)
Depreciation	4,164	2,250	85.1%	(c)
EBITDA ⁽¹⁾	16,814	26,077	-35.5%	(d) = (b)+(c)
Net profit	8,151	20,813	-60.8%	(e)
<i>Adjustment items</i>				
Share of loss of a joint venture	(3,298)	–		(f)
One-off gain from disposal of investment in an associate	–	2,990		(g)
One-off gain from bargain purchase	3,499	–		(h)
Equity-settled share-based payment expense	2,659	–		(i)
One-off listing expenses	15,104	–		(j)
Adjusted profit before tax⁽²⁾	30,212	20,837	45.0%	(k)
Adjusted EBITDA⁽²⁾	34,376	23,087	48.9%	(k) + (c)
Adjusted net profit⁽³⁾	19,756	17,823	10.8%	(m)

Adjusted profit before tax (k) = (b) – (f) – (g) – (h) + (i) + (j)

Adjusted EBITDA = (k) + (c)

Adjusted net profit (m) = (e) – (g) – (h) + (j)

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

(2) Adjusted profit before tax and Adjusted EBITDA include adjustments for (i) one-off non-recurring items, (ii) non-cash share-based expenses and (iii) share of loss of a joint venture. Share of loss of a joint venture is excluded for presenting Adjusted profit before tax and Adjusted EBITDA to give shareholders a proxy of cashflow generated by the Group's Hong Kong, Macau Corporate Healthcare Solution and Clinical Healthcare Services and the PRC Health Check-up Business.

(3) Adjusted net profit only excludes one-off non-recurring items

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 31 December 2015

		Six months ended 31 December	
		2015	2014
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
REVENUE	5	216,473	196,379
Other income and gains, net	5	6,435	4,998
Professional services expenses		(121,139)	(115,727)
Employee benefit expense		(34,337)	(31,762)
Property rental and related expenses		(13,001)	(11,391)
Cost of inventories consumed		(8,486)	(7,709)
Depreciation		(4,164)	(2,250)
Other expenses, net		(26,933)	(9,771)
Share of profits and losses of associates		1,100	1,060
Share of profits and losses of a joint venture		(3,298)	–
PROFIT BEFORE TAX	6	12,650	23,827
Income tax expense	7	(4,499)	(3,014)
PROFIT FOR THE PERIOD		<u>8,151</u>	<u>20,813</u>
Attributable to:			
Owners of the Company		7,496	21,020
Non-controlling interests		<u>655</u>	<u>(207)</u>
		<u>8,151</u>	<u>20,813</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	9	<u>HK1.28 cents</u>	<u>HK3.81 cents</u>
Diluted	9	<u>HK1.27 cents</u>	<u>HK3.81 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 December 2015

	Six months ended 31 December	
	2015	2014
Notes	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>8,151</u>	<u>20,813</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>(344)</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>(344)</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>7,807</u>	<u>20,818</u>
Attributable to:		
Owners of the Company	7,226	21,025
Non-controlling interests	<u>581</u>	<u>(207)</u>
	<u>7,807</u>	<u>20,818</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

		31 December 2015	30 June 2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	28,284	27,027
Goodwill	11	28,086	28,086
Investments in associates		2,962	1,862
Investment in a joint venture		(3,298)	–
Available-for-sale investments		3,510	3,510
Deferred tax assets		627	1,242
Deposits		6,490	5,011
Total non-current assets		66,661	66,738
CURRENT ASSETS			
Inventories		5,504	5,216
Trade receivables	12	52,916	45,057
Prepayments, deposits and other receivables		20,822	9,784
Financial assets at fair value through profit or loss		2,241	2,722
Due from associates		2,973	3,562
Due from a joint venture		19,085	–
Due from related companies		–	31,925
Tax recoverable		462	145
Pledged deposits		783	1,019
Cash and cash equivalents		350,031	83,477
Total current assets		454,817	182,907
CURRENT LIABILITIES			
Trade payables	13	44,841	41,058
Other payables, accruals and deferred income		56,174	53,014
Due to associates		188	149
Due to related companies		146	79,173
Tax payable		6,194	8,238
Total current liabilities		107,543	181,632
NET CURRENT ASSETS		347,274	1,275
TOTAL ASSETS LESS CURRENT LIABILITIES		413,935	68,013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

31 December 2015

		31 December 2015	30 June 2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		425	450
Provision		1,589	1,372
Total non-current liabilities		2,014	1,822
Net assets		411,921	66,191
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>14</i>	736	–
Reserves		408,229	67,711
		408,965	67,711
Non-controlling interests		2,956	(1,520)
Total equity		411,921	66,191

NOTES

1. CORPORATE INFORMATION

UMP Healthcare Holdings Limited was incorporated in the Cayman Islands on 5 November 2014 as an exempted company with limited liability under the Company Law (2011 Revision) (as consolidated and revised) of 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.

The Company is an investment holding company. During the period, the Group is principally engaged in the provision of healthcare services which include:

- corporate healthcare solution services;
- medical and dental services;
- medical imaging and laboratory services;
- healthcare and hospital management services; and
- other auxiliary medical services

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

2. BASIS OF PRESENTATION AND PREPARATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 30 December 2014. Details of the Reorganisation are set out in the paragraph headed “Reorganisation” in the section headed “History and Reorganisation” in the Prospectus.

The unaudited condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 31 December 2014 have been prepared as if the current group structure had been in existence throughout the six months ended 31 December 2014, or since the date when the subsidiaries first came under the common control, where this is a shorter period.

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2015 have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and are presented in Hong Kong dollars and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s financial information for the years ended 30 June 2013, 2014 and 2015 included in the Accountants’ Report set out in Appendix IA to the Prospectus.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those of the Group as set out in the Accountants’ Report.

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-up 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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that unallocated interest income, unallocated other income and gains, net, unallocated foreign exchange differences, net, corporate and other unallocated depreciation, corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude goodwill, financial assets at fair value through profit or loss, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other 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.

(a) Geographical information

During the six months ended 31 December 2014 and 31 December 2015, the Group operates within three geographical locations, Hong Kong, Macau and the PRC. Approximately 92% of its revenue was generated in Hong Kong and about 88% of its non-current assets and capital expenditure were located/incurred in Hong Kong. Accordingly, no geographical information in respect of revenue from external customers and locations of non-current assets is presented.

(b) Revenue and results

	Corporate Healthcare Solution Services to Contract Customers HK\$'000	Clinical Healthcare Services HK\$'000	Total HK\$'000
Six months ended 31 December 2015 (unaudited)			
Segment revenue:			
External sales	142,302	74,171	216,473
Intersegment sales	440	35,095	35,535
	<u>142,742</u>	<u>109,266</u>	<u>252,008</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(35,535)</u>
Revenue			<u><u>216,473</u></u>
Segment results	15,138	15,831	30,969
<i>Reconciliation:</i>			
Interest income			33
Other income and gains			6,402
Share of profits and losses of associates			1,100
Share of profits and losses of a joint venture			(3,298)
Corporate and other unallocated expenses			<u>(22,556)</u>
Profit before tax			<u><u>12,650</u></u>
Six months ended 31 December 2014 (unaudited)			
Segment revenue:			
External sales	132,516	63,863	196,379
Intersegment sales	396	30,034	30,430
	<u>132,912</u>	<u>93,897</u>	<u>226,809</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(30,430)</u>
Revenue			<u><u>196,379</u></u>
Segment results	10,970	12,390	23,360
<i>Reconciliation:</i>			
Interest income			23
Other income and gains			4,975
Share of profits and losses of associates			1,060
Corporate and other unallocated expenses			<u>(5,591)</u>
Profit before tax			<u><u>23,827</u></u>

(c) Assets and liabilities

	Corporate Healthcare Solution Services to Contract Customers HK\$'000	Clinical Healthcare Services HK\$'000	Total HK\$'000
As at 31 December 2015 (unaudited)			
Segment assets	145,874	82,830	228,704
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(33,669)
Corporate and other unallocated assets			<u>326,443</u>
Total assets			<u><u>521,478</u></u>
Segment liabilities	71,478	50,413	121,891
<i>Reconciliation:</i>			
Elimination of intersegment payables			(33,669)
Corporate and other unallocated liabilities			<u>21,335</u>
Total liabilities			<u><u>109,557</u></u>
As at 30 June 2015 (audited)			
Segment assets	143,498	72,445	215,943
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(17,571)
Corporate and other unallocated assets			<u>51,273</u>
Total assets			<u><u>249,645</u></u>
Segment liabilities	68,963	48,122	117,085
<i>Reconciliation:</i>			
Elimination of intersegment payables			(17,571)
Corporate and other unallocated liabilities			<u>83,940</u>
Total liabilities			<u><u>183,454</u></u>

(d) Information about major customers

Revenue from external customers individually amounting to 10% or more of the Group's total revenue:

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	27,380	24,036
Customer B	13,388	13,138

5. REVENUE, OTHER INCOME AND GAINS, NET

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 period.

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

	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Provision of corporate healthcare solution services to contract customers:		
Medical services	134,516	124,746
Dental services	7,786	7,770
Provision of clinical healthcare services:		
Medical services	51,960	42,659
Dental services	22,211	21,204
	<u>216,473</u>	<u>196,379</u>
	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income and gains, net		
Bank interest income	34	22
Administrative support fees	1,596	877
Fair value gains on financial assets at fair value through profit or loss	–	180
Dividend income from financial assets at fair value through profit or loss	70	68
Gain on bargain purchase (<i>note 15(a)</i>)	3,499	–
Gain on disposal of investment in an associate	–	2,990
Others	1,236	861
	<u>6,435</u>	<u>4,998</u>

6. PROFIT BEFORE TAX

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

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation	4,164	2,250
Equity-settled share-based payment expense	2,659	–
Fair value (gain)/losses on financial assets at fair value through profit or loss	482	(180)
Foreign exchange differences, net	311	513
Listing expenses	15,104	–

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	3,809	2,832
Underprovision/(overprovision) in prior years	71	(99)
Current — Elsewhere		
Charge for the period	350	175
Overprovision in prior years	(274)	(71)
Withholding tax	1	58
Deferred	542	119
Total tax charge for the period	4,499	3,014

8. DIVIDENDS

Prior to the listing of the Company, a final dividend amounting to HK\$30 million for the year ended 30 June 2015 was declared by the Board and approved by the Company's shareholders on 2 November 2015.

The Board has resolved not to recommend the payment of any dividends for the six months ended 31 December 2015.

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

The calculation of basic earnings per share amount for the six months ended 31 December 2015 is based on the unaudited consolidated profit attributable to owners of the Company of HK\$7,496,000 (six months ended 31 December 2014: HK\$21,020,000), and the weighted average number of ordinary shares of 587,000,000 (six months ended 31 December 2014: 552,000,000) in issue and issuable during the period, on the assumption that the Reorganisation and capitalisation issue, as further explained in note 14 below, had been completed on 1 July 2014.

The calculation of diluted earnings per share amount is based on the unaudited consolidated profit attributable to owners of the Company of HK\$7,496,000 (six months ended 31 December 2014: HK\$21,020,000) and the weighted average number of ordinary shares of 587,000,000 (six months ended 31 December 2014: 552,000,000), as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 1,956,780 (six months ended 31 December 2014: nil) assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares of the Company.

The calculations of basic and diluted earnings per share are based on:

Earnings

	Six months ended 31 December	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	7,496	21,020

	Number of shares Six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue and issuable during the period used in the basic earnings per share calculation	587,000,000	552,000,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	1,956,780	—
	588,956,780	552,000,000

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment of HK\$5,577,000 (six months ended 31 December 2014: HK\$18,491,000).

11. GOODWILL

Group

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Cost and carrying amount at beginning of the period/year	28,086	24,399
Acquisition of subsidiaries (<i>note 15(b)</i>)	—	3,687
Cost and carrying amount at end of the period/year	<u>28,086</u>	<u>28,086</u>

12. TRADE RECEIVABLES

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

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within 1 month	38,988	33,416
1 to 2 months	10,685	7,652
2 to 3 months	932	2,694
Over 3 months	2,311	1,295
	<u>52,916</u>	<u>45,057</u>

An aging analysis of the trade receivables that are not individually or collectively considered to be impaired is as follows:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Neither past due nor impaired	39,084	33,428
Less than 1 month past due	10,685	7,653
1 to 3 months past due	2,778	3,754
More than 3 months past due	369	222
	<u>52,916</u>	<u>45,057</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the trade receivables as at 31 December 2015 and 30 June 2015 are trade receivables from related companies of HK\$250,000 and HK\$235,000, respectively, which have the same credit period as other contract customers. Chow Tai Fook Enterprises Limited (“CTFE”) is a major beneficial shareholder of these related companies and Mr. Tsang On Yip, Patrick, an executive director of the Company is the chief executive officer of CTFE.

13. TRADE PAYABLES

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

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Within 1 month	18,498	15,112
1 to 3 months	25,824	25,331
Over 3 months	519	615
	44,841	41,058

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

14. SHARE CAPITAL

The movements in the Company’s authorised and issued share capital during the period from 5 November 2014 (date of incorporation) to 31 December 2015 are as follows:

	<i>Notes</i>	Number of ordinary shares (Unaudited)	Nominal value of ordinary shares (Unaudited)
Authorised:			
5,000,000 ordinary shares of US\$0.01 each on 5 November 2014 (date of incorporation)		<u>5,000,000</u>	<u>US\$50,000</u>
On 25 August 2015:			
Increase of 50,000 ordinary shares of HK\$7.80 each	(c)	50,000	HK\$390,000
Cancellation of authorised but unissued shares of US\$0.01 each	(f)	(5,000,000)	(US\$50,000)
Sub-division of 50,000 ordinary shares of HK\$7.80 each into ordinary shares of HK\$0.01 each	(g)	38,950,000	–
On 2 November 2015:			
Sub-division of 39,000,000 ordinary shares of HK\$0.01 each into ordinary shares of HK\$0.001 each	(h)	351,000,000	–
Increase of 4,610,000,000 ordinary shares of HK\$0.001 each	(h)	<u>4,610,000,000</u>	<u>HK\$4,610,000</u>
As at 31 December 2015		<u>5,000,000,000</u>	<u>HK\$5,000,000</u>

	<i>Notes</i>	Number of ordinary shares (Unaudited)	Nominal value of ordinary shares <i>HK\$</i> (Unaudited)
Issued and fully paid:			
Issuance of 1 ordinary share of US\$0.01 (i.e., HK\$0.08) each on 5 November 2014 (date of incorporation)	(a)	1	–
Issuance of 99,999 ordinary shares of US\$0.01 (i.e., HK\$0.08) each on 8 July 2015	(b)	<u>99,999</u>	<u>7,800</u>
		100,000	7,800
Share repurchase	(d)	(100,000)	(7,800)
Issuance of 1,000 ordinary shares of HK\$7.80 each	(e)	1,000	7,800
Sub-division of 1,000 issued ordinary shares of HK\$7.80 each into ordinary shares of HK\$0.01 each	(g)	779,000	–
Sub-division of 780,000 issued ordinary shares of HK\$0.01 each into ordinary shares of HK\$0.001 each	(h)	7,020,000	–
Capitalisation issue	(i)	544,200,000	544,200
Issuance under initial public offering	(j)	<u>184,000,000</u>	<u>184,000</u>
As at 31 December 2015		<u><u>736,000,000</u></u>	<u><u>736,000</u></u>

Notes:

- (a) On 5 November 2014, the Company allotted and issued to the initial subscriber 1 ordinary share at US\$0.01. The initial subscriber further transferred such 1 ordinary share to True Point, the then ultimate holding company of the Company, at a consideration of US\$0.01.
- (b) On 8 July 2015, the Company allotted and issued 99,999 shares of US\$0.01 (i.e., HK\$0.80) each to the then shareholders of the Company.
- (c) On 25 August 2015, the authorised share capital of the Company was increased by HK\$390,000 by the creation of 50,000 shares at a par value of HK\$7.80 each.
- (d) On 25 August 2015, the Company repurchased 100,000 shares of US\$0.01, amounting to HK\$7,800, from the then shareholders of the Company (which was paid out from the proceeds of the issue of 1,000 shares of HK\$7.80 each referred to (e) below).
- (e) On 25 August 2015, the Company allotted and issued 1,000 shares of HK\$7.80 each to the then shareholders of the Company.
- (f) On 25 August 2015, the authorised and unissued share capital of the Company was diminished by the cancellation of all the unissued shares of US\$0.01 each.
- (g) On 25 August 2015, 1,000 ordinary shares of HK\$7.80 each were subdivided into 780,000 shares of HK\$0.01 each such that the authorised share capital of the Company was HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each.

- (h) Pursuant to the written resolutions of the shareholders of the Company passed on 2 November 2015, (i) every share of HK\$0.01 in the capital of the Company was subdivided into 10 shares of HK\$0.001 each such that the authorised share capital of the Company was HK\$390,000 divided into 390,000,000 shares of HK\$0.001 each and (ii) the authorised share capital of the Company was increased to HK\$5,000,000 divided into 5,000,000,000 shares by the creation of an additional 4,610,000,000 shares, such additional shares to rank pari passu in all aspects with the existing shares.
- (i) Pursuant to the written resolution of the shareholders of the Company passed on 13 November 2015, 544,200,000 ordinary shares of HK\$0.001 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the then shareholders on a pro-rata basis. This allotment and capitalisation issue was conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (j) below.
- (j) In connection with the Company's initial public offering, 184,000,000 ordinary shares of HK\$0.001 each were issued at a price of HK\$2.06 per share for a total cash consideration before expenses, of approximately HK\$379,040,000. Dealing in the shares of the Company on the Hong Kong Stock Exchange commenced on 27 November 2015.

15. BUSINESS COMBINATIONS

- (a) On 30 October 2015, the Group acquired the entire interest in Shanghai Eaton Consulting Limited ("Shanghai Eaton Consulting") for a total consideration of RMB5.1 million (approximately HK\$6.2 million) from Guangzhou Ruian Enterprise Management Company Limited ("GZ Ruian") in which Dr. Sun Man Kin, Michael, an executive director of the Company, was the then controlling shareholder. Shanghai Eaton Consulting, together with its subsidiaries are principally engaged in provision of healthcare and medical services in the PRC.

The fair values of the identifiable assets and liabilities of Shanghai Eaton Consulting as the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	3,793
Inventories	176
Trade receivables	865
Prepayments, deposits and other receivables	12,161
Cash and cash equivalents	6,712
Trade payables	(945)
Other payables, accruals and deferred income	(8,748)
Tax payables	(412)
Total identifiable net assets at fair value	13,602
Non-controlling interests at acquisition date	(3,895)
Gain on bargain purchase recognised in other income and gains, net in the unaudited condensed consolidated statement of profit or loss (<i>note 5</i>)	(3,499)
Satisfied by cash consideration of RMB5.1 million	<u><u>6,208</u></u>

(a) (continued)

The gain on bargain purchase of HK\$3,499,000 arising from the above acquisition was primarily attributable to the improved operating performance of Shanghai Eaton Consulting and its subsidiaries during the period from conclusion of the equity transfer agreement to the date of the acquisition. The gain on the bargain purchase is determined on provisional basis as the Group is in the process of completing a valuation to assess the fair values of the identifiable assets acquired and liabilities assumed.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$865,000 and HK\$10,571,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK\$865,000 and HK\$10,571,000 respectively.

No transaction cost was incurred for this acquisition.

Since the acquisition, Shanghai Eaton Consulting and its subsidiaries contributed HK\$4,429,000 to the Group's revenue and loss of HK\$76,000 to the consolidated profit for the six months ended 31 December 2015.

- (b) In order to increase the range of healthcare services offered and to continually provide comprehensive and integrated healthcare services for the benefit of the patients, on 1 November 2014, True Point acquired a 60% equity interest in United Medical Services (China) Limited ("UMSC") from Dr. Sun Yiu Kwong, an executive director and a major beneficial shareholder of the Company, satisfied by 3,887 shares in True Point, which represented 7.74% of its enlarged capital. The fair value of 3,887 shares in True Point is HK\$780, which was the nominal value of True Point as at 1 November 2014. Upon completion of the transaction, together with the 40% equity interest owned by True Point, UMSC became a wholly-owned subsidiary of it. On 30 June 2015, the Group acquired the 100% equity interest of UMSC for a cash consideration of US\$100 (approximately of HK\$780) from True Point. Since the Group and UMSC are under common control of True Point both before and after the transaction, this common control business combination was accounted for as if the acquisition had been completed when UMSC first came under the common control on 1 November 2014. UMSC, together with its subsidiary, is principally engaged in the provision of healthcare and hospital management.

The fair values of the identifiable assets and liabilities of UMSC as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	670
Trade receivables	6
Prepayments, deposits and other receivables	4,688
Cash and cash equivalents	3,609
Other payables, accruals and deferred income	(12,648)
Tax payables	(11)
Total identifiable net liabilities at fair value	(3,686)
Goodwill on acquisition (<i>note 11</i>)	3,687
Satisfied by 3,887 shares in True Point at the acquisition date	<u>1</u>

(b) (continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$6,000 and HK\$4,568,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK\$6,000 and HK\$4,568,000, respectively.

No transaction cost was incurred for this acquisition.

Since the acquisition, UMSC contributed HK\$305,000 to the Group's revenue and profit of HK\$163,000 to the consolidated profit for the six months ended 31 December 2014.

16. CAPITAL COMMITMENT

The Company had the following capital commitment at the end of the reporting period:

	31 December 2015 HK\$'000 (Unaudited)	30 June 2015 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital contribution to a joint venture	48,658	–

17. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 1 January 2016, the Group acquired the remaining 30% equity interest in each of Shanghai Eaton Clinic Limited and Beijing Eaton Clinic Limited from their respective non-controlling shareholder for an aggregate consideration of RMB2.2 million (approximately HK\$2.6 million). Both Shanghai Eaton Clinic Limited and Beijing Eaton Clinic Limited became wholly-owned subsidiaries of the Group thereafter and are engaged in provision of healthcare and medical services in the PRC. Upon completion of the above acquisitions, the carrying amount of the non-controlling interests and the equity attributable to owners of the Company are expected to decrease by HK\$3.8 million and to increase by HK\$1.2 million, respectively.

BUSINESS OVERVIEW AND OUTLOOK

It is with great pleasure that the Board presents our first interim results announcement for the six months ended 31 December 2015 (“1H2016”) following the completion of our listing on the Hong Kong Stock Exchange on 27 November 2015.

Since our initial public offering, global capital markets have been extremely turbulent with concerns around global economic growth, volatile crude oil prices and rates hike. All of these external factors have dampened both investors’ and consumers’ confidence in general, with share prices of a majority of the companies listed on the Hong Kong Stock Exchange to have retreated significantly since last year, including UMP’s. It is, however, in these turbulent times that companies and business models are put to test, and we are pleased to report that UMP has performed well in 1H2016.

UMP is one of the leading corporate healthcare solutions providers in Hong Kong serving more than 1.3 million medical and dental patient visits annually. UMP partners with corporations and insurance companies in the design and administration of corporate healthcare benefits plans for, and provides healthcare services to, the such members, employees and policyholders. Such business model allows us to have a sticky, steady and growing 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. Corporations and insurance companies also welcome such partnership with UMP as we have a track record of delivering cost-effective and a comprehensive suite of healthcare solutions according to their budget and their needs.

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 31 December 2015, the UMP Network comprises more than 600 points of services located across Hong Kong and Macau (of which 41 are operated by UMP).

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 imaging and laboratory services, physiotherapy and vision care.

3. PRC Health Check-up Business

Our PRC Health Check-up Business currently operates 1 medical center in Beijing and 2 medical centers in Shanghai, delivering on average around 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 and Clinical Healthcare Business

Our PRC Corporate Healthcare Solution and 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 Phoenix Healthcare Group through a 50:50 joint venture; and
- in Shanghai, through our wholly owned operations.

Our PRC Corporate Healthcare Solution and Clinical Healthcare Business does not generate any revenue as we are in the process of establishing our medical center network in both Beijing and Shanghai.

BUSINESS LINES ANALYSIS

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line has increased 7.4% from HK\$132.9 million to HK\$142.7 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 37.3% from HK\$11.0 million to HK\$15.1 million. Our results show that we are able to generate operating leverage through control of our administration costs, while generating 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 11.2% from HK\$93.6 million to HK\$104.1 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 14.8% from HK\$12.2 million to HK\$14.0 million. The increase in revenue is in part due to the offering of additional specialist services and auxiliary services to our patients. The increase in operating profit was also due to the fully ramped up operations of the Causeway Bay medical imaging centre which was operating at a loss in 1H2015.

PRC Health Check-up Business

We completed the acquisition of the PRC Health Check-up Business on 30 October 2015, which generated revenue of HK\$5.2 million between 31 October 2015 and 31 December 2015. Our PRC Health Check-up Business has experienced higher patient visits due to more PRC residents traveling abroad for study and for work.

Assuming the acquisition was completed on 1 July 2014, our PRC Health Check-up Business would have generated revenue of HK\$16.9 million for the six months ended 31 December 2015, representing a period to period increase of 14.6%.

PRC Corporate Healthcare Solution and Clinical Healthcare Business

Our PRC Corporate Healthcare Solution and Clinical Healthcare Business is currently in development phase and therefore did not generate any revenue in 1H2016.

The following table sets out the revenue and operating profit for our business lines for the six months ended 31 December 2015 and the corresponding period for comparison:

Revenue by business lines

	Six months ended 31 December		Increase/ (decrease)
	2015 HK\$'000	2014 HK\$'000	
Hong Kong & Macau Corporate Healthcare Solution Services	142,742	132,912	7.4%
Hong Kong & Macau Clinical Healthcare Services	104,075	93,592	11.2%
PRC Health Check-up Business	5,191	305	NM
PRC Corporate Healthcare Solution and Clinical Healthcare Business	—	—	NM
TOTAL	252,008	226,809	11.1%

Operating profit by business lines

	Six months ended 31 December		Increase/ (decrease)
	2015	2014	
	HK\$'000	HK\$'000	
Hong Kong & Macau Corporate Healthcare Solutions Services	15,138	10,970	38.0%
<i>Operating Profit margin</i>	10.6%	8.3%	
Hong Kong and Macau Clinical Healthcare Services	13,975	12,234	14.2%
<i>Operating Profit margin</i>	13.4%	13.1%	
PRC Health Check-up Business	1,856	156	NM
<i>Operating Profit margin</i>	35.8%	51.1%	
PRC Corporate Healthcare Solutions and Clinical Healthcare Business	(3,525)	–	NM

- (1) Business lines revenue presented above are before intersegment sales elimination
- (2) Operating Profit by business lines represent operating profit before tax for each business line and excluding non-recurring items
- (3) Operating loss for PRC Corporate Healthcare Solution and Clinical Healthcare Business for the six months ended 31 December 2015 includes share of loss of a joint venture of HK\$3.3 million from the joint venture with Phoenix Healthcare Group. The loss primarily represents startup costs including office renovation, recruitment of management and medical staff and training costs

OUTLOOK

Hong Kong

To further expand our scope of services in Hong Kong, we have started constructing a new day surgery, endoscopy and medical imaging center in Kowloon, which is expected to commence operations by June 2016. Further, we will continue to expand on our specialist services, and we have noticed an increasing number of specialists willing to partner up with UMP due to our dedication to expand our business in both Hong Kong and the PRC.

China

Market potential for corporate healthcare solution and private clinical healthcare services in the PRC

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

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

General Practitioner model

When seeking treatments, the PRC patients tend to visit hospitals and directly consult specialists. General practitioners are not often consulted and most often do not serve as entry point into the healthcare system. Resources are often strained and not properly utilised given the lack of first line diagnosis by general practitioners. Well-trained general practitioners are in shortage in the PRC. General practitioners represent approximately 5% of the PRC's total physicians, while in most developed countries general practitioners represent approximately 50% of total physicians.

We believe that such a pattern will change as both the Chinese government and patients start to see the benefit of having a family physician as a first point of contact for healthcare needs. The general practitioner model is an effective way to triage patients to the most appropriate care, ultimately reducing waiting time and potentially unnecessary treatments and diagnosis. The Chinese government has published numerous policies promoting the development of general practitioners, while we believe patients generally are also seeking for a more convenient way to see doctors for non-critical illnesses. The trend towards recognition of the general practitioner model will also help to fuel the development of the commercial healthcare insurance market in the PRC.

Development of the PRC commercial healthcare insurance

The PRC's commercial healthcare insurance market is still relatively underdeveloped as compared to other developed countries. The premiums of the PRC commercial healthcare insurance have increased from RMB86 billion to RMB159 billion during 2012–2014, representing a compound annual growth rate of 35.6%, indicating the increasing and strong demand for commercial healthcare insurance in the PRC market.

According to Frost & Sullivan, there are currently no corporate healthcare solutions providers integrating medical resources and corporate payers in the PRC. As such, in general, many commercial healthcare insurance companies are operating at a loss as there are no incentives for medical service providers to work together with insurance companies in designing appropriately priced health plans.

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

Update on our PRC Corporate Healthcare Solution and Clinical Healthcare Business

As stated in our Prospectus, we have commenced applying for licences to establish our medical center network in Beijing and Shanghai.

In Beijing, through our partnership with Phoenix Healthcare Group, we are in the process of applying for three medical center licenses in Beijing. As of the date of this announcement, our first medical center has already finished most of the renovation work and is expected to commence operations by June 2016. The remaining two medical centers have also commenced renovation and should also commence operations by July 2016. In Shanghai, we are currently developing our own medical center network, with our first medical center expected to open by June 2016. We will provide further update to our shareholders upon the opening of these medical centers. We have also commenced recruitment of doctors and other medical staff for these clinics and will also be commencing “UMP training” to these new team members over the course of the next few months. The idea behind the “UMP Training” is to cultivate our “General Practitioner” model and focus on customer services so that patients can appreciate the convenience and the quality of our services.

MANAGEMENT DISCUSSION AND ANALYSIS

1H2016 compared to 1H2015

Revenue

During 1H2016, we generated revenue from (i) the provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau, (ii) the provision of clinical healthcare services in Hong Kong and Macau and (iii) the PRC Health Check-up Business, which we acquired on 30 October 2015 and primarily represents revenue generated from the provision medical examinations for local residents in the PRC and immigration visa applicants.

As stated in our Prospectus, we are actively expanding our corporate healthcare solutions and clinical healthcare business in both Beijing (through our 50:50 joint venture with Phoenix Healthcare Group) and Shanghai through the establishment of our own medical center network in these two cities. Our PRC Corporate Healthcare Solution and Clinical Healthcare Business is currently in the establishment phase and did not generate any revenue in 1H2016.

Total consolidated revenue increased by 10.2% from HK\$196.4 million in 1H2015 to HK\$216.5 million in 1H2016, primarily due (i) to an increase in revenue from HK\$196.4 million to HK\$211.3 million from the provision of corporate healthcare solution services to Contract Customers and provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau, and (ii) additional revenue contribution of HK\$5.2 million from the PRC Health Check-up Business, which we acquired on 30 October 2015.

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

Revenue from the provision of corporate healthcare solution services to Contract Customers in Hong Kong and Macau increased 7.4% from HK\$132.5 million in 1H2015 to HK\$142.3 million in 1H2016.

- **Medical.** Revenue generated from the provision of Medical Services to Contract Customers increased by 7.9% from HK\$124.7 million for 1H2015 to HK\$134.5 million for 1H2016, primarily due to an increase in the average price per patient visit in 1H2016. This increase was primarily the result of periodic price adjustments for Medical Services. The number of visits from patients seeking Medical Services increased by 7.0% from 540,717 in 1H2015 to 578,820 in 1H2016.
- **Dental.** Revenue generated from the provision of Dental Services to Contract Customers remained relatively stable at HK\$7.8 million for both 1H2015 and 1H2016. The average price per patient visit increased in 1H2016. The number of visits decreased from 11,961 in 1H2015 to 11,094 in 1H2016.

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 10.4% from HK\$42.4 million for 1H2015 to HK\$46.8 million for 1H2016, primarily due to an increase in the average price per patient visit in 1H2016 driven by higher spending by patients who needed to utilise our auxiliary services. The number of visits from patients seeking Medical Services decreased slightly from 55,982 in 1H2015 to 54,981 in 1H2016.
- **Dental.** Revenue generated from the provision of Dental Services to Self-paid Patients increased by 4.7% from HK\$21.2 million for 1H2015 to HK\$22.2 million for 1H2016. The average price per patient visit increased in 1H2016. The number of visits from patients seeking Dental Services increased from 17,455 in 1H2015 to 17,990 in 1H2016.

PRC Health Check-up Business

Additional revenue contribution from the PRC Health Check-up Business, which we acquired on 30 October 2015, was HK\$5.2 million for 1H2016. The number of patient visits was 6,646.

For reference, the PRC Health Check-up Business generated revenue of HK\$14.8 million in 1H2015 and HK\$11.7 million from 1 July 2015 to 30 October 2015. For illustration purposes, if we had completed the acquisition on 1 July 2014, the revenue for the PRC Health Check-up Business would have increased by 14.2% from HK\$14.8 million in 1H2015 to HK\$16.9 million in 1H2016 (or an increase of 21.0% under constant RMB currency basis). The following table provides further breakdown of the revenue, visits regarding the PRC Health Check-up Business:

	Six months ended		
	31 December		Increase/
	2015	2014	(decrease)
Revenue contribution post-acquisition on 30 October 2015 (<i>HK\$'000</i>)	5,191	305	NM
Revenue per local currency (<i>RMB'000</i>)	4,347	242	NM
No. of visits	6,646	—	
Revenue contribution assuming acquisition was completed on 1 July 2014 (<i>HK\$'000</i>)	16,905	14,752	14.6%
Revenue per local currency (<i>RMB'000</i>)	14,158	11,702	21.0%
No. of visits	17,209	13,901	23.8%

2014 RMB:HKD exchange rate at 1.26066

2015 RMB:HKD exchange rate at 1.19405

Other Income and Gains, Net

Other income and gains, net 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 and gain on disposal of investment in an associate.

Other income and gains, net, increased 28.0% from HK\$5.0 million in 1H2015 to HK\$6.4 million in 1H2016. The period to period increase was primarily due to the one-off gain on bargain purchase of HK\$3.5 million from the acquisition of the PRC Health Check-up Business as part of the Reorganisation. Further, other income and gains, net, in 1H2015 included a gain from disposal of investment in an associate of HK\$3.0 million, which did not recur in 1H2016.

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 centers for services rendered to the Group.

Professional services expenses increased by 4.7% from HK\$115.7 million for 1H2015 to HK\$121.1 million for 1H2016, 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 1H2016.

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 7.9% from HK\$31.8 million for 1H2015 to HK\$34.3 million for 1H2016. Employee benefit expense increased primarily due to recognition of non-cash share-based payment expenses relating to share options granted to selected employees, additional staffing expenses from the PRC Health Check-up Business following the completion of the acquisition on 30 October 2015, general increase in staff costs at existing UMP Medical Centres and new staff recruited in connection with the Group's expansion plans in the PRC.

Property Rental and Related Expenses

Property rental and related expenses increased by 14.0% from HK\$11.4 million for 1H2015 to HK\$13.0 million for 1H2016, primarily due to rental expenses arising from the leasing of premises for the medical imaging centre and the Causeway Bay specialist centre, as well as increase in rent for those existing premises for which leases were renewed.

Cost of Inventories Consumed

Cost of inventories consumed increased by 10.4% from HK\$7.7 million for 1H2015 to HK\$8.5 million for 1H2016, primarily due to an increase in the amount of drugs and other medical consumables consumed for the provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau. Such increase is in line with the increase in revenue from the provision of clinical healthcare services in Hong Kong and Macau in 1H2016.

Depreciation

Depreciation increased by 82.6% from HK\$2.3 million for 1H2015 to HK\$4.2 million for 1H2016, primarily due to the purchase of specialised equipment for the Causeway Bay medical imaging centre.

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, expenses in connection with the Global Offering, audit fees, printing expenses and bank charges.

Other expenses, net, increased by 174.5% from HK\$9.8 million in 1H2015 to HK\$26.9 million in 1H2016, primarily due to HK\$15.1 million of expenses incurred in connection with the Global Offering. Excluding listing expenses, other expenses, net increased by 20.4% from HK\$9.8 million in 1H2015 to HK\$11.8 million in 1H2016, such increase was primarily due to an increase in professional fees paid to external advisors in connection with the Group's corporate development.

Share of Profits and Losses of Associates

Share of profits and losses of associates remained stable at HK\$1.1 million in 1H2015 and 1H2016.

Share of Profits and Losses of a Joint Venture

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

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

Share of losses of a joint venture represents the establishment cost of the UMP Phoenix JV with Phoenix Healthcare Group. As the joint venture is currently still renovating medical centers in Beijing, the joint venture has not yet generated any revenue as of the date of this announcement. Share of losses of the joint venture amounted to HK\$3.3 million for 1H2016. Such losses primarily represent 50% of the losses of the joint venture and primarily consist of staff costs and rental and utilities for UMP Phoenix JV's management office.

Profit Before Tax

Reported profit before tax for 1H2015 and 1H2016 was affected by various one-off items.

Profit before tax decreased by 46.6% from HK\$23.8 million for 1H2015 to HK\$12.7 million for 1H2016, primarily due to recognition of one-off listing expenses of HK\$15.1 million in 1H2016, offset by gain on bargain purchase of HK\$3.5 million in 1H2016 in connection with the Group's acquisition of the PRC Health Check-up Business. In addition, profit before tax in 1H2015 also included a gain from disposal of associate of HK\$3.0 million, which did not recur in 1H2016.

Excluding the one-off items stated above, profit before tax would have increased 16.8% from HK\$20.8 million to HK\$24.3 million.

Income Tax Expense

Income tax expense increased by 50.0% from HK\$3.0 million for 1H2015 to HK\$4.5 million for FY2015. The increase in income tax expense is in line with the period to period increase in the adjusted profit before tax, which adjusted for income and expenses that are not tax deductible. Please refer to the page 1 of this announcement regarding the computation of adjusted profit before tax.

Profit for 1H2016

As a result of the foregoing, profit for 1H2016 decreased by 60.6% from HK\$20.8 million for 1H2015 to HK\$8.2 million for 1H2016. The decrease in net profit, as explained above, is primarily due to one-off listing expenses and other one-off items. Excluding these one-off items, our adjusted net profit would have increased by 11.2% from HK\$17.8 million in 1H2015 to HK\$19.8 million in 1H2016.

We set out below, for illustration purpose, our net profit for the period excluding these one-off items:

	Six months ended	
	31 December	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period	8,151	20,813
Minus gain from disposal of investment in an associate	–	2,990
Minus gain on bargain purchase	3,499	–
Add back listing expenses	15,104	–
Adjusted net profit	19,756	17,823

Summary of operational data as at 31 December 2015 and 1H2015 vs 1H2016 comparison:

Revenue by operating segment

	Six months ended		
	31 December		Increase/
	2015	2014	(decrease)
	HK\$'000	HK\$'000	
Provision of corporate healthcare solution services	142,302	132,516	7.4%
Medical	134,516	124,746	7.8%
Dental	7,786	7,770	0.2%
Provision of clinical healthcare services	74,171	63,863	16.1%
Medical	51,960	42,659	21.8%
Dental	22,211	21,204	4.7%
TOTAL	216,473	196,379	10.2%

Number of visits by operating segment

	Six months ended		
	31 December		Increase/
	2015	2014	(decrease)
	HK\$'000	HK\$'000	
Provision of corporate healthcare solution services	589,914	552,678	6.7%
Medical	578,820	540,717	7.0%
Dental	11,094	11,961	-7.2%
Provision of clinical healthcare services	79,617	73,437	8.4%
Medical	61,627	55,982	10.1%
Dental	17,990	17,455	3.1%
TOTAL	669,531	626,115	6.9%

Plan Members and Healthcare Plans Administered

	As at 31 December		Increase/ (decrease)
	2015	2014	
Total number of Plan Members	805,761	800,749	0.6%
Total number of healthcare plans administered	9,553	9,257	3.2%

KEY FINANCIAL POSITION ITEMS

Property, Plant and Equipment, net

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

As at 30 June 2015 and 31 December 2015, the Group's property, plant and equipment, net amounted to HK\$27.0 million and HK\$28.3 million, respectively. The increase from 30 June 2015 to 31 December 2015 was primarily due to the acquisition of the PRC Health Check-up Business on 30 October 2015, which led to the consolidation of their statements of financial position, as at 31 December 2015.

Goodwill

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

As at 30 June 2015 and 31 December 2015, the Group's goodwill remained the same at HK\$28.1 million, respectively.

Investments in Associates

Investments in associates represent the Group's equity interest in companies that are not its subsidiaries nor joint ventures. The Group typically holds between 20% and 50% equity interest in associates. Investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's investments in associates increased from HK\$1.9 million as at 30 June 2015 to HK\$3.0 million as at 31 December 2015 as a result of our share of profit of associates of HK\$1.1 million.

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 2015 and 31 December 2015, the Group's trade receivables amounted to HK\$45.1 million and HK\$52.9 million, respectively. The increase from 30 June 2015 to 31 December 2015 was in line with the Group's increased revenue in 1H2016 as compared to 1H2015.

Deposits, prepayments and other receivables

Deposits, prepayment and other receivables primarily represent rental deposits paid to landlords. As at 30 June 2015 and 31 December 2015, deposits, prepayment and other receivables amounted to HK\$9.8 million and HK\$20.8 million, respectively. The increase was primarily due to increase in deposit paid for renewed leases as a result of rent adjustment, deposits paid for securing a new additional site and deposits paid for purchases of new equipment.

Due from joint venture

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

As of the date of this announcement, UMP Phoenix JV has already set up a management office based in Beijing. UMP Phoenix JV is also currently in the process of renovating three medical centers in Beijing. During the medical centers establishment process, as the respective holding companies for the medical centers have not yet been incorporated, both UMP and Phoenix Healthcare Group had made advances to fund the establishment cost for these medical centers. Such advances will be paid back to both UMP and Phoenix (by utilizing the funds committed by both UMP and Phoenix) once the medical centers are established.

As at 31 December 2015, the amount due from joint venture amounted to HK\$19.1 million, which primarily consists of HK\$11.2 million (or RMB9.25 million equivalent) as shareholders' loan from UMP to UMP Phoenix JV (RMB9.25 million being approximately 18.5% of the RMB50 million fund commitment under the terms of the Joint Venture Agreement). The remaining amount represent selected set-up costs for the management office of UMP Phoenix JV and the three medical centers that have been paid by UMP on behalf of UMP Phoenix JV, and which primarily include (i) salary and training costs, (ii) cost of engaging consultants for conducting feasibility studies and (iii) deposits and rent paid by UMP on behalf of UMP Phoenix JV. Other than the HK\$11.2 million of shareholders' loan stated above, the remaining amount due from joint venture has already been repaid back to UMP as of the date of this announcement.

Bank and cash balances

Bank and cash balances increased from HK\$83.5 million as at 30 June 2015 to HK\$350.0 million as at 31 December 2015. The significant increase was primarily due to cash proceeds raised from the completion of our initial public offering on the Hong Kong Stock Exchange, which raised a net proceed amount of approximately HK\$330 million.

Trade Payables

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

The Group's trade payables amounted to HK\$41.1 million and HK\$44.8 million, respectively, as at 30 June 2015 and 31 December 2015, respectively. The increase in trade payables was primarily due to an increase in the amount of professional fees accrued and payable to Doctors as a result of the provision of more services to Contract Customers and increased revenue.

Other payables, accruals and deferred income

Other payables, accruals and deferred income primarily comprise (i) provisions made for bonuses payable for management and staff, (ii) payment received in advance from Contract Customers under capitation plans, (iii) loan advanced by minority shareholders in certain of our operating subsidiaries, where such advancement of loan was required under the terms of establishing such subsidiaries (and where our portion of such loan have been eliminated upon consolidation), (iv) listing expenses and (v) dividends payable under the PRC Health Check-up Business.

The Group's other payables, accruals and deferred income amounted to HK\$53.0 million and HK\$56.2 million as at 30 June 2015 and 31 December 2015, respectively. The increase was primarily due to (i) HK\$5.0 million of dividends payable under the PRC Health Check-up Business (such dividends payable has already been settled as of the date of this announcement), (ii) listing expense of HK\$1.3 million accrued but not yet paid and (iii) provisions for professional fees, and partially offset by settlement of certain payables to a director prior to the listing of the Company.

Liquidity and Financial Resources

The Group has historically funded its operations primarily by cash generated from operating activities. Going forward, the Group expects to satisfy its liquidity requirements using a combination of cash generated from operating activities and net proceeds from the Global Offering, although it may also seek to borrow to satisfy liquidity requirements. As of 31 December 2015, the Group had a cash and cash equivalents of HK\$350 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.

Material Acquisition or Disposal of Subsidiaries

During the period, there was no material acquisition or disposal of subsidiaries undertaken by the Group.

Capital Expenditure and Commitment

The capital expenditure during the period was primarily related to expenditures on additions and renovation of property, plant and equipment for our medical centers. The capital commitments were related to capital contribution to UMP Phoenix JV.

Contingent Liabilities

As at 31 December 2015, the Group did not have any material off-balance sheet arrangements.

Charges on Group Assets

As at 31 December 2015, the Group has pledged certain deposits with an aggregate carrying amount of HK\$0.8 million (30 June 2015: HK\$1.0 million) in connection with a surety bond issued by a bank in favour of an independent third party for potential damages of dental equipment and a bank guarantee issued by a bank in favour of a landlord for leasing of a medical centre of the Group.

Employee and Remuneration Policy

As at 31 December 2015, the Group had a total of 383 full time employees (30 June 2015: 296 employees). For the six months ended 31 December 2015, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK\$34.3 million (six months ended 31 December 2014: HK\$31.8 million).

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

In addition, the Group also adopted a pre-IPO share option scheme and a post-IPO share option scheme, where eligible employees 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 31 December 2015, 48,000,000 options were granted and remained outstanding under the pre-IPO share option scheme and no share options under the pre-IPO share option scheme have been exercised during the six months ended 31 December 2015. Also, as at 31 December 2015, no options have been granted or agreed to be granted pursuant to the post-IPO share option scheme.

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

USE OF PROCEEDS

The shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 27 November 2015. Net proceeds from the Global Offering were approximately HK\$330 million after deducting the underwriting commission and relevant expenses. The Company intends to use such proceeds in the manner consistent with that disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus. As at the date of this announcement, the proceeds from the Global Offering has not been fully utilised.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 December 2015 (six months ended 31 December 2014: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and transparency. Since the Listing Date, the Company has made effort to put in place various policies and procedures in compliance with the Corporate Governance Code. The Company confirms that it has complied with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules since the Listing Date up to 31 December 2015, save for the deviation from code provision A.2.1 as mentioned below.

According to code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer 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 Group does not intend to separate these two functions as both the Board and the senior management of the Group believe 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 arrangements when the Board considers appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code since the Listing Date up to 31 December 2015. Senior management, executives and staff who, because of their roles in the Company, are likely to possess inside information, have also been requested to comply with the provisions of the Model Code and the Company confirmed that there was no incident of non-compliance of the Model Code by such employees since the Listing Date up to 31 December 2015.

REVIEW OF INTERIM RESULTS

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

The Audit Committee has reviewed, together with the management of the Company, the unaudited interim results of the Group for the six months ended 31 December 2015 and considered that they were prepared in compliance with the relevant accounting standards, the Listing Rules and the applicable legal requirements, and that the Company has made appropriate disclosure thereof.

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

Since the Listing Date up to 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER REPORTING PERIOD

Saved as disclosed in note 17 to the interim financial information, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2015 and up to the date of this announcement.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is required to be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the designated website of the Company at www.ump.com.hk, respectively. The interim report of the Company for the six months ended 31 December 2015 will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

"1H2015"	six months ended 31 December 2014
"1H2016"	six months ended 31 December 2015
"Accountants' Report"	the financial information of the Group for the years ended 30 June 2013, 2014 and 2015 included in the accountants' report as set out in Appendix IA to the Prospectus
"Affiliated Clinic"	a clinic 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 Service Providers”	doctor(s)/dentist(s)/auxiliary services provider(s) who has entered or will enter into an agreement directly with the Group to provide services to Plan Members and who, in accordance with the terms of such agreement, has received or will receive an amount from the Group based on the volume of Plan Members treated
“Audit Committee”	the audit committee of the Company
“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 who is 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 Service Providers
“Beijing Eaton Clinic Limited”	北京耀東門診部有限公司, a limited liability company established in the PRC
“Board” or “Board of Directors”	the board of Directors of the Company
“Company” or “UMP”	UMP Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 5 November 2014
“Contract Customers”	collectively, insurance companies and corporations which have entered or will enter into corporate plans with the Group for healthcare benefits for Plan Members
“Corporate Governance Code”, “CG Code”	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
“Dental Services”	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening
“Dentists”	dentists who is or will be engaged directly by the Group as a consultant to provide Dental Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Dentists
“Directors”	the director(s) of the Company

“Doctors”	doctors who is or will be engaged directly by the Group as a consultant to provide Medical Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Doctors
“general practitioner”, “general practice”	doctors trained in general practice and best suited to act as first point of contact for patients, having the required knowledge to refer patients to the appropriate specialists or services as required
“Global Offering”	the offer of the shares of the Company to the public in Hong Kong and outside the United States in offshore transactions in reliance on Regulation S, the details of which are set out in “Structure of the Global Offering” of the Prospectus
“Group”, “we”, “our”, “us”	the Company and its subsidiaries
“Guangzhou Ruian Enterprise Management Company Limited”	廣州瑞安企業管理有限公司, a limited liability company established in the PRC
“Healthcare Management Model”	the Group’s business model that is founded on the basis that general practitioners are best suited to serve as the first point of contact for patients given their training in family medicine
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong & Macau Clinical Healthcare Services”	provision of clinical healthcare services to Self-paid Patients as described in “Business Overview and Outlook” of this announcement
“Hong Kong & Macau Corporate Healthcare Solution Services”	provision of corporate healthcare solutions as described in “Business Overview and Outlook” of this announcement
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Venture Agreement”	the joint venture agreement entered into between UMP Healthcare China Limited, a wholly-owned subsidiary of the Company, and Pinyu on 13 July 2015 for the purpose of forming UMP Phoenix JV

“Listing Date”	27 November 2015
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Macau”	the Macau Special Administrative Region of the PRC
“Medical”, “Medical Services”	includes 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
“Phoenix”	Phoenix Healthcare Group Co. Ltd., a company incorporated in the Cayman Islands and listed on the Main Board of the Hong Kong Stock Exchange
“Phoenix Healthcare Group”	Phoenix and its subsidiaries
“Pinyu”	Pinyu Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is a substantial shareholder of the Company and an indirect wholly-owned subsidiary of Phoenix
“Plan Members”	Members of the Group’s corporate healthcare benefits plans, who typically include group medical insurance policyholders and employees of corporations and/or their dependants
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan)
“PRC Corporate Healthcare Solutions and Clinical Healthcare Business”	development of corporate healthcare solutions and clinical healthcare services in China as described in “Business Overview and Outlook” of this announcement
“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 as described in “Business Overview and Outlook” of this announcement
“Prospectus”	the prospectus of the Company dated 17 November 2015
“Remuneration Committee”	the remuneration committee of the Company

“Reorganisation”	the restructuring steps taken by the Group in connection with the listing of the Company, further details of which are set out in the section headed “History and Reorganisation” in the Prospectus
“RMB”	Renminbi, the lawful currency of PRC
“Self-paid Patients”	patients who visit a UMP Medical Centre operated by the Group and pays for services using cash or credit card
“Shanghai Eaton Clinic Limited”	上海怡東門診部有限公司, a limited liability company established in the PRC
“specialist practice”, “specialist services”	UMP offers a range of specialist practice, 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. Please see www.ump.com.hk for the updated list of specialist practices
“True Point”	True Point Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“UMP Medical Centre”	medical centre offering Medical Services, Dental Services and/or Auxiliary Service 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
“UMP Phoenix JV”	UMP Phoenix Healthcare Limited, a joint venture company formed by the Group and Phoenix pursuant to the Joint Venture Agreement

“United Medical Services (China) Limited” or “UMSC” a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

“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
Dr. Sun Yiu Kwong
Chairman

Hong Kong, 23 February 2016

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