Union Medical Healthcare Limited
香港醫思醫療集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2138)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

INTERIM RESULTS AND PERFORMANCE HIGHLIGHTS

- Total revenue increased by 21.4% from HK$335.9 million for the six months ended 30 September 2015 to HK$407.6 million for the six months ended 30 September 2016. Our recognised revenue increased by 43.8% from HK$206.5 million for the six months ended 30 September 2015 to HK$297.0 million for the six months ended 30 September 2016.

- The adjusted net profit attributable to equity shareholders of the Company (excluding the share award and share option expenses and initial outlay of the new health management business of HK$11.4 million and HK$42.3 million, respectively) increased by 18.8% from HK$96.4 million (excluding the listing expenses of HK$12.9 million) for the six months ended 30 September 2015 to HK$114.5 million. The unadjusted net profit attributable to equity shareholders of the Company decreased by 11.9% from HK$83.5 million for the six months ended 30 September 2015 to HK$73.5 million for the six months ended 30 September 2016.

- Basic earnings per Share for the six months ended 30 September 2016 amounted to HK$0.08 (for the six months ended 30 September 2015: HK$0.11).

- The Board resolved to declare an interim dividend of 2.5 HK cents per Share and a special dividend of 5.0 HK cents per Share, totalling 7.5 HK cents per Share, payable in cash.

- For the analysis on certain key metrics of the Group, please refer to page 20 of this announcement.

* *for identification purpose only*

The Board is pleased to announce the unaudited consolidated financial results of the Group for the six months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September

	Notes	**2016** ***HK$*** **(Unaudited)**	2015 *HK$* (Audited)
REVENUE	*5*	**407,647,810**	335,868,324
Other net income and gains	*5*	**4,010,159**	898,983
Cost of inventories and consumables		**(54,011,417)**	(22,255,312)
Registered practitioner expenses		**(30,530,065)**	(25,841,922)
Employee benefit expenses		**(120,852,214)**	(91,641,285)
Marketing and advertising expenses		**(32,558,782)**	(16,955,502)
Rental and related expenses		**(39,830,572)**	(30,700,680)
Credit card expenses		**(14,856,196)**	(11,158,803)
Depreciation		**(12,852,462)**	(10,557,602)
Other expenses		**(18,612,387)**	(23,307,717)
PROFIT BEFORE TAX	*6*	**87,553,874**	104,348,484
Income tax	*7*	**(14,614,655)**	(20,452,194)
PROFIT FOR THE PERIOD		**72,939,219**	83,896,290
Attributable to:			
Equity shareholders of the Company		**73,524,575**	83,471,177
Non-controlling interests		**(585,356)**	425,113
		72,939,219	83,896,290
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY			
— basic and diluted	*8*	**0.08**	0.11
PROFIT FOR THE PERIOD			
Item that may be reclassified subsequently to profit or loss:		**72,939,219**	83,896,290
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK$Nil tax		**–**	30,055
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**72,939,219**	83,926,345
Attributable to:			
Equity shareholders of the Company		**73,524,575**	83,501,232
Non-controlling interests		**(585,356)**	425,113
		72,939,219	83,926,345

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 September	31 March
		2016	2016
	Notes	***HK$***	*HK$*
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**62,708,496**	59,155,532
Goodwill		**6,456,582**	3,421,318
Intangible assets		**16,308,949**	1,311,093
Rental deposits	*10*	**19,114,397**	13,817,893
Prepayments and other deposits	*10*	**8,200,000**	8,200,000
Deferred tax assets		**4,516,143**	637,917
Total non-current assets		**117,304,567**	86,543,753
CURRENT ASSETS			
Inventories		**20,126,604**	17,883,209
Trade receivables	*9*	**41,713,930**	32,484,344
Prepayments, deposits and other receivables	*10*	**62,556,922**	42,344,444
Financial assets at fair value through profit or loss	*11*	**40,561,817**	103,516,892
Current tax recoverable		**–**	16,072,807
Pledged time deposits	*12*	**2,000,000**	2,000,000
Time deposits with original maturity over 3 months	*12*	**368,712,370**	500,000,000
Cash and cash equivalents	*12*	**544,170,536**	354,717,582
Total current assets		**1,079,842,179**	1,069,019,278
CURRENT LIABILITIES			
Trade payables	*13*	**5,020,211**	5,214,323
Other payables and accruals	*14*	**63,249,738**	96,694,780
Deferred revenue	*15*	**349,016,788**	312,891,746
Current tax payable		**2,845,542**	6,235,989
Total current liabilities		**420,132,279**	421,036,838
NET CURRENT ASSETS		**659,709,900**	647,982,440
TOTAL ASSETS LESS CURRENT LIABILITIES		**777,014,467**	734,526,193

	Notes	As at 30 September 2016 HK$ (Unaudited)	31 March 2016 HK$ (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**–**	139,109
Provision for reinstatement costs	*14*	**4,090,000**	3,110,000
Total non-current liabilities		**4,090,000**	3,249,109
NET ASSETS		**772,924,467**	731,277,084
TOTAL EQUITY			
Total equity attributable to equity shareholders of the Company	*17*		
Share capital		**9,808**	9,800
Reserves		**768,604,724**	731,360,424
		768,614,532	731,370,224
Non-controlling interests		**4,309,935**	(93,140)
TOTAL EQUITY		**772,924,467**	731,277,084

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Group is principally engaged in the provision of medical, quasi-medical, health management and traditional beauty services, the sale of skincare and beauty products, and investment holding. The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Suites 7–9, L21 Langham Place Office Tower, 8 Argyle Street, Mong Kok, Hong Kong.

2. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 7 July 2015. As part of group reorganisation (the "Reorganisation"), the entire issued share capital of Union (Group) Investment Limited ("UGIL") was transferred to Union Health Services Holding Limited ("Union Health Services"), a wholly-owned subsidiary of the Company, which was in turn controlled by the Controlling Shareholder ("the Share Transfer"). Upon the completion of the Share Transfer, the Company and Union Health Services became the parent companies of UGIL and its subsidiaries, and the holding companies of the Group.

The companies that took part in the Share Transfer were controlled by the same ultimate equity shareholder before and after the Share Transfer and there were no changes in the business and operations of UGIL and its subsidiaries. The Share Transfer only involved incorporating the Company and Union Health Services with no prior substantive operations as the holding companies of UGIL and the Group. Accordingly, the Share Transfer has been accounted for using a principle similar to that for a reverse acquisition with UGIL treated as the acquirer for accounting purposes. The financial statements have been prepared and presented as a continuation of the consolidated financial statements of UGIL and its subsidiaries, with the assets and liabilities of the Group recognised and measured at their historical carrying amounts prior to the Share Transfer, and as if the group structure upon completion of the Share Transfer had been in existence at the beginning of the reporting period presented.

The interim financial results for the six months ended 30 September 2016 (the "Interim Financial Statements") set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 September 2016 but are extracted from the report. The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in the preparation of the unaudited Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 3.1 March 2016, except for the accounting policy changes that are expected to be reflected in the Group's account financial statements for the year ending 31 March 2017. Details of any changes in accounting policies are set out in note 3.

The unaudited Interim 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 annual financial statements for the year ended 31 March 2016.

The preparation of unaudited Interim Financial Statements in conformity with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The unaudited Interim Financial Statements are presented in Hong Kong dollars ("HK$").

3. CHANGE IN ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting period beginning on 1 April 2016. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organized into business unit based on their services and products and has two reportable operating segments as follows:

(a) the provision of medical, quasi-medical, traditional beauty services and the sale of skincare, healthcare and beauty products; and

(b) the provision of health management 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/loss before tax except that interest income, realised gain, gains/losses on disposal of financial assets at fair value through profit or loss, and head office and corporate expenses are excluded from such measurement.

For the purposes of monitoring segment performance and allocating resources between segments: (a) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents and deferred tax assets; and (b) all liabilities are allocated to operating segments other than tax payable, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

	The provision of medical beauty, traditional beauty and the sale of skincare, healthcare and beauty products		The provision of health management services		Elimination		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Revenue:								
Sales to external customers	**394,626,354**	335,868,324	**13,021,456**	–	**–**	–	**407,647,810**	335,868,324
Intersegment sales	**5,941,676**	–	**1,583,088**	–	**(7,524,764)**	–	**–**	–
Segment revenue	**400,568,030**	335,868,324	**14,604,544**	–	**(7,524,764)**	–	**407,647,810**	335,868,324
Segment result	**124,531,224**	103,449,501	**(29,572,741)**	–	**–**	–	**94,958,483**	103,449,501
Interest income							**1,958,572**	883,305
Realised gains/(losses) on disposal of financial assets at fair value through profit or loss, net							**411,477**	(1,084,090)
Others							**1,640,110**	1,099,768
Share award and share option expenses							**(11,414,768)**	–
Profit before tax							**87,553,874**	104,348,484

5. REVENUE, OTHER NET INCOME AND GAINS

(a) Revenue

Revenue represents the value of medical, quasi-medical, health management and traditional beauty services rendered and the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	For the six months ended 30 September	
	2016	2015
	HK$	*HK$*
	(Unaudited)	(Audited)
Revenue		
Medical services	**179,579,582**	129,655,839
Quasi-medical services	**40,741,856**	34,362,951
Health management services	**13,021,456**	–
Traditional beauty services	**38,498,917**	32,498,595
Skincare, beauty and healthcare products	**25,196,252**	9,999,181
Revenue recognised from unutilised prepaid packages	**110,609,747**	129,351,758
	407,647,810	335,868,324

(b) Other net income and gains

Bank interest income	**1,958,572**	39,550
Interest income from listed debt investments	**–**	843,755
Other interest income	**281,250**	–
Realised gain/(losses) on disposals of financial assets at fair value through profit or loss, net	**411,477**	(1,084,090)
Imputed interest income on non-current rental deposits	**–**	178,685
Others	**1,358,860**	921,083
	4,010,159	898,983

6. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2016	2015
	HK$	*HK$*
	(Unaudited)	(Audited)
Employee benefit expenses (including directors' emoluments):*		
Salaries, wages, allowances, bonuses, commission and benefits in kind	**146,448,160**	101,200,810
Pension scheme contributions (defined contribution scheme)	**4,934,119**	3,359,803
	151,382,279	104,560,613
Minimum lease payments under operating leases in respect of:		
Land and buildings	**32,002,755**	24,339,811
Equipment	**122,031**	107,964
Auditors' remuneration	**495,505**	595,237
Depreciation	**12,852,462**	10,557,602
Amortisation of intangible assets	**143,753**	265,494
Loss of disposals and write-off of property, plant and equipment	**110,145**	198,087
Foreign exchange differences, net	**476,184**	(550,996)

* During the six months ended 30 September 2016, included in "Employee benefit expenses" are also (i) registered practitioner expenses of HK$30,530,065 (for the six months ended 30 September 2015: HK$12,919,328) paid/payable to certain registered medical practitioners who are also employees of the Group; and (ii) the share award and share option expenses of HK$11,414,768 (for the six months ended 30 September 2015: HK$nil).

For further details to the grant of awarded shares and share options pursuant to the share award scheme and share option scheme of the Company respectively, please refer to the announcement of the Company dated 26 September 2016.

7. INCOME TAX

Taxation in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	For the six months ended 30 September	
	2016	2015
	HK$	*HK$*
	(Unaudited)	(Audited)
Current — Hong Kong		
Charge for the period	**18,246,505**	21,068,631
Under-provision in respect of prior periods	**–**	155,935
	18,246,505	21,224,566
Current — Elsewhere		
Charge for the period	**523,711**	354,690
Deferred tax	**(4,155,561)**	(1,127,062)
Tax charge for the period	**14,614,655**	20,452,194

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong Profits Tax has been provided at the rate of 16.5% (for the six months ended 30 September 2015: 16.5%) on the estimated assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share attributable to equity shareholders of the Company is based on the following data:

	For the six months ended 30 September	
	2016	2015
	HK$	*HK$*
	(Unaudited)	(Audited)
Earnings for the purposes of basic earnings per Share representing profit for the six months attributable to equity shareholders of the Company	**73,524,575**	83,471,177

	For the six months ended 30 September	
	2016	2015
Weighted average number of ordinary shares for the purpose of calculating basic earnings per Share	**980,750,175**	735,000,000

No adjustment has been made to the basic earnings per Share amount presented for the period ended 30 September 2016 in respect of a dilution as the exercise price of outstanding options was higher than the average market price of the ordinary shares of the Company during the period and the share options had no dilutive effect on the basis earnings per Share amount presented.

9. TRADE RECEIVABLES

	As at **30 September 2016** *HK$* **(Unaudited)**	 31 March 2016 *HK$* (Audited)
Trade receivables	**41,713,910**	32,484,344

The Group's trading terms with its customers are mainly on credit card settlements. The credit period is generally 5 to 120 days for the credit card settlements from the respective financial institutions. The Group seeks to maintain strict control over its outstanding receivables and 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 ageing analysis of the trade receivables, based on the invoice date, is as follows:

	As at **30 September 2016** *HK$* **(Unaudited)**	 31 March 2016 *HK$* (Audited)
Within 1 month	**26,667,415**	26,249,632
1 to 3 months	**5,868,776**	4,065,694
Over 3 months	**9,177,739**	2,169,018
	41,713,930	32,484,344

The ageing analysis of the trade receivables based on the payment due date and net of provision is as follows:

	As at **30 September 2016** *HK$* **(Unaudited)**	 31 March 2016 *HK$* (Audited)
Neither past due nor impaired	**27,530,211**	27,093,828
Less than 3 months past due	**12,163,320**	4,068,655
3 to 6 months past due	**–**	687,861
7 to 12 months past due	**2,020,399**	392,787
More than 1 year past due	**–**	241,213
	41,713,930	32,484,344

At 30 September 2016, none of the trade receivables were individually determined to be impaired (as at 31 March 2016: HK$Nil).

Trade receivables that were neither past due nor impaired relate to a number of receivables due from financial institutions in respect of credit card settlements for whom there was no recent history of default.

Trade receivables that were past due but not impaired also relate to a number of financial institutions 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. The Group does not hold any collateral or other credit enhancements over these balances.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
Prepayments	**49,617,345**	27,211,102
Deposits	**34,913,494**	31,967,628
Other receivables	**5,340,480**	5,183,607
	89,871,319	64,362,337
Portion classified as non-current		
— Rental deposits	**(19,114,397)**	(13,817,893)
— Prepayments and other deposits	**(8,200,000)**	(8,200,000)
Current portion	**62,556,922**	42,344,444

The above assets are neither past due nor impaired. The financial assets included in the above balance relate to receivables for which there were no recent history of default.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at	
	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss		
Debt instruments, at fair value in Hong Kong	**25,000,000**	–
Unlisted fund investments, at fair value in Hong Kong	**–**	85,499,126
Certificate of deposits, at fair value in Hong Kong	**15,561,817**	18,017,766
	40,561,817	103,516,892

12. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	As at	
	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
Cash and cash equivalents	**546,170,536**	352,428,805
Time deposits	**368,712,370**	504,288,777
	914,882,906	856,717,582
Less: Pledged time deposits for banking facilities as security for credit card instalments programme	**(2,000,000)**	(2,000,000)
Time deposits with original maturity over 3 months	**(368,712,370)**	(500,000,000)
	544,170,536	354,717,582

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying period from one day to one year depending on the Group's immediate cash requirements, and earn interest at the respective time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

Included in cash and cash equivalents, HK$8,171,686 (as at 31 March 2016: HK$3,346,862) are denominated in Renminbi and deposited with the banks in the PRC. These deposits are not freely convertible and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

13. TRADE PAYABLES

An ageing analysis of the trade payables, based on the invoice date, is as follows:

	As at	
	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
Within 1 month	**4,442,365**	5,084,524
1 to 2 months	**363,847**	80,159
2 to 3 months	**213,999**	–
Over 3 months	**–**	49,640
	5,020,211	5,214,323

The trade payables are non-interest-bearing and generally have payment terms within 60 days.

14. OTHER PAYABLES AND ACCRUALS

	As at	
	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
Other payables	**13,871,870**	5,896,845
Accruals	**48,497,868**	88,637,935
Provision for reinstatement costs	**4,970,000**	5,270,000
	67,339,738	99,804,780
Portion classified as non-current — provision for reinstatement costs	**(4,090,000)**	(3,110,000)
Current portion	**63,249,738**	96,694,780

Other payables are non-interest-bearing and have an average payment term of three months.

The provision for reinstatement costs represents management's best estimate of the Group's liabilities of the costs of dismantling and removing the leasehold improvements and restoring the sites on which they are located.

The movements in the provision for reinstatement costs are as follows:

	As at	
	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
At the beginning of period/year	**5,270,000**	4,740,000
Additional provision	**100,000**	1,010,000
Amounts utilised during the period/year	**(400,000)**	(480,000)
At the end of period/year	**4,970,000**	5,270,000
Portion classified as current liabilities	**(880,000)**	(2,160,000)
Non-current portion	**4,090,000**	3,110,000

15. DEFERRED REVENUE

	As at	
	30 September 2016	31 March 2016
	HK$	*HK$*
	(Unaudited)	(Audited)
Deferred revenue	**349,016,788**	312,891,746

The movements in deferred revenue are as follows:

		As at	
		30 September 2016	31 March 2016
	Note	***HK$***	*HK$*
		(Unaudited)	(Audited)
At the beginning of period/year		**312,891,746**	347,467,876
Sales contracts entered into during the period/year		**445,974,034**	671,822,226
Acquisition of business	*16(b)*	**1,160,644**	–
Revenue recognised upon the provision of services during the period/year		**(271,841,811)**	(414,784,736)
Revenue recognised upon the retail sales of products during the period/year		**(25,172,852)**	(37,280,066)
Refunds during the period/year		**(3,135,079)**	(2,450,010)
Revenue recognised from unutilised prepaid packages during the period/year		**(110,609,747)**	(252,121,137)
Exchange adjustment		**(250,147)**	237,593
At the end of period/year		**349,016,788**	312,891,746

16. BUSINESS COMBINATIONS

(a) On 31 May 2016, the Group acquired a 100% interest in Guangzhou Meisheng Enterprise Management Company Limited ("Guangzhou Meisheng") (廣州美生專企業管理有限公司) and its wholly owned subsidiary Guangzhou Meisheng Aesthetic Medical Beauty Clinic Company Limited ("Guangzhou Aesthetic II") (廣州美生專醫療美容門診部有限公司) from a third party vendor.

Guangzhou Meisheng and Guangzhou Aesthetic II are collectively referred to as "the PRC Companies". The PRC Companies are principally engaged in the provision of medical services in the PRC. The cash consideration for the acquisition of the PRC Companies was RMB nil (equivalent to HK$ nil).

The acquisition was made as part of the Group's strategy on business expansion.

The aggregate fair values of the identifiable assets and liabilities of the PRC Companies as at the date of acquisition on 31 May 2016 are as follows:

	Total
	HK$
Property, plant and equipment	2,435,725
Prepayments, deposits and other receivables	2,578,287
Cash and cash equivalents	28,098
Other payables and accruals	(6,334,363)
Total identifiable net liabilities	(1,292,253)
Goodwill on acquisition	1,292,253
Satisfied by cash	–

(b) On 12 September 2016, the Group acquired 70% equity interest in Professional Enterprise Capital Limited ("PECL"). PECL is engaged in the provision of traditional beauty services. The acquisition was made as part of the Group's strategy to expand its market share in the beauty service industry and enable the Group to perform customer database marketing and enhance the customer experience by medical beauty services. The acquisition consideration of HK$1,949,346 was in form of cash, with HK$1,156,956 settled on the acquisition date and the remaining HK$792,390 to be settled on 12 December 2016.

The fair value of the identifiable assets and liabilities of PECL as at the date of acquisition is as follows:

	Note	*HK$*
Property, plant and equipment		313,921
Rental deposits		1,066,785
Bank and cash balances		74,704
Receipts in advance	*15*	(1,160,644)
Total identifiable net assets at fair value		294,766
Non-controlling interests		(88,430)
Goodwill on acquisition		1,743,010
Consideration satisfied by cash		1,949,346

Included in the goodwill of HK$1,743,010 recognised above is a customer list, which is not recognised separately. Because the list is subject to a confidentiality agreement, it is not separable and therefore it does not meet the criteria for recognition as an intangible asset under HKAS 38 Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

At the end of the reporting period, the allocation of the cost of acquisition of the PRC Companies and PECL to the identifiable assets and liabilities is pending the completion of the appraisal of certain intangible assets acquired, which is expected to be completed during the year ending 31 March 2017. Accordingly, the above goodwill arising on the acquisition is a provisional amount and may change upon the completion of the appraisal.

17. SHARE CAPITAL AND DIVIDENDS

(a) Share capital

	Number of shares	30 September 2016 *HK$*
Authorised		
Ordinary shares of HK$0.00001 each	38,000,000,000	380,000
Ordinary shares, issued and fully paid		
At 31 March 2016	**980,000,000**	**9,800**
Partial exercise of the over-allotment option*	**827,000**	**8**
At 30 September 2016	**980,827,000**	**9,808**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

* On 18 April 2016, the Company issued 827,000 shares with a par value of HK$0.00001 each, at price of HK$3.03 per share, by way of partial exercise of the over-allotment option pursuant to the IPO.

(b) Dividends

	For the six months ended 30 September	
	2016	2015
	HK$	*HK$*
Interim, declared — 2.5 HK cents (for the six months ended 30 September 2015: HK$Nil)	**24,520,675**	–
Special, declared — 5.0 HK cents (for the six months ended 30 September 2015: HK$Nil)	**49,041,350**	–

At a meeting held on 28 November 2016, the Directors declared an interim dividend of 2.5 HK cents per Share and a special dividend of 5.0 HK cents per Share. The interim and special dividends will be payable in Cash. These declared dividends are not reflected as dividend payable in this condensed consolidated interim financial information, but will be recognised in shareholders' equity in the year ending 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's total revenue, recognised revenue, medical services revenue and contracted sales were HK$335.9 million, HK$297.0 million, HK$179.6 million and HK$446.0 million respectively, representing a significant increase of 21.4%, 43.8%, 38.5% and 39.0% from total revenue, recognised revenue, medical services revenue and contracted sales for the six months ended 30 September 2015 respectively.

The adjusted net profit attributable to equity shareholders of the Company (excluding the share award and share option expenses and initial outlay of the new health management business of HK$11.4 million and HK$42.6 million, respectively) increased by 18.8% from HK$96.4 million (excluding the listing expenses of HK$12.9 million) for the six months ended 30 September 2015 to HK$114.5 million. The unadjusted net profit attributable to equity shareholders of the Company decreased by 12.0% from HK$83.5 million for the six months ended 30 September 2015 to HK$73.5 million for the six months ended 30 September 2016. Basic earnings per share amounted to 8 HK cents as compared to 11 HK cents for the previous period.

The Board resolved to declare an interim dividend of 2.5 HK cents per Share and a special dividend of 5.0 HK cents per Share, totalling 7.5 HK cents per share, payable in cash.

BUSINESS OVERVIEW

During the Reporting Period, we continued to maintain our leading market position as the largest aesthetic medical service provider in Hong Kong. We are well-positioned to further extend our leading position in the growing aesthetic medical service market in Hong Kong and broaden the types of services that we offer, as well as to continue our expansion in the Greater China region.

Medical services continue to be the primary contributor and key growth driver to our revenue and profits. As at 31 October 2016, we operate 29 clinics and services centres with 44 Registered Practitioners, increased by 38.1% and 91.3% respectively compared to 31 March 2016, offering medical and medical aesthetics services and products across Hong Kong, Macau and the PRC.

Business developments

Growth driven by the new health management business

Riding on the growing demand for quality medical services with our superior professional ethics in the PRC and Hong Kong, the Company launched re:HEALTH in May 2016, a one-stop health management centre providing a full range of comprehensive health screening, health product and health management services in Hong Kong. During the Reporting Period, contracted sales and revenue from health management business was HK$43.3 million and HK$13.0 million respectively.

Growth driven by medical tourism

With the continued demand of quality discretionary medical services by the PRC, we replicated the success of our first PRC medical aesthetic clinic in 2015 and opened our second PRC clinic in Guangzhou during the Reporting Period. Accordingly, contributions from our PRC clients increased to 17.7% of our revenue (for the six months ended 30 September 2015: 12.6%) during the Reporting Period. We have also completed the acquisition of a licenced travel agent under Travel Agents Ordinance in Hong Kong in November 2016 to cater the increasing demand of medical tourism services. By widening the customer spectrum, consumers in Mainland China and other Asia countries looking for premium medical services in Hong Kong now has direct access to medical services of our Group.

Growth driven by merger and acquisition

In order to extend our services and product offerings (i) to the needs of health and beauty of individuals, we completed the acquisition of the largest group of chiropractors, physiotherapists and other health professionals in Hong Kong which specialise in the musculoskeletal and nervous systems on 31 October 2016; and (ii) to medical group and beauty services providers as a trusted partner in the medical industry, we also acquired 50% equity interest in a distributor of medical equipment, medical consumables and medications on 25 November 2016.

Client growth and diversity

Our revenue is significantly affected by the number of clients who received our services, in particular the number of Key Clients. We have been aiming and will continue to aim to grow our Key Client base and increase their average spending. A period-over-period analysis of certain key metrics of our revenue and clients are set out below:

	For the six months ended 30 September		
	2016	2015	% change
Total revenue (HK$)	**407,647,810**	335,868,324	21.4
Recognised Revenue (HK$)	**297,038,063**	206,516,566	43.8
Recognised Medical Revenue (HK$)	**179,579,582**	129,655,839	38.5
Sales contracts entered into during the period (HK$)	**445,974,034**	320,887,927	39.0
Approximate number of Key Client	**N/A***	N/A*	–
Approximate average spending per Key Client (HK$)	**N/A***	N/A*	–
Approximate number of minimally invasive procedures	**28,100**	20,500	37.1
Approximate number of energy-based procedures performed by Doctors	**4,049**	2,840	42.6
Number of clients who made at least one purchase of services or products	**23,778**	17,639	34.8
Number of clients who received at least one service session	**29,501**	20,072	47.0
Revenue contributed by PRC clients (%)	**17.7%**	12.6%	
Material unfavourable feedback (Compensation and refund) (HK$million)	**0.69**	0.34	
Material unfavourable feedback (Compensation and refund) (% of total revenue)	**0.17%**	0.10%	
Refunds and settlements to legal proceedings and claims (HK$million)	**0**	0.02	
Refunds and settlements to legal proceedings and claims (% of Recognised Medical Revenue)	**–**	0.015%	

* Key Clients statistics are only available on an annual basis.

For the Reporting Period, approximately 89.7% of our clients who received at least one service session were females. We were not reliant on clients from any particular age group. For the Reporting Period, approximately 70.3% of our clients who received at least one service session were between the ages of 16 to 45. In addition, over 90% of our clients who visited us during the Reporting Period had scheduled their next service session within 120 days of their previous visit.

Our professionals and other staff

We continued to be a reliable partner to the medical experts, and the number of our Registered Practitioners has increased by 91.3% from 23 as at 31 March 2016 to 44 as at 31 October 2016. As at 31 October 2016, we had 283 Trained Therapists. The following table summarises the number of our Registered Practitioners who worked full-time for our Group as at 31 October 2016:

Type of Registered Practitioners	Location	Number of Registered Practitioners
Plastic Surgeons (in Hong Kong)	Hong Kong	1
Clinical Microbiologist	Hong Kong	1
Dentists	Hong Kong	5
Paediatrics	Hong Kong	1
Hong Kong Doctors who are General Practitioners	Hong Kong	14
Registered Chiropractors	Hong Kong	14
Chinese Medicine Practitioners (one Listed Chinese Medicine Practitioner & one Registered Chinese Medicine Practitioner)	Hong Kong	2
PRC Doctors	PRC	3
Macau Doctors	Macau	3
		44

Internal Control Protocols

Work safety and risk management

Professionalism and safety have always been our core values. Our experienced and well-trained Registered Practitioners perform and oversee all medically related operations, as well as participate in our senior management. Both our Registered Practitioners and supporting staff are scheduled to attend medically related trainings regularly to update their knowledge and skill sets. Prior to performing a procedure to a client, we require our Registered Practitioners and Trained Therapists to explain the procedures and associated risks and obtain consent in a new form. We apply certain medical standards even to our non-medical services, such as recommending our clients to consult with doctors prior to receiving any of our services.

Internal Control Measures Regarding Selling Practices and Unutilised Prepaid Packages

We have implemented a series of internal control measures, including a number of measures that reference applicable "best practice" guidelines issued by governmental bodies (such as the Hong Kong Consumer Council and the Commerce and Economic Development Bureau of Hong Kong), to help prevent our staff from engaging in coercive selling practices, such as:

- adopting a refund policy which includes a seven-day cooling-off period whereby our clients are allowed to request a full refund within seven days of purchase of any prepaid packages;
- adopting a policy that commission is not paid to our sales staff for contracted sales which are subsequently refunded;
- establishing procedures for recording and handling complaints;
- having written terms and conditions with clients;
- sharing media reports of forced selling cases with our staff to highlight the potential adverse consequences of such practices;
- proactively seeking clarification of the Trade Description Ordinance from the relevant government authorities and organising a seminar provided by the officers of the Hong Kong Customs and Excise Department relating to the Trade Description Ordinance for our staff;
- detailed employee guidelines on, inter alia, responsible selling practices (for example, not to harass or pressure clients into purchasing prepaid packages);
- video and voice recording devices in consultation rooms to monitor staff behaviour during consultations; and
- offering our employees compensation incentives which are linked to the actual utilisation of prepaid packages by the clients.

To help prevent our staff from engaging in coercive selling practices, we have implemented a series of internal control measures. For example, we have adopted a refund policy which includes a seven-day cooling-off period whereby our clients are allowed to request a full refund within seven days of purchase of any prepaid packages.

We have a client phone survey system in order to further our active solicitation of client feedback. Our client service team calls clients who have received our services on the previous day (excluding those who had already completed such survey in the past 30 days) on every working day. The survey is conducted based on a questionnaire where we ask clients to give us scores (out of five points) for 14 categories, such as level-of-care, attitude of staff and brand image. We compile the scores through our integrated information technology infrastructure and review such scores to identify targets for improvement. We have been able to improve our scores from such client phone surveys since the implementation of such programme. During the Reporting Period, we had surveyed 4,229 clients (for the year ended 31 March 2016: 9,360 clients).

Other claims and compliance

In order to provide top-quality and safe services to our clients, we encourage clients to provide feedback through client satisfaction surveys and face-to-face discussions. Where a client requests for a refund or a product return, our Registered Practitioners will participate in investigation of such requests. During the Reporting Period, there were 2 complaints filed against us with the Hong Kong Consumer Council as compared to 6 complaints for the six months ended 30 September 2015.

As at the date of this announcement, no formal court proceedings have commenced in respect of the recent medical incident as disclosed in the Prospectus under the section headed "Business — Legal Proceedings, Claims and Compliance — Claims and litigation — Claims and threatened litigation made by clients — Recent medical incident". We refer to our previous late filing of profits tax returns as disclosed in the Prospectus under the section headed "Business — Legal Proceedings, Claims and Compliance — Non-compliance incidents — Inland Revenue Ordinance", we understand that the Inland Revenue Department is currently considering our settlement proposal.

OUTLOOK AND STRATEGIES

According to the Hong Kong Trade Development Council, the total tourism expenditure associated to inbound tourism for the six months ended 30 June 2016 amounted to HK$143.6 billion, dropped by 13.6% as compared to the same period last year. While the volume of our service procedures performed for the Reporting Period increased by 37.7% compared to the same period last year, and our contracted sales and recognised revenue for the month ended 31 October 2016 increased by double digit percentage compared with the month ended 31 October 2015. Our retail sales remain on a relatively consistent upward trend as we continue to benefit from the steady increase in sales to both local residents and the PRC tourists.

Hong Kong

We are committed to offer the top notch customer experiences, and will continue to offer the latest products and equipment in meeting the continued growing demand of clients in medical aesthetic. With reference to the big data gathered in our system, we anticipate there will be a growing demand for medical specialty services, of which, may be our potential acquisition targets or via an organic expansion.

The PRC

We will continue the expansion of our own medical aesthetic clinic in first-tier and selected second-tier cities in the PRC as disclosed in our Prospectus and we anticipate that our medical aesthetic clinics in Shanghai and Shenzhen will be opened by the end of this year.

To enhance our capability to service the medical tourism sector, we have collaborated with a PRC travel agent during the Reporting Period in addition to our existing cooperation with hotel groups, travel agencies and airlines in Hong Kong.

We are pro-actively exploring for acquisition targets as well as partnership opportunities with local medical players in the PRC, including but not limited to reputable aesthetic medical service and healthcare service providers, suppliers and investors, to fuel our sustainable growth in this market with immense potential.

FINANCIAL REVIEW

Revenue

Our revenue increased by 21.4% to HK$407.6 million for the six months ended 30 September 2016 primarily contributed by (i) the significant increase of 38.5% of revenue from medical services; (ii) the revenue from the new health management business of HK$13.0 million; and (iii) the significant increase of 152.0% of revenue from the sales of products, which were primarily attributable to (a) the increase in number of medical procedures from 23,340 for the six months ended 30 September 2015 to 32,200 for the six months ended 30 September 2016; (b) the new health management business that we established since May 2016; (c) the new offering of health supplements; and (d) additional marketing efforts to customers purchases.

Other net income and gains

For the six months ended 30 September 2016, our other net income and gains was approximately HK$4.0 million (for the six months ended 30 September 2015: HK$0.9 million), an increase of 346.1% when compared to the same period last year, primarily due to the increase in bank interest income by approximately HK$1.9 million during the Reporting Period.

Cost of inventories and consumables

Our cost of inventories and consumables increased to HK$54.0 million for the six months ended 30 September 2016 (for the six months ended 30 September 2015: HK$22.3 million), primarily attributable to an increase in the volume of medication and service consumables used, which was in line with the increase in the volume of service procedures performed. Our cost of inventories and consumables grew at a higher rate as compared to that of revenue from services provided due to the increase in promotion activities to expand our market shares, along with an increase in product sales.

Registered Practitioner expenses

For six months ended 30 September 2016, we incurred registered practitioner expenses of approximately HK$30.5 million (for the six months ended 30 September 2015: HK$25.8 million), an increase of 18.1% when compared to the same period last year, primarily attributable to an increase in the number of Registered Practitioners.

Employee benefit expenses

For the six months ended 30 September 2016, we incurred employee benefit expenses of approximately HK$120.9 million (for the six months ended 30 September 2015: HK$91.6 million), an increase of 32.0% when compared to the same period last year, primarily due to increase in our overall headcount, in particular the 83 new recruits as at 30 September 2016 under the health management business, (excluding Registered Practitioners) and the increments to employee's salary.

Marketing and advertising expenses

For the six months ended 30 September 2016, the Group incurred marketing and advertising expenses of approximately HK$32.6 million (for the six months ended 30 September 2015: HK$17.0 million), representing 8.0% of total revenue when compared to 5.1% of total revenue for the six months ended 30 September 2015, such increase was primarily due to an increased level of marketing and advertising activities such as placing additional billboard advertisements and additional fees paid to advertising agencies.

Rental and related expenses

For the six months ended 30 September 2016, the Group incurred rental and related expenses of approximately HK$39.8 million (for the six months ended 30 September 2015: HK$30.7 million), the increase of 29.7% when compared to the same period last year was primarily due to the increase in the g.f.a of service centres and clinics to 127,088 sq. ft. as at 30 September 2016.

Credit card expenses

For the six months ended 30 September 2016, the Group incurred credit card expenses of approximately HK$14.9 million (for the six months ended 30 September 2015: HK$11.2 million), an increase of 33.1% when compared to the same period last year, primarily due to increase in contracted sales generated during the Reporting Period, resulting in higher credit card expenses incurred.

Other expenses

For the six months ended 30 September 2016, the Group incurred other operating expenses of approximately HK$18.6 million (for the six months ended 30 September 2015: HK$23.3 million), a decrease of 20.1% when compared to the same period last year. Should the listing expenses of HK$12.9 million incurred for the six months ended 30 September 2015 being excluded, there was an increase of 78.1% in other expenses when compared to the same period last year, primarily due to the professional expenses incurred as a listed company, reinstatement costs and implementation of new information technology systems during the Reporting Period.

Profit before tax

For the six months ended 30 September 2016, the Group had profit before tax of approximately HK$88.6 million (for the six months ended 30 September 2015: HK$104.3 million), a decrease of 15.1% when compared to the same period last year.

Income tax expense

For the six months ended 30 September 2016, the Group incurred income tax expense of approximately HK$14.6 million, a decrease of 28.5% when compared to the same period last year, primarily due to decrease in profit before tax.

Profit for the period/profit margin

For the six months ended 30 September 2016, the Group recorded profit for the period of approximately HK$73.5 million, a decrease of 13.1% when compared to the same period last year, primarily due to (i) the share award and share option expenses of HK$11.4 million, and (ii) our new health management business recorded a segment loss of HK$29.6 million. Our profit margin was reduced to 17.9% for the six months ended 30 September 2016 (for the six months ended 30 September 2015: 25.0%). The adjusted net profit (excluding the share award and share option expenses and initial outlay of new health management business of HK$11.4 million and HK$42.3 million, respectively) and the corresponding adjusted net profit margin would be HK$114.5 million and 28.1% respectively.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

We continue to maintain a strong financial position with cash and cash equivalents of HK$544.1 million as at 30 September 2016. Based on our steady cash inflow from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

During the six months ended 30 September 2016, the majority of our cash and bank balances were in Hong Kong dollar, and as we expand our operations in the PRC, there will be an increasing amount of our assets and transactions denominated in Renminbi.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures during the six months ended 30 September 2016 were primarily related to purchases of operation equipment, which primarily included medical, dental and beauty devices, and expenditure in leasehold improvements. We have financed our capital expenditure through cash flows generated from operating activities and the net proceeds from the IPO.

Capital commitment

As at 30 September 2016, we do not have any capital commitments in respect of acquisition of property, plant and equipment.

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 30 September 2016, the Group had no outstanding interest-bearing bank borrowings.

Contingent Liabilities and Guarantees

As at 30 September 2016, we had contingent liabilities not provided for in our financial statements of HK$2.0 million in relation to bank guarantee given to a credit card institution for the use of certain credit card equipment. Save as disclosed herein, the Group had no significant contingent liabilities and guarantees as at 30 September 2016.

Pledge of Assets

As at 30 September 2016, there was no charge on the assets of the Group except for the time deposits of HK$2.0 million pledged for banking facilities as security for credit card instalments programme.

Gearing Ratio

As at 30 September 2016, the Group had no interest-bearing liabilities. The Group's gearing ratio was not applicable as at 30 September 2016.

Foreign currency risk

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against Renminbi.

The Group has not used 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 considers hedging against significant foreign exchange exposure should such need arise.

Interest rate risk

The Group has no significant interest rate risk. The Group currently does not have specific policies in place to manage our interest rate risk and have not entered into interest rate swaps to mitigate the interest rate risk, but will closely monitor the interest rate risk in the future.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement and the Prospectus, there is no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

INTERIM DIVIDEND AND SPECIAL DIVIDEND

The Board has declared an interim dividend of 2.5 HK cents per Share and a special dividend of 5.0 HK cents per Share for the Reporting Period, payable to Shareholders whose names appear on the register of members of the Company on 8 December 2016, Thursday. The interim and special dividends will be payable in cash. The interim and special dividends are expected to be paid on or around 29 December 2016, Thursday.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining entitlement to the interim and special dividends, the register of members of the Company will be closed on 13 December 2016 in order to qualify for the interim dividend. All transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the branch share register of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 12 December 2016.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

During the Reporting Period, the Company has complied with all applicable code provisions as set out in the CG Code, save and except for deviation from code provision A.2.1 which states that the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual.

The role of chairman and chief executive officer of the Company have been performed by Mr. Tang. Although the dual roles of chairman and chief executive officer by Mr. Tang is a deviation from the code provision A.2.1 of the CG Code, the Board considers that having Mr. Tang acting as both the chairman and chief executive officer of the Company provides a strong and consistent leadership to the Company and allows the Company to have more effective planning and management. Further, in view of Mr. Tang's extensive experience in the industry, personal profile and role in the Group and the historical development of the Group as mentioned in the Prospectus under the section headed "Our History, Reorganisation and Corporate Structure", the Board considers that it is appropriate and beneficial to the business prospects of the Group that Mr. Tang continues to act as both the chairman and chief executive officer of the Company. The Board intends to regularly review the operations of the Company under Mr. Tang's leadership, and does not believe that this arrangement will have a negative influence on the balance of power between the Board and the management of the Group.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules") as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry, the Company confirmed that all the Directors have complied with the required standards set out in the Model Code during the Reporting Period.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the Reporting Period.

USE OF PROCEEDS FROM THE IPO

The net proceeds from IPO were approximately HK$703.4 million, after deducting the underwriting fees and commission and related total expenses paid and payable by us in connection with the IPO. We have, and will continue to utilise the net proceeds from the IPO for the purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The below table sets out the planned application of the net proceeds and actual usage from Listing Date up to 30 September 2016:

Use of proceeds	Percentage of total net proceeds	Planned Applications	Actual usage up to 30 September 2016	Unutilised net proceeds as at 30 September 2016
			HK$ in million	
Establishing new, as well as expanding the scale of our existing, aesthetic medical service centres and clinics in Hong Kong and the Greater China	40%	281.4	19.3	262.1
Acquiring aesthetic medical centres and aesthetic medical clinics and entering into joint ventures	25%	175.9	34.7	141.2
Expanding our dental service business	10%	70.3	–	70.3
Establishing our dermatology-related business line	10%	70.3	–	70.3
Upgrading and improving our information technology systems	5%	35.2	1.0	34.2
Working capital and for other general corporate purposes	10%	70.3	67.5	2.8
		703.4	**122.5**	**580.9**

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS

The Audit Committee, which comprises three independent non-executive Directors, has reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period, and was of the opinion that the preparation of such interim results had been prepared in accordance with the relevant accounting standards and that adequate disclosures have been made in accordance with the requirements of the Listing Rules, the applicable accounting standard and all legal requirements.

The figures in respect of this announcement of the Group's results for the six months ended 30 September 2016 have been agreed with the Audit Committee.

MAJOR EVENTS AFTER THE REPORTING PERIOD

On 7 October, 2016, the Group acquired 51% equity interest in the NYMG group companies at an aggregate consideration of HK$33,512,505 in form of cash and this transaction constituted a discloseable transaction for the Company under the Listing Rules. Please refer to the announcement of the Company dated 23 September 2016 for further details. On 25 November 2016, the Group acquired 50% of Good Union Corporation Limited and Good Union Medical Limited at an aggregate consideration of HK$25,154,000 in form of cash and this transaction constituted a connected transaction for the Company exempted from the circular and Shareholders' approval requirements under the Listing Rules. Please refer to the announcements of the Company dated 2 November 2016 and 25 November 2016 for further details. Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries or associates of the Company during the Reporting Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.umhgp.com and Hong Kong Exchanges and Clearing Limited website at www.hkexnews.hk. The interim report of the Company for the Reporting Period will be despatched to the Shareholders and made available on the above websites in due course.

DEFINITION

"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
"Chinese Medicine Ordinance"	the Chinese Medicine Ordinance (Chapter 549 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Chinese Medicine Practitioner(s)"	the Registered Chinese Medicine Practitioner and the Listed Chinese Medicine Practitioner who are employed by our Group
"Clinical Microbiologist"	a Hong Kong Doctor who is registered under the Specialist Register of the Hong Kong Medical Council for clinical microbiology and infection kept in accordance with the Medical Registration Ordinance
"Company"	Union Medical Healthcare Limited (香港醫思醫療集團有限公司*), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Dentist(s)"	person(s) who is (are) registered on the General Register kept in accordance with the Dentists Registration Ordinance
"Dentists Registration Ordinance"	the Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Director(s)"	the director(s) of the Company
"Doctor(s)"	collectively, Hong Kong Doctors, Macau Doctors and PRC Doctors, and each, a "Doctor"
"General Practitioner(s)"	Hong Kong Doctor(s) who is (are) not a Specialist(s)
"General Register"	the register of registered medical practitioners kept by the Hong Kong Medical Council, as specified in the Medical Registration Ordinance
"Greater China"	the PRC, Hong Kong, Macau and Taiwan
"Group"	the Company and its subsidiaries

"g.f.a"	gross floor area
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Doctors" or "registered medical practitioner(s)"	person(s) who is (are) qualified to practise medicine, surgery and midwifery in Hong Kong and is (are) registered as registered medical practitioner(s) of the Hong Kong Medical Council under the General Register or the Specialist Register kept in accordance with the Medical Registration Ordinance
"IPO"	initial public offering of the Shares on the Main Board of the Stock Exchange
"Key Client(s)"	a client who has, in the relevant financial year, contributed at least HK$5,000 to our revenue from service provided and visited our service centres and/or clinics for at least four times
"Listed Chinese Medicine Practitioner(s)"	person(s) who is (are) listed as listed Chinese medicine practitioner(s) maintained by the Chinese Medicine Council of Hong Kong kept in accordance with the Chinese Medicine Ordinance
"Listing Date"	11 March 2016, being the date on which the Shares were first listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Macau Doctor(s)"	doctor(s) licensed by and registered with the department of health in Macau (澳門特別行政區政府衛生局)
"Medical Registration Ordinance"	the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Tang"	Mr. Tang Chi Fai, the chairman, executive Director and the chief executive officer of the Company

"Plastic Surgeon(s)"	Hong Kong Doctor(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council for plastic surgery kept in accordance with the Medical Registration Ordinance
"PRC"	the People's Republic of China which, for the purpose of this announcement and unless the context suggests otherwise, excludes Hong Kong, Macau and Taiwan
"PRC Doctor(s)"	medical practitioner(s) with the qualification of a doctor (醫師) or assistant doctor (執業助理醫師) under the PRC Law on Medical Practitioners (中華人民共和國執業醫師法) and is practicing at a medical or healthcare institution
"Prospectus"	the prospectus dated 1 March 2016 issued by the Company
"Recognised Medical Revenue"	Revenue comprises aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors and general consultation services, as well as dental, Chinese medical and ophthalmological services
"Recognised Revenue"	Revenue includes medical services, quasi-medical services, health management services, traditional beauty services and skincare and beauty products
"Registered Chinese Medicine Practitioner(s)"	person(s) who is (are) registered as registered Chinese medicine practitioner(s) of the Chinese Medicine Council of Hong Kong under the Register of Chinese Medicine Practitioners kept in accordance with the Chinese Medicine Ordinance
"Registered Practitioner(s)"	Doctor(s), Chinese Medicine Practitioner(s) and/or Dentist(s)
"Reporting Period"	six months ended 30 September 2016
"Share(s)"	ordinary share(s) in the share capital of the Company with par value of HK$0.00001 each
"Shareholder(s)"	holder(s) of Share(s)
"Specialist Register"	the register of registered medical practitioners who are Specialists and kept by the Hong Kong Medical Council, as specified in the Medical Registration Ordinance
"Specialist(s)"	Hong Kong Doctor(s) who is (are) registered under the Specialist Register
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

“Trained Therapists”	our employees who have completed mandatory internal training developed by our doctors to provide quasi-medical services and/or traditional beauty services under our internal licensing programme
“HK$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Union Medical Healthcare Limited
Lee Gabriel
Executive Director

Hong Kong, 28 November 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Luk Kun Shing Ben and Mr. Yeung Chin Wan, and three independent non-executive Directors, namely Mr. Ma Ching Nam, Dr. Yu Ka Fai Alexis and Mr. Look Andrew.