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 2016

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 2016 together with the comparative figures for the corresponding period in 2015.

INTERIM RESULTS HIGHLIGHTS

	Six months ended 31 December			
	2016	2015		
	HK$'000	*HK$'000*	Increase/	
	(Unaudited)	(Unaudited)	(decrease)	*Notes*
Revenue	**250,248**	216,473	15.6%	
Profit before tax	**7,549**	12,650	(40.3%)	
Depreciation and amortisation	**8,059**	4,164	93.5%	
EBITDA[(1)]	**14,210**	16,780	(15.3%)	
Net profit	**3,044**	8,151	(62.7%)	
Revenue by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**152,785**	142,742	7.0%	
Hong Kong & Macau Clinical Healthcare Services	**114,684**	104,075	10.2%	
PRC Health Check-up Business	**18,063**	5,191	NM	
PRC Corporate Healthcare Solutions & Clinical Healthcare Business	**849**	–	NM	
Total before elimination of Inter-business lines sales	**286,381**	252,008	13.6%	
Reconciliation:				
Elimination of inter-business lines sales	**(36,133)**	(35,535)		
	250,248	216,473	15.6%	

	Six months ended 31 December			
	2016	2015		
	HK$'000	*HK$'000*	Increase/	
	(Unaudited)	(Unaudited)	(decrease)	*Notes*
Operating profit by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**17,843**	15,138	17.9%	
Operating profit margin	**11.7%**	10.6%		
Hong Kong & Macau Clinical Healthcare Services	**8,521**	13,975	(39.0%)	
Operating profit margin	**7.4%**	13.4%		
PRC Health Check-up Business	**5,397**	1,856	NM	
Operating profit margin	**29.9%**	35.8%		
PRC Corporate Healthcare Solutions & Clinical Healthcare Business(2)	**(20,444)**	(3,525)	NM	
EBITDA excluding PRC Developing Business(3)				
EBITDA	**14,210**	16,780	(15.3%)	*(a)*
Reconciliations:				
Operating losses of PRC Corporate Healthcare Solutions & Clinical Healthcare Business in Shanghai	**10,292**	226	NM	*(b)*
Share of losses of joint ventures in Beijing	**9,462**	3,298	NM	*(c)*
Equity-settled share option expense	**3,791**	2,659	42.6%	*(d)*
One-off listing expenses	**–**	15,104	NM	*(e)*
One-off gain from bargain purchase	**–**	(3,499)	NM	*(f)*
	37,755	34,568	9.2%	*(g)*

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

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

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

(3) EBITDA excludes PRC Developing Business and is adjusted for (i) one-off non-recurring items, (ii) non-cash share option expense, (iii) operating expenses of a clinic and the corporate office in Shanghai and (iv) share of losses of joint ventures in Beijing, giving shareholders a proxy of cashflow generated by the Group's Hong Kong & Macau Corporate Healthcare Solution Services and Clinical Healthcare Services and PRC Health Check-up Business.

Operating profit by business lines and EBITDA excluding PRC Developing Business are not standard measures under Hong Kong Financial Reporting Standards ("HKFRS") and therefore should not be considered in isolation or constructed as substitutes for analysis of HKFRS financial measures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 31 December 2016

		Six months ended 31 December	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**250,248**	216,473
Other income and gains	*5*	**3,109**	6,435
Professional services expenses		**(138,052)**	(121,139)
Employee benefit expense		**(48,050)**	(34,337)
Property rental and related expenses		**(20,398)**	(13,001)
Cost of inventories consumed		**(10,328)**	(8,486)
Depreciation and amortisation		**(8,059)**	(4,164)
Other expenses, net		**(12,221)**	(26,933)
Share of profits and losses of:			
Joint ventures		**(9,462)**	(3,298)
Associates		**762**	1,100
PROFIT BEFORE TAX	*6*	**7,549**	12,650
Income tax expense	*7*	**(4,505)**	(4,499)
PROFIT FOR THE PERIOD		**3,044**	8,151
Attributable to:			
Owners of the Company		**2,936**	7,496
Non-controlling interests		**108**	655
		3,044	8,151
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**HK0.399 cents**	HK1.28 cents
Diluted		**HK0.399 cents**	HK1.27 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 December 2016

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**3,044**	8,151
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(830)**	(344)
Share of other comprehensive loss of joint ventures	**(1,216)**	–
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(2,046)**	(344)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**998**	7,807
Attributable to:		
Owners of the Company	**890**	7,226
Non-controlling interests	**108**	581
	998	7,807

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2016

	Notes	31 December 2016 HK$'000 (Unaudited)	30 June 2016 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**45,392**	38,416
Goodwill	*11*	**41,357**	32,755
Other intangible asset		**278**	333
Investments in joint ventures	*12*	**51,548**	23,814
Investments in associates		**2,221**	2,209
Held-to-maturity investments	*13*	**45,719**	26,721
Available-for-sale investments		**28,400**	9,007
Deferred tax assets		**1,615**	1,157
Deposits		**11,186**	16,281
Total non-current assets		**227,716**	150,693
CURRENT ASSETS			
Inventories		**7,368**	6,907
Trade receivables	*14*	**58,816**	47,450
Prepayments, deposits and other receivables		**11,031**	9,434
Financial assets at fair value through profit or loss		**2,069**	2,026
Held-to-maturity investments	*13*	**15,013**	30,007
Due from associates		**3,769**	593
Tax recoverable		**756**	446
Pledged deposits		**783**	783
Cash and cash equivalents		**157,875**	261,299
		257,480	358,945
Assets of a disposal group classified as held for sale	*16*	**12,274**	–
Total current assets		**269,754**	358,945
CURRENT LIABILITIES			
Trade payables	*15*	**48,936**	47,291
Other payables, accruals and deferred income		**40,106**	41,530
Due to a joint venture		**949**	–
Due to associates		**156**	266
Tax payable		**6,573**	7,838
		96,720	96,925
Liabilities directly associated with the assets classified as held for sale	*16*	**2,655**	–
Total current liabilities		**99,375**	96,925
NET CURRENT ASSETS		**170,379**	262,020

	Notes	**31 December 2016** *HK$'000* **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**398,095**	412,713
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**383**	397
Provision		**1,539**	1,718
Total non-current liabilities		**1,922**	2,115
Net assets		**396,173**	410,598
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*17*	**736**	736
Reserves		**396,832**	411,367
		397,568	412,103
Non-controlling interests		**(1,395)**	(1,505)
Total equity		**396,173**	410,598

NOTES

1. CORPORATE AND GROUP INFORMATION

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

During the period, the Group was principally engaged in the provision of healthcare services which include:

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2016 have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and certain available-for-sale investments which have been measured at fair value. Assets of a disposal group held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand 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 annual consolidated financial statements for the year ended 30 June 2016.

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2016 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2016, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are effective for the Group's annual period beginning on 1 July 2016.

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

Other than as explained below regarding the impact of amendments to HKAS 1 and certain amendments included in the *Annual Improvements to HKFRSs 2012–2014 Cycle*, the adoption of the above new and revised standards has had no significant financial effect on the unaudited condensed consolidated financial statements.

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;
(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any change in the plan of sale or disposal method in respect of the disposal group held for sale during the period.

The significant accounting policy, which is relevant to the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2016 but not listed in the Group's annual consolidated financial statements for the year ended 30 June 2016, is described below.

Disposal groups held for sale

Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the six months ended 31 December 2016, in the unaudited condensed consolidated financial statements.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 July 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 July 2018. The Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables (add any other debt instruments as applicable). The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables (add any other debt instruments as applicable) upon the adoption of HKFRS 9.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects that the adoption of HKFRS 15 on 1 July 2018 may have a significant impact on the amounts reported and disclosures made in the Group's financial statements. The Group is performing a detailed assessment of the impact of HKFRS 15 upon adoption and it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the detailed assessment is performed by the Group.

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 July 2019. The total operating lease commitments of the Group as a lessee in respect of its office properties, medical centres and office equipment with terms more than 12 months as at 31 December 2016 amounted to HK$36,291,000 (30 June 2016: HK$62,890,000). The Group expects that certain portion of these operating lease commitments will be required to be recognised as right-of-use assets and lease liabilities upon adoption of HKFRS 16. The Group will perform a more detailed analysis upon the adoption of HKFRS 16.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 July 2017. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 July 2017. The amendments are not expected to have any significant impact on the Group's financial statements.

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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, other income and gains, and share of profits and losses of joint ventures and associates as well as head office and corporate expenses are excluded from such measurement.

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

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

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

(a) **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 2016 (unaudited)			
Segment revenue:			
External sales	152,248	98,000	250,248
Intersegment sales	537	35,596	36,133
	152,785	133,596	286,381
Reconciliation:			
Elimination of intersegment sales			(36,133)
Revenue			250,248
Segment results	17,843	2,936	20,779
Reconciliation:			
Interest income			1,397
Other income and gains			1,712
Share of profits and losses of:			
Joint ventures			(9,462)
Associates			762
Corporate and other unallocated expenses			(7,639)
Profit before tax			7,549
Six months ended 31 December 2015 (unaudited)			
Segment revenue:			
External sales	142,302	74,171	216,473
Intersegment sales	440	35,095	35,535
	142,742	109,266	252,008
Reconciliation:			
Elimination of intersegment sales			(35,535)
Revenue			216,473
Segment results	15,138	15,831	30,969
Reconciliation:			
Interest income			34
Other income and gains			6,401
Share of profits and losses of:			
Joint ventures			(3,298)
Associates			1,100
Corporate and other unallocated expenses			(22,556)
Profit before tax			12,650

(b) Assets and liabilities

	Corporate Healthcare Solution Services to Contract Customers HK$'000	Clinical Healthcare Services HK$'000	Total HK$'000
As at 31 December 2016 (unaudited)			
Segment assets	169,005	109,071	278,076
Reconciliation:			
Elimination of intersegment receivables			(41,590)
Corporate and other unallocated assets			260,984
Total assets			497,470
Segment liabilities	70,085	65,380	135,465
Reconciliation:			
Elimination of intersegment payables			(41,590)
Corporate and other unallocated liabilities			7,422
Total liabilities			101,297
As at 30 June 2016 (audited)			
Segment assets	146,660	77,674	224,334
Reconciliation:			
Elimination of intersegment receivables			(33,499)
Corporate and other unallocated assets			318,803
Total assets			509,638
Segment liabilities	71,140	59,142	130,282
Reconciliation:			
Elimination of intersegment payables			(33,499)
Corporate and other unallocated liabilities			2,257
Total liabilities			99,040

(c) Information about major customers

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

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**30,084**	27,380
Customer B	**18,401**	13,388

5. REVENUE, OTHER INCOME AND GAINS

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

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

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Provision of corporate healthcare solution services to contract customers:		
Medical services	**144,941**	134,516
Dental services	**7,307**	7,786
Provision of clinical healthcare services:		
Medical services	**71,418**	51,960
Dental services	**26,582**	22,211
	250,248	216,473

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Administrative support fees	**275**	1,596
Bank interest income	**458**	34
Interest income on held-to-maturity investments	**739**	–
Interest income on available-for-sale investments	**200**	–
Dividend income from financial assets at fair value through profit or loss	**61**	70
Fair value gains on financial assets at fair value through profit or loss	**43**	–
Gain on bargain purchase *(note 18)*	**–**	3,499
Others	**1,333**	1,236
	3,109	6,435

6. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Equity-settled share option expense (including employees and professional consultants)	**3,791**	2,659
Fair value losses/(gains) on financial assets at fair value through profit or loss	**(43)**	482
Foreign exchange differences, net	**342**	311
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 2015: 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 countries/jurisdictions in which the Group operates.

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Charge for the period	**4,732**	3,809
Underprovision/(overprovision) in prior periods	**(120)**	71
Current — Elsewhere		
Charge for the period	**426**	350
Withholding tax	**–**	1
Overprovision in prior periods	**(44)**	(274)
Deferred	**(489)**	542
Total tax charge for the period	**4,505**	4,499

8. DIVIDENDS

	Six months ended 31 December	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final dividend for the year ended 30 June 2016:		
HK2.0 cents (year ended 30 June 2015: HK$30,000,000) per ordinary share	**14,676**	30,000
Dividend proposed after the end of the reporting period:		
Interim dividend for the year ending 30 June 2017:		
HK0.5 cent (year ended 30 June 2016: Nil) per ordinary share	**3,680**	—

The proposed interim dividend of HK0.5 cent per ordinary share in respect of the year ending 30 June 2017 was approved by the board of directors on 23 February 2017.

The final dividend of HK2.0 cents per ordinary share in respect of the year ended 30 June 2016 was approved by the Company's shareholders at the annual general meeting held on 10 November 2016.

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

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

The calculation of the basic earnings per share amount is based on the unaudited consolidated profit for the six months ended 31 December 2016 attributable to ordinary equity holders of the Company of HK$2,936,000 (six months ended 31 December 2015: HK$7,496,000), and the weighted average number of ordinary shares of 736,000,000 (six months ended 31 December 2015: 587,000,000) in issue during the period, on the assumption that the capitalisation issue, as further explained in note 17 below, had been completed on 1 July 2015.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 31 December 2016 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented. The calculation of the diluted earnings per share amount for the six months ended 31 December 2015 was based on the unaudited consolidated profit for that period attributable to ordinary equity holders of the Company of HK$7,496,000 and the weighted average number of ordinary shares of 587,000,000 in issue during that period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 1,956,780 assumed to have been issued at no consideration on the deemed exercise of all share options during that period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2016, additions of property, plant and equipment amounted to HK$20,984,000 (six months ended 31 December 2015: HK$5,577,000).

11. GOODWILL

	31 December 2016 *HK$'000* (Unaudited)	30 June 2016 *HK$'000* (Audited)
At beginning of period/year	**32,755**	28,086
Acquisition of subsidiaries/business (note 18)	**8,602**	4,669
At end of period/year	**41,357**	32,755

12. INVESTMENTS IN JOINT VENTURES

	31 December 2016 *HK$'000* (Unaudited)	30 June 2016 *HK$'000* (Audited)
Share of net assets/(net liabilities)	**9,364**	(10,196)
Due from joint ventures	**42,184**	34,010
	51,548	23,814

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

During the six months ended 31 December 2016 and the year ended 30 June 2016, the Group had the following material transactions in connection with its investments in joint ventures:

(a) On 13 July 2015, the Group entered into a joint venture agreement with CR Phoenix Subsidiary to establish UMP Healthcare (Beijing) on 50-50 basis and set up medical centres in the Beijing, Tianjin and Hebei regions, the PRC. Under the terms of the joint venture agreement, each party will advance interest-free shareholder's loan in an aggregate sum of no less than RMB50 million (equivalent to HK$58 million) to UMP Healthcare (Beijing) in stages. CR Phoenix Subsidiary is an indirectly wholly-owned subsidiary of CR Phoenix which is a company listed on the Hong Kong Stock Exchange and owned 15% (30 June 2016: 15%) equity interests in the Company as at 31 December 2016.

(b) During the six months ended 31 December 2016, the Group's loan to UMP Healthcare (Beijing) in the amount of RMB24.25 million (approximately HK$29.1 million) was capitalised as investment in UMP Healthcare (Beijing).

(c) On 28 July 2016, the Group entered into another joint venture agreement with independent third parties to subscribe for 50% equity interests in Shanghai He Dun for a consideration of RMB1 million (approximately HK$1.1 million). Shanghai He Dun is primarily engaged in the provision of dental services in Shanghai, the PRC.

(d) On 15 December 2016, UMP Healthcare (Beijing) entered into a sale and purchase agreement with HAML, a company owned as to 50% by Healthcare Ventures, which is a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited and owned 15% equity interests in the Company, and as to 50% by NWS Subsidiary, which is a wholly-owned subsidiary of NWS, to dispose of UMP Healthcare (Beijing)'s entire 100% equity interests in UMP Management and to assign the shareholder's loan to UMP Healthcare (Beijing) for a consideration, subject to adjustments, in the sum of RMB78.6 million and HK$4.1 million (approximately HK$92.2 million, in aggregate) (the "UMP Management Disposal"). The completion of the UMP Management Disposal is subject to certain conditions precedent, including among others, the approval by the independent shareholders of the Company.

(e) On 15 December 2016, the Group entered into a subscription agreement with UMP Healthcare (Beijing) whereby the Group will subscribe for 6,668 ordinary shares in UMP Healthcare (Beijing) for a consideration of RMB32.3 million (approximately HK$36.2 million) (the "UMP Healthcare (Beijing) Subscription"). The completion of the UMP Healthcare (Beijing) Subscription is subject to certain conditions precedent, including among others, the approval by the independent shareholders of the Company. The directors of the Company expect the UMP Healthcare (Beijing) Subscription to be completed before 30 June 2017. Immediately after the UMP Healthcare (Beijing) Subscription, the Group's equity interests in UMP Healthcare (Beijing) will be increased from 50% to 70% and UMP Healthcare (Beijing) and its subsidiaries will become non-wholly-owned subsidiaries of the Group.

13. HELD-TO-MATURITY INVESTMENTS

	31 December 2016	30 June 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Debt investments, at amortised cost	**60,732**	56,728
Analysed into:		
Non-current portion	**45,719**	26,721
Current portion	**15,013**	30,007
	60,732	56,728

As at 31 December 2016, the Group's held-to-maturity investments represented debt investments with fixed maturity dates between 2017 and 2022 and fixed interest rates ranging from 1.3% to 4.9% per annum (30 June 2016: 1.0% to 4.9% per annum).

14. TRADE RECEIVABLES

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

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

	31 December 2016	30 June 2016
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
Within 1 month	**43,759**	34,705
1 to 2 months	**9,809**	6,073
2 to 3 months	**4,707**	2,646
Over 3 months	**706**	4,026
	58,981	47,450
Less: Trade receivables of a disposal group classified as held for sale *(note 16)*	**(165)**	–
	58,816	47,450

15. TRADE PAYABLES

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

	31 December 2016	30 June 2016
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
Within 1 month	**22,335**	17,887
1 to 3 months	**26,453**	28,381
Over 3 months	**191**	1,023
	48,979	47,291
Less: Trade payables of a disposal group classified as held for sale *(note 16)*	**(43)**	–
	48,936	47,291

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

16. DISPOSAL GROUP HELD FOR SALE

On 15 December 2016, the Group entered into a sale and purchase agreement with HAML to dispose of the Group's entire 100% equity interests in UMP Management III and to assign the shareholder's loan to the Group for a consideration, subject to adjustments, in the sum of RMB21.9 million and HK$4.6 million (approximately HK$29.1 million, in aggregate) (the "UMP Management III Disposal"). UMP Management III and its subsidiary (collectively, the "UMP Management III Group") are primarily engaged in the provision of medical services. The business of the UMP Management III Group was included in the Clinical Healthcare Services segment.

The completion of the UMP Management III Disposal is subject to certain conditions precedent, including among others, the approval by the independent shareholders of the Company. The directors of the Company expect the UMP Management III Disposal to be completed before 30 June 2017. Accordingly, the assets and liabilities of the UMP Management III Group as at 31 December 2016 were classified as a disposal group held for sale.

17. SHARE CAPITAL

	31 December 2016 *HK$'000* **(Unaudited)**	30 June 2016 *HK$'000* (Audited)
Authorised:		
5,000,000,000 (30 June 2016: 5,000,000,000) ordinary shares of HK$0.001 (30 June 2016: HK$0.001) each	**5,000**	5,000
Issued and fully paid:		
736,000,000 (30 June 2016: 736,000,000) ordinary shares of HK$0.001 (30 June 2016: HK$0.001) each	**736**	736

The movements in the Company's authorised and issued share capital during the period from 1 July 2015 to 31 December 2016 are as follows:

	Notes	**Number of ordinary shares**	**Nominal value of ordinary shares** *HK$'000*
Authorised:			
At 1 July 2015		5,000,000	388
Increase of 50,000 ordinary shares of HK$7.80 each	*(b)*	50,000	390
Cancellation of authorised but unissued shares of US$0.01 each	*(e)*	(5,000,000)	(388)
Sub-division of 50,000 ordinary shares of HK$7.80 each into ordinary shares of HK$0.01 each	*(f)*	38,950,000	–
Sub-division of 39,000,000 ordinary shares of HK$0.01 each into ordinary shares of HK$0.001 each	*(g)*	351,000,000	–
Increase of 4,610,000,000 ordinary shares of HK$0.001 each	*(g)*	4,610,000,000	4,610
At 31 December 2015, at 30 June 2016, at 1 July 2016 and at 31 December 2016		5,000,000,000	5,000
Issued and fully paid:			
At 1 July 2015		1	–
Issuance of 99,999 ordinary shares of US$0.01 each	*(a)*	99,999	8
Share repurchase	*(c)*	(100,000)	(8)
Issuance of 1,000 ordinary shares of HK$7.80 each	*(d)*	1,000	8
Sub-division of 1,000 issued ordinary shares of HK$7.80 each into ordinary shares of HK$0.01 each	*(f)*	779,000	–
Sub-division of 780,000 issued ordinary shares of HK$0.01 each into ordinary shares of HK$0.001 each	*(g)*	7,020,000	–
Capitalisation issue	*(h)*	544,200,000	544
Issuance under initial public offering	*(i)*	184,000,000	184
At 31 December 2015, at 30 June 2016, at 1 July 2016 and at 31 December 2016		736,000,000	736

(a) On 8 July 2015, the Company allotted and issued 99,999 ordinary shares of US$0.01 each at par to the then ultimate holding company of the Company.

(b) On 25 August 2015, the authorised share capital of the Company was increased by HK$390,000 by the creation of 50,000 additional ordinary shares of HK$7.80 each, ranking pari passu in all respects with the existing shares of the Company.

(c) On 25 August 2015, the Company repurchased 100,000 ordinary shares of US$0.01 each at par from the then shareholders of the Company (which was paid out from the proceeds of the issue of 1,000 ordinary shares of HK$7.80 each referred to in (d) below).

(d) On 25 August 2015, the Company allotted and issued 1,000 ordinary shares of HK$7.80 each at par to the then shareholders of the Company.

(e) On 25 August 2015, the authorised but unissued share capital of the Company of 5,000,000 ordinary shares of US$0.01 each was cancelled.

(f) On 25 August 2015, each issued and unissued ordinary share of HK$7.80 was sub-divided into 780 ordinary shares of HK$0.01 each such that the authorised share capital of the Company was HK$390,000 divided into 39,000,000 ordinary shares of HK$0.01 each.

(g) Pursuant to the written resolution of the shareholders of the Company passed on 2 November 2015, (i) every ordinary share of HK$0.01 in the capital of the Company was sub-divided into 10 ordinary shares of HK$0.001 each such that the authorised share capital of the Company was HK$390,000 divided into 390,000,000 ordinary shares of HK$0.001 each; and (ii) the authorised share capital of the Company was increased to HK$5,000,000 by the creation of 4,610,000,000 additional ordinary shares of HK$0.001 each, ranking pari passu in all respects with the existing shares of the Company.

(h) Pursuant to the written resolution of the shareholders of the Company passed on 13 November 2015, 544,200,000 ordinary shares of HK$0.001 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the then shareholders on a pro-rata basis. This allotment and capitalisation issue was conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (i) below.

(i) In connection with the Company's initial public offering, 184,000,000 ordinary shares of HK$0.001 each were issued at a price of HK$2.06 per share for a total cash consideration, before expenses, of approximately HK$379,040,000. Dealing in the shares of the Company on the Hong Kong Stock Exchange commenced on 27 November 2015.

18. BUSINESS COMBINATIONS

In order to increase the range of healthcare services offered and to continually provide comprehensive and integrated healthcare services for the benefit of the patients, the Group entered into the following transactions during the six months ended 31 December 2016 and 2015:

(a) On 27 September 2016, the Group entered into an equity transfer agreement with a third party to acquire 100% equity interests in 上海聯醫門診部有限公司 (formerly known as 上海快驗保門診部有限公司) ("UMP Pudong") for a consideration of RMB8.3 million (approximately HK$9.5 million). UMP Pudong is primarily engaged in the provision of medical services in Shanghai, the PRC.

The major assets acquired through this business combination include, amongst others, property, plant and equipment and prepayments, deposits and other receivables. Accordingly, the Group has initially recognised identifiable net assets of HK$886,000 and goodwill of HK$8,602,000 in accordance with HKFRS 3 (Revised) "Business Combinations". The fair values of the identifiable net assets and the carrying amount of goodwill of the above business combination as at the date of acquisition are provisional amounts and are subject to the finalisation of the fair value estimation.

(b) On 30 October 2015, the Group acquired 100% equity interests in 上海耀東保健諮詢服務有限公司 ("Shanghai Eaton Consulting") from Guangzhou Ruian Enterprise Management Company Limited for a cash consideration of RMB5.1 million (equivalent to HK$6.2 million). Shanghai Eaton Consulting and its subsidiaries are principally engaged in the provision of healthcare and medical services in the PRC. The fair values of the net identifiable assets of Shanghai Eaton Consulting as at the date of acquisition was HK$13,602,000, resulting in gain on bargain purchase arising therefrom of HK$3,499,000.

19. CAPITAL CONTRIBUTION BY NON-CONTROLLING INTEREST

On 15 December 2016, UMP Healthcare China entered into a subscription agreement with NWS Subsidiary whereby NWS Subsidiary will subscribe for 20 ordinary shares in UMP Healthcare China, a wholly-owned subsidiary of the Group, for a consideration of RMB110 million (approximately HK$123.2 million) (the "UMP Healthcare China Subscription"). The completion of the UMP Healthcare China Subscription is subject to certain conditions precedent, including among others, the approval by the independent shareholders of the Company. The directors of the Company expect the UMP Healthcare China Subscription to be completed before 30 June 2017. Immediately after the UMP Healthcare China Subscription, UMP Healthcare China will be owned as to 80% by the Group and 20% by NWS Subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

It is with great pleasure that the Board presents our interim results announcement for the six months ended 31 December 2016 ("1HFY2017").

UMP is one of the leading corporate healthcare solutions providers in Hong Kong serving more than 1.4 million medical and dental patient visits annually. UMP partners with corporations and insurance companies in the design and administration of corporate healthcare benefits plans for, and provides healthcare services to, such members, employees and policyholders. 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.

UMP's existing business has continued to perform well in 1HFY2017. In 1HFY2017, as UMP continues to gain further brand recognition for its services from its corporate customers and patients, total number of patient visits have continued to increase as compared to same period in 1HFY2016. In addition, UMP has successfully opened its new medical imaging and day surgery centre in Kowloon. Such new centre has performed satisfactorily since its opening, with patients providing excellent feedback on our services and our new facilities. UMP has also been investing in different specialties and is currently reviewing numerous potential acquisition opportunities to strengthen UMP's presence, service offerings and network locations in Hong Kong and Macau.

While UMP's existing business has performed well, our expansion into the PRC market has led to a decrease in our reported net profit as we incur capital and expenses relating to the establishment of medical centres and our corporate head offices for business development in both Beijing and Shanghai.

UMP's core strength continues to be in the provision of corporate healthcare solutions. The lack of a medical centre network in China, however, means that UMP has been at the forefront investing in the setting up of medical centres in both Beijing and Shanghai. Based on our experience in Hong Kong and similar experiences elsewhere, while we are confident that such medical centres will perform well in the long run when both patients and doctors become increasingly accustomed to the location and level of services at such medical centres, the incubation period for these medical centres will no doubt lead to short to medium term operating losses.

We are fully aware of the negative financial impact arising from the operating expenses relating to the PRC Developing Business. To address such negative impact, we have prepared a proposal, subject to independent shareholders' approval, whereby the Company will be partnering up with Healthcare Ventures (a substantial shareholder of the Company) and NWS (659:HK) to pursue an asset-light operating model. Under such asset-light operating model, HAML (a 50:50 joint venture owned by Healthcare Ventures and NWS) will take the lead to invest, establish and acquire clinics in the PRC and will appoint us as the manager to manage such clinics. Subject to meeting certain requirements, we will be receiving management fees for managing such clinics. HAML will first acquire the four PRC clinics recently established by us. Going forward, we will instead be focusing on the development of our corporate healthcare solutions business in the PRC, leveraging both on the network of clinics owned by HAML, as well as clinics owned and operated by other owners. We believe that such new asset-light model will be beneficial to the Company and our shareholders as a whole. For further details of the aforesaid proposal, please refer to the Announcement and the Circular.

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 2016, the UMP Network comprises more than 600 points of services located across Hong Kong and Macau.

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

2. Hong Kong & Macau Clinical Healthcare Services

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

3. **PRC Health Check-up Business**

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

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

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

- in Beijing, we have partnered up with CR Phoenix Healthcare Group through a 50:50 joint venture. Such joint venture arrangement with CR Phoenix will be subject to change following the series of transactions as described in the Announcement and the Circular, which are expected to be put forth to shareholders for vote and approval on 27 February 2017; and

- in Shanghai, through our wholly owned operations.

BUSINESS LINES ANALYSIS

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line has increased 7.0% from HK$142.7 million to HK$152.8 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 17.9% from HK$15.1 million to HK$17.8 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 10.2% from HK$104.1 million to HK$114.7 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 decreased 39.3% from HK$14.0 million to HK$8.5 million. The increase in revenue is in part due to the expansion of specialist services and auxiliary services to our patients in Kowloon during 1HFY2017 and for the same reason these newly set up centres which are still in the ramp-up period dragged down the operating profit.

PRC Health Check-up Business

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.

Revenue for this business for the six months ended 31 December 2016 has been recorded for HK$18.1 million. Assuming the acquisition was completed on 1 July 2015, 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 7.1%.

PRC Corporate Healthcare Solution & Clinical Healthcare Business

Our PRC Corporate Healthcare Solution Business is currently in development phase and therefore did not generate any revenue in 1HFY2017,while the PRC Clinical Healthcare Business has recorded revenue of HK$0.8 million by the two clinics which commenced business in August 2016 and November 2016.

The following table sets out the revenue and operating profit for our business lines for the six months ended 31 December 2016 and the corresponding period for comparison:

Revenue by business lines

	Six months ended 31 December		Increase
	2016	2015	
	HK$'000	*HK$'000*	
Hong Kong & Macau Corporate Healthcare Solution Services	**152,785**	142,742	7.0%
Hong Kong & Macau Clinical Healthcare Services	**114,684**	104,075	10.2%
PRC Health Check-up Business	**18,063**	5,191	NM
PRC Corporate Healthcare Solutions & Clinical Healthcare Business	**849**	–	NM
TOTAL	**286,381**	252,008	13.6%

Operating profit by business lines

	Six months ended 31 December		Increase/
	2016	2015	(decrease)
	HK$'000	*HK$'000*	
Hong Kong & Macau Corporate Healthcare Solution Services	**17,843**	15,138	17.9%
Operating profit margin	**11.7%**	10.6%	
Hong Kong & Macau Clinical Healthcare Services	**8,521**	13,975	(39.0%)
Operating profit margin	**7.4%**	13.4%	
PRC Health Check-up Business	**5,397**	1,856	NM
Operating profit margin	**29.9%**	35.8%	
PRC Corporate Healthcare Solutions & Clinical Healthcare Business	**(20,444)**	(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 losses for PRC Corporate Healthcare Solution & Clinical Healthcare Business for the six months ended 31 December 2016 include losses of PRC Corporate Healthcare Solutions Business in Shanghai, PRC Clinical Healthcare Business in Shanghai and share of loss of joint ventures of HK$9.5 million (six months ended 31 December 2015: HK$3.3 million) from the joint venture with CR Phoenix Healthcare Group in Beijing. The losses primarily represent startup costs including rental expenses, office renovation, recruitment of management and medical staff and training costs

OUTLOOK

Hong Kong and Macau

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

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

China

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

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

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

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

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

1HFY2017 compared to 1HFY2016

Revenue

During 1HFY2017, we primarily generated revenue from (i) the provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau, (ii) the provision of clinical healthcare services in Hong Kong and Macau and (iii) the PRC Health Check-up Business and primarily represents revenue generated from the provision of medical examinations for local residents in the PRC and immigration visa applicants.

We are actively expanding our corporate healthcare solutions and clinical healthcare business in both Beijing (through, currently, our 50:50 joint venture with CR Phoenix Healthcare Group) and Shanghai through the establishment of medical centre network in these two cities. Our PRC Corporate Healthcare Solution Business is currently in development phase and therefore did not generate any revenue in 1HFY2017,while the PRC Clinical Healthcare Business has recorded revenue of HK$0.8 million by the two clinics which commenced business in August 2016 and November 2016.

Total consolidated revenue increased by 15.6% from HK$216.5 million in 1HFY2016 to HK$250.2 million in 1HFY2017, primarily due (i) to an increase in revenue from HK$211.3 million to HK$231.3 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) an increase in revenue from HK$5.2 million to HK$18.1 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 7.0% from HK$142.3 million in 1HFY2016 to HK$152.2 million in 1HFY2017.

- **Medical.** Revenue generated from the provision of Medical Services to Contract Customers increased by 7.7% from HK$134.5 million for 1HFY2016 to HK$144.9 million for 1HFY2017, primarily due to an increase in the average price per patient visit in 1HFY2017 as well as the increase in the number of visits from the patients seeking Medical Services by 4.3% from approximately 579,000 in 1HFY2016 to 604,000 in 1HFY2017.

- **Dental.** Revenue generated from the provision of Dental Services to Contract Customers remained relatively stable at the range of HK$7.3 million to HK$7.8 million for both 1HFY2016 and 1HFY2017. The number of visits slightly decreased from 11,094 in 1HFY2016 to 10,841 in 1HFY2017.

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 12.2% from HK$46.8 million for 1HFY2016 to HK$52.5 million for 1HFY2017, primarily due to an increase in the average price per patient visit in 1HFY2017 driven by higher spending by patients who needed to utilise our auxiliary services.

- **Dental.** Revenue generated from the provision of Dental Services to Self-paid Patients increased by 19.8% from HK$22.2 million for 1HFY2016 to HK$26.6 million for 1HFY2017. The average price per patient visit increased in 1HFY2017.

PRC Health Check-up Business

Revenue contribution from the PRC Health Check-up Business, which we acquired on 30 October 2015, increased from HK$5.2 million in 1HFY2016 to HK$18.1 million in 1HFY2017. The number of patient visits for 1HFY2017 was 16,614.

For reference, the PRC Health Check-up Business generated revenue of HK$11.7 million from 1 July 2015 to 30 October 2015. For illustration purposes, if we had completed the acquisition on 1 July 2015, the revenue for the PRC Health Check-up Business would have increased by 7.1% from HK$16.9 million in 1HFY2016 to HK$18.1 million in 1HFY2017 (or an increase of 14.3% 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/
	2016	2015	(decrease)
Revenue contribution post-acquisition on 30 October 2015 *(HK$'000)*	**18,063**	5,191	NM
Revenue per local currency (RMB'000)	16,187	4,347	NM
No. of visits	16,614	6,646	NM
Revenue contribution assuming acquisition was completed on 1 July 2015 *(HK$'000)*	**18,063**	16,905	6.9%
Revenue per local currency (RMB'000)	16,187	14,158	14.3%
No. of visits	16,614	17,209	(3.5%)

2015 RMB:HKD exchange rate at 1.19405
2016 RMB:HKD exchange rate at 1.11589

Other Income and Gains

Other income and gains primarily comprise administrative support fees (including fees derived from providing administrative support to Affiliated Doctors, Affiliated Dentists and Affiliated Auxiliary Services Providers), dividend income from financial assets at fair value through profit or loss and interest income from held-to-maturity investments.

Other income and gains decreased by 51.6% from HK$6.4 million in 1HFY2016 to HK$3.1 million in 1HFY2017. The period-to-period decrease 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 in 1HFY2016 did not recur in 1HFY2017.

Professional Services Expenses

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

Professional services expenses increased by 14.0% from HK$121.1 million for 1HFY2016 to HK$138.1 million for 1HFY2017, 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 1HFY2017.

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 40.2% from HK$34.3 million for 1HFY2016 to HK$48.1 million for 1HFY2017. Employee benefit expense increased primarily due to general increase in staff costs, full-period recognition of staffing expenses from the PRC Health Check-up Business for 1HFY2017 while there were 2-month recognition following the completion of the acquisition on 30 October 2015 in 1HFY2016, the clinical staff expenses relating to the operation of the Shanghai clinic which commenced operations in July 2016, the establishment of the corporate head office in Shanghai, the expansion of team members in Shanghai for the PRC corporate healthcare solutions business, increase in number of staff for the headquarter office and clinics in Hong Kong in connection with the Group's expansion plans in PRC and Hong Kong.

Property Rental and Related Expenses

Property rental and related expenses increased by 56.9% from HK$13.0 million for 1HFY2016 to HK$20.4 million for 1HFY2017, primarily due to the full-period recognition of rental expenses from the PRC Health Check-up Business for 1HFY2017 while there were 2-month recognition following the completion of the acquisition on 30 October 2015 in 1HFY2016, the establishment of the Shanghai clinic as well as the corporate head office in Shanghai and the increase in rent for those existing premises for which leases were renewed.

Cost of Inventories Consumed

Cost of inventories consumed increased by 21.2% from HK$8.5 million for 1HFY2016 to HK$10.3 million for 1HFY2017, 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, Macau and the PRC. Such increase is generally in line with the increase in revenue from the provision of clinical healthcare services in Hong Kong, Macau and the PRC in 1HFY2017.

Depreciation and Amortisation

Depreciation and amortisation increased by 92.9% from HK$4.2 million for 1HFY2016 to HK$8.1 million for 1HFY2017, primarily due to the purchase of specialised equipment and decoration for the new medical imaging centre and day surgery centre in Kowloon, the setting up of the Shanghai clinic and the refurbishment of existing facilities in Hong Kong.

Other Expenses, Net

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

Other expenses, net, decreased by 54.6% from HK$26.9 million in 1HFY2016 to HK$12.2 million in 1HFY2017, primarily due to HK$15.1 million of expenses incurred in connection with the Global Offering did not recur in 1HFY2017.

Share of Profits and Losses of Joint Ventures

Share of losses of joint ventures increased by 186.9% from HK$3.3 million in 1HFY2016 to HK$9.5 million in 1HFY2017. Within such losses there were (i) incremental employee benefit expense relating to the establishment of the corporate head office in Beijing, (ii) clinical staff expenses relating to the operation of the Beijing clinic in Fortune Plaza (which commenced operations in October 2016), (iii) pre-opening expenses (both rental and employee benefit expenses) relating to the establishment of another two clinics in Beijing, which are expected to commence operations in the first half of 2017 and (iv) rental expenses for the corporate head office in Beijing.

Summary of operational data for 1HFY2017 with comparative figures for 1HFY2016

Revenue by operating segment

	Six months ended 31 December		Increase/
	2016	2015	(decrease)
	HK$'000	*HK$'000*	
	(Unaudited)	(Unaudited)	
Provision of corporate healthcare solution services	**152,248**	142,302	7.0%
Medical	**144,941**	134,516	7.8%
Dental	**7,307**	7,786	(6.2%)
Provision of clinical healthcare services	**98,000**	74,171	32.1%
Medical	**71,418**	51,960	37.4%
Dental	**26,582**	22,211	19.7%
TOTAL	**250,248**	216,473	15.6%

Number of visits by operating segment

	Six months ended 31 December		Increase/
	2016	2015	(decrease)
	(Unaudited)	(Unaudited)	
Provision of corporate healthcare solution services	**614,335**	589,914	4.1%
Medical	**603,494**	578,820	4.3%
Dental	**10,841**	11,094	(2.3%)
Provision of clinical healthcare services	**88,879**	79,617	11.6%
Medical	**70,769**	61,627	14.8%
Dental	**18,110**	17,990	0.7%
TOTAL	**703,214**	669,531	5.0%

KEY FINANCIAL POSITION ITEMS

Property, Plant and Equipment

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

As at 31 December 2016 and 30 June 2016, the Group's property, plant and equipment amounted to HK$51.0 million (including those of a disposal group classified as held for sale) and HK$38.4 million, respectively. The increase was primarily due to the establishment of new medical imaging centre and the day surgery centre in Kowloon.

Held-to-maturity Investments

Held-to-maturity investments primarily represent the marketable corporate bonds issued by listed corporations with fixed interest rates from 1.33% to 4.875% per annum. The marketable debt securities which will mature within one year and more than one year are classified as current assets and non-current assets, respectively. The Group receives related interest payments semi-annually and annually.

As at 31 December 2016 and 30 June 2016, the Group's held-to-maturity investments amounted to HK$60.7 million (of which HK$15.0 million is classified as current assets and HK$45.7 million is classified as non-current assets) and HK$56.7 million (of which HK$30.0 million is classified as current assets and HK$26.7 million is classified as non-current assets), respectively.

Goodwill

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

As at 31 December 2016 and 30 June 2016, the Group's goodwill amounted to HK$41.4 million and HK$32.8 million, respectively. The increase in goodwill was primarily due to the acquisition of a medical clinic in Shanghai during the period.

Investments in Joint Ventures

We established a 50:50 joint venture company, UMP Healthcare (Beijing), with CR Phoenix Healthcare Group in July 2015. Under the terms of the original agreement, both UMP and CR Phoenix have undertaken to commit up to RMB50 million each into UMP Healthcare (Beijing). Such funds will be used to establish the Healthcare Management Model and a medical centre network in Beijing, as well as to recruit local management team and healthcare professionals. Please also refer to the Announcement and the Circular and the section headed "Business Overview and Outlook" of this announcement in relation to, among other things, the proposed subscription of new shares in UMP Healthcare (Beijing) by UMP Healthcare China pursuant to which UMP Healthcare (Beijing) will become a subsidiary of the Company. Completion of the aforesaid subscription has not yet been taken place as at the date of this announcement.

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

As at 31 December 2016, the net carrying value of the investments, including the share of net assets or net liabilities and the amount due from the joint ventures, in UMP Healthcare (Beijing) and Shanghai He Dun amounted to HK$50.5 million and HK$1.0 million respectively, resulting a total of HK$51.5 million.

The net carrying value of the investments in UMP Healthcare (Beijing) representing capital injection of HK$29.1 million (or RMB24.25 million equivalent) from UMP Healthcare China to UMP Healthcare (Beijing) (RMB24.25 million, being approximately 48.5% of the RMB50 million fund commitment under the terms of the joint venture agreement) and the certain set-up costs for the three medical centres that have been paid by UMP on behalf of UMP Healthcare (Beijing), offsetted by the HK$19.3 million accumulated share of loss from UMP Healthcare (Beijing).

The net carrying value of the investments in Shanghai He Dun representing capital injection of HK$1.1 million (or RMB1.0 million equivalent) from UMP to Shanghai He Dun, offsetted by the HK$0.14 million share of loss from Shanghai He Dun.

Trade Receivables

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

As at 31 December 2016 and 30 June 2016, the Group's trade receivables amounted to HK$59.0 million (including those of a disposal group classified as held for sale) and HK$47.5 million, respectively. The semi-annual receivable turnover ratio remained stable at 4.7 and 4.4 for 1HFY2017 and 1HFY2016 respectively. The receivable turnover ratio was calculated by dividing the Group's turnover during a given period by the average trade receivables during the same period.

Trade Payables

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

The Group's trade payables amounted to HK$49.0 million (including those of a disposal group classified as held for sale) and HK$47.3 million respectively, as at 31 December 2016 and 30 June 2016, respectively.

Net Change in Financial Position

The Group's net assets amounted to HK$396.2 million and HK$410.6 million as at 31 December 2016 and 30 June 2016, respectively. The decrease was primarily due to the distribution of FY2016 final dividend for HK$14.7 million and the purchase of shares for the Share Award Scheme amounted to HK$4.5 million, partly offset by the net profit for 1HFY2017 amounted to HK$3.0 million and the increase in other reserves.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has historically funded its operations primarily by cash generated from operating activities. Upon the listing of the shares of the Company on the Hong Kong Stock Exchange, the Group intended to satisfy its liquidity requirements using a combination of cash generated from operating activities and net proceeds from the Global Offering. The Group may also seek to borrow to satisfy liquidity requirements. As of 31 December 2016, the Group had a cash and cash equivalents of HK$162.2 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

The Group acquired a medical clinic in Shanghai, namely 上海聯醫門診部有限公司 (formerly known as 上海快驗保門診部有限公司）(“UMP Pudong”), from a third party for a total consideration of RMB8.3 million (approximately HK$9.5 million) during 1HFY2017. The completion thereof has been taken place in 1HFY2017 and UMP Pudong became an indirect wholly-owned subsidiary of the Company as at the date of this announcement.

In addition, as disclosed in the Announcement and the Circular, UMP Healthcare China agreed to subscribe for shares which, together with the existing shares in UMP Healthcare (Beijing) held by UMP Healthcare China, representing 70% of the enlarged issued share capital of UMP Healthcare (Beijing), and NWS Subsidiary also agreed to subscribe for shares representing 20% of the enlarged issued share capital of UMP Healthcare China. Furthermore, the Group agreed to dispose of UMP Management and UMP Management III (which own, among other things, four PRC clinics recently established by the Group) to HAML. Upon completion of the aforesaid transactions, UMP Healthcare (Beijing) will become an indirect non-wholly owned subsidiary of the Company and UMP Healthcare China will remain as an indirect non-wholly owned subsidiary of the Company, UMP Management and UMP Management III will cease to be subsidiaries of the Company. As of the date of this announcement, completion of the aforesaid subscriptions and disposals has not yet been taken place and is subject to certain conditions precedent, including among others, the approval by the independent shareholders of the Company.

Save as aforesaid, there was no material acquisition or disposal of subsidiaries undertaken by the Group during 1HFY2017.

CAPITAL EXPENDITURE

The capital expenditure during the period was primarily related to deposits paid for and expenditures on additions of property, plant and equipment for the Group’s medical centres. For 1HFY2017, the Group incurred capital expenditure in an aggregate amount of approximately HK$21.0 million (1HFY2016: HK$5.6 million).

INDEBTEDNESS

Contingent Liabilities

As at 31 December 2016, the Group did not have any material off-balance sheet arrangements.

PLEDGE OF ASSETS

As at 31 December 2016, the Group has pledged certain deposits with an aggregate carrying amount of HK$0.8 million (30 June 2016: HK$0.8 million) in connection with a surety bond issued by a bank in favour of an independent third party for potential damages of dental equipment and a bank guarantee issued by a bank in favour of a landlord for leasing of a medical centre of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of 399 (30 June 2016: 392) full-time employees. For the six months ended 31 December 2016, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$48.1 million (six months ended 31 December 2015: HK$34.3 million).

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

In addition, the Company also adopted 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 2016, 46,400,000 options remained outstanding out of 48,000,000 options granted under the pre-IPO share option scheme. Also, as at 31 December 2016, 2,426,000 options granted under the post-IPO share option scheme remained outstanding. No share options under the pre-IPO share option scheme and the post-IPO share option scheme have been exercised during the six months ended 31 December 2016.

The Company has also adopted the Share Award Scheme to provide an incentive and reward to selected participants for their contribution or potential contribution to the Group. No award has been granted under the Share Award Scheme since its adoption.

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

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.5 cent per ordinary share for the six months ended 31 December 2016. The interim dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 15 March 2017. It is expected that the interim dividend will be paid on or about Friday, 7 April 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 13 March 2017 to Wednesday, 15 March 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 10 March 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code during the six months ended 31 December 2016, 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 should be separate and should not be performed by the same individual. Dr. Sun Yiu Kwong, the Chairman, is also the Chief Executive Officer. The Board believes that vesting the roles of both chairman and chief executive 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 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 the Directors have complied with the Model Code during the six months ended 31 December 2016, save for the non-compliance incident as mentioned below.

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

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Code of Conduct for Securities Transactions by Employees on terms of which are no less exacting than those set out in the Model Code. To the best knowledge of the Company, there was no incident of non-compliance of the Code of Conduct for Securities Transactions by Employees during the six months ended 31 December 2016.

REVIEW OF INTERIM RESULTS

The Audit Committee, 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, has reviewed, together with the management of the Company, the unaudited interim results of the Group for the six months ended 31 December 2016 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

During the six months ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 31 December 2016 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 2016 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

"1HFY2016"	six months ended 31 December 2015;
"1HFY2017"	six months ended 31 December 2016;
"Affiliated Clinic(s)"	clinic(s) which is/are 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(s)", "Affiliated Dentist(s)" or "Affiliated Auxiliary Services Provider(s)"	doctor(s)/dentist(s)/auxiliary services provider(s) who has entered or will enter into an agreement directly with the Group to provide services to Plan Members and who, in accordance with the terms of such agreement, has received or will receive an amount from the Group based on the volume of Plan Members treated;

"Announcement"	the announcement of the Company dated 15 December 2016 in relation to, among other things, the disposal of UMP Management and UMP Management III to HAML, the subscription of new shares in UMP Healthcare China by NWS Subsidiary and the subscription of new shares in UMP Healthcare (Beijing) by UMP Healthcare China;
"Audit Committee"	the audit committee of the Board;
"Auxiliary Services"	includes imaging and laboratory services, physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment;
"Auxiliary Services Provider(s)"	auxiliary services provider(s) who is/are or will be engaged directly by the Group as a consultant to provide Auxiliary Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Auxiliary Service Providers;
"Board"	the board of Directors of the Company;
"BVI"	the British Virgin Islands;
"Circular"	the circular of the Company dated 8 February 2017 in relation to, among other things, the disposal of UMP Management and UMP Management III to HAML, the subscription of new shares in UMP Healthcare China by NWS Subsidiary and the subscription of new shares in UMP Healthcare (Beijing) by UMP Healthcare China;
"Code of Conduct for Securities Transactions by Employees"	the Code of Conduct for Securities Transactions by Employees as adopted by 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, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 722);
"Contract Customers"	collectively, insurance companies and corporations which have entered or will enter into corporate plans with the Group for healthcare benefits for Plan Members;

"CR Phoenix"	China Resources Phoenix Healthcare Holdings Company Limited (formerly known as Phoenix Healthcare Group Co. Ltd.), a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1515);
"CR Phoenix Healthcare Group"	CR Phoenix and its subsidiaries;
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"CR Phoenix Subsidiary" or "Pinyu Limited"	Pinyu Limited, a company incorporated under the laws of BVI with limited liability, which is a substantial shareholder of the Company and an indirect wholly-owned subsidiary of CR Phoenix;
"Dental Services"	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening;
"Dentist(s)"	dentist(s) who is/are or will be engaged directly by the Group as a consultant to provide Dental Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Dentists;
"Director(s)"	the director(s) of the Company;
"Doctor(s)"	doctor(s) who is/are or will be engaged directly by the Group as a consultant to provide Medical Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Doctors;
"general practitioner" or "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 of America 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" or "us"	the Company and its subsidiaries;

"HAML"	Healthcare Assets Management Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 50% by Healthcare Ventures and 50% by NWS Subsidiary as at the date of this announcement;
"Healthcare Management Model"	the Group's business model that is founded on the basis that general practitioners are best suited to serve as the first point of contact for patients given their training in family medicine;
"Healthcare Ventures"	Healthcare Ventures Holdings Limited, a company incorporated under the laws of BVI with limited liability, which is a substantial shareholder of the Company and an indirect wholly-owned subsidiary of Chow Tai Fook Enterprises Limited;
"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;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Macau"	the Macau Special Administrative Region of the PRC;
"Medical" or "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 to the Listing Rules;
"NM"	not meaningful;
"NWS"	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 659);

“NWS Subsidiary”	Dynamic Ally Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of NWS;
“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 & Clinical Healthcare Business” or “PRC Developing 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 Board;
“RMB”	Renminbi, the lawful currency of PRC;
“Self-paid Patients”	patients who visit a UMP Medical Centre operated by the Group and pay for services using cash or credit card;
“Shanghai He Dun”	上海合敦醫療科技有限公司, a company established in the PRC;
“Share Award Scheme”	the share award scheme approved and adopted by the Board on 30 June 2016;
“specialist practice” or “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;

"UMP Healthcare (Beijing)"	UMP Phoenix Healthcare Limited (to be renamed as "UMP Healthcare (Beijing) Group Limited", subject to the Registrar of Corporate Affairs of BVI approving the change of company name), a company incorporated under the laws of BVI with limited liability and owned by UMP Healthcare China and CR Phoenix Subsidiary as to 50%, respectively, as at the date of this announcement and will be owned by UMP Healthcare China and CR Phoenix Subsidiary as to 70% and 30%, respectively, upon completion of the subscription of new shares in UMP Healthcare (Beijing) by UMP Healthcare China as described in the Announcement and the Circular;
"UMP Healthcare China"	UMP Healthcare China Limited, a company incorporated under the laws of the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement which will be owned as to 80% indirectly by the Company and 20% by NWS Subsidiary upon completion of the subscription of new shares in UMP Healthcare China by NWS Subsidiary as described in the Announcement and the Circular;
"UMP Management"	UMP Medical Centre Management Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of UMP Healthcare (Beijing) as at the date of this announcement which will be owned by HAML upon completion of the disposal as described in the Announcement and the Circular;
"UMP Management III"	UMP Medical Centre Management (III) Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of UMP Healthcare China as at the date of this announcement which will be owned by HAML upon completion of the disposal as described in the Announcement and the Circular;
"UMP Medical Centre"	medical centre offering Medical Services, Dental Services and/or Auxiliary Services which is operated by the Group;
"UMP Network"	consists 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 Pudong Medical Centre Limited" or "UMP Pudong"	上海聯醫門診部有限公司(前稱上海快驗保門診部有限公司), a company established in the PRC; and
"US$"	US dollar, the lawful currency of the United States of America.

In this announcement, the terms "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 and Chief Executive Officer

Hong Kong, 23 February 2017

As at the date of this announcement, the Board comprises Dr. SUN Yiu Kwong as Chairman, Chief Executive Officer and executive director, Ms. KWOK Cheuk Kwan, Jacquen as managing director and executive director, Mr. TSANG On Yip, Patrick, Dr. SUN Man Kin, Michael, 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.