UMP HEALTHCARE HOLDINGS LIMITED
聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	Year ended 30 June			
	2018	2017		
	HK$'000	*HK$'000*	Increase/	
	(Audited)	*(Audited)*	(decrease)	*Notes*
Revenue	**585,630**	514,023	13.9%	
Profit before tax	**48,505**	57,094	(15.0%)	
Depreciation and amortisation	**19,997**	17,561	13.9%	
EBITDA[(1)]	**63,568**	71,594	(11.2%)	
Net profit	**37,502**	48,244	(22.3%)	
Revenue by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**346,894**	311,668	11.3%	
Hong Kong & Macau Clinical Healthcare Services	**268,870**	234,581	14.6%	
PRC Heathcare business	**56,567**	44,589	26.9%	
Total before elimination of inter-business lines sales	**672,331**	590,838	13.8%	
Reconciliation:				
Elimination of inter-business lines sales	**(86,701)**	(76,815)		
	585,630	514,023	13.9%	

	Year ended 30 June			
	2018	2017	Increase/	
	HK$'000	*HK$'000*	(decrease)	*Notes*
Operating profit by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**35,693**	31,673	12.7%	
Operating profit margin	**10.3%**	10.2%		
Hong Kong & Macau Clinical Healthcare Services	**26,028**	16,977	53.3%	
Operating profit margin	**9.7%**	7.2%		
PRC Healthcare Business	**(6,189)**	(19,066)	(67.5%)	
Operating profit margin	**(10.9)%**	(42.8)%		
Adjusted EBITDA(2)				
EBITDA	**63,568**	71,594	(11.2%)	*(a)*
Reconciliations:				
Equity-settled share option expense	**1,771**	8,066		*(b)*
Operating losses of disposed PRC subsidiaries recognised during the year	**–**	8,667		*(c)*
Gain on disposal of PRC subsidiaries	**–**	(23,397)		*(d)*
Share of losses of disposed joint ventures in Beijing recognised during the year	**–**	14,002		*(e)*
Gain on remeasurement of previously held interests in joint ventures in Beijing	**–**	(22,847)		*(f)*
Gain on bargain purchase	**–**	(401)		*(g)*
Gain on remeasurement of previously held interest in an available-for-sale investment	**(500)**	–		*(h)*
	64,839	55,684	16.4%	*(i)*

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

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

(2) Adjusted EBITDA is adjusted for (i) one-off non-recurring items, (ii) non-cash share option expense, (iii) operating losses of PRC subsidiaries which were recognised and were then disposed off during FY2017 and (iv) share of losses of joint ventures in Beijing which were recognised and were then disposed off during FY2017, giving shareholders a proxy of cash flow generated by the Group's business in Hong Kong, Macau and the PRC.

Operating profit by business lines and EBITDA are not standard measures under Hong Kong Financial Reporting Standards ("HKFRS") and therefore should not be considered in isolation or constructed as substitutes for analysis of HKFRS financial measures. The consolidated results of the Company and its subsidiaries for the year ended 30 June 2018 are shown on page 7 to 10.

A YEAR IN REVIEW

Heraclitus, the pre-Socractic Greek philosopher, once said that "Change is the only constant in life".

Year 2018 marks many changes for UMP Healthcare Group, with an intense focus on expanding our healthcare service offerings, increasing our investments in our people, exploring innovative collaborations with government entities and extending our geographical reach throughout key cities in China. We shall elaborate on each of these in turn.

While we have changed our business development approach, we have also ensured we have not changed our core philosophy of delivering affordable, accessible, convenient and quality healthcare services to all of our customers. Our focus on such philosophy has gained the trust of our customers, patients and partners, and has helped us to generate good financial results for FY2018, achieving a record high revenue of HK$585.6 million and processing nearly 1.5 million patient visits. Our business has continued to be very cash generative, delivering an adjusted EBITDA of HK$64.8 million (FY2017 EBITDA: HK$55.7 million). With such resilient financial results, the Board has recommended, subject to shareholders' approval, a final dividend of HK2.35 cents per share, taking our full year dividend pay out to HK2.9 cents per share (FY2017 full year dividend: HK2.7 cents per share).

Acquisitions

In order to provide comprehensive services to our customers, we have, through different collaboration models, been active in making strategic acquisitions to strengthen our service offerings. We have acquired a majority interest in a reputable imaging centre in Central, further expanding our capacity to deliver high quality imaging services to our customers. In addition, we have also acquired a majority interest in the largest physiotherapy group in terms of service locations in Hong Kong in July 2018, thereby expanding our physiotherapy service locations to cover all key regions of Hong Kong. We have revamped our central laboratory services with new facilities and product offerings to better serve our network doctors, and we are currently also in discussion to acquire a majority interest in a leading dermatology service group to expand our dermatology service offerings.

All of these acquisitions were conducted in the spirit of long term partnerships, with our partners choosing to continue to operate and grow their businesses together with us. We believe UMP is highly regarded as a good platform to partner with, whereby our partners would gain access through us to a wide range of corporate customers, customers from China, and more importantly, benefiting from our management expertise to help them grow their business further. The joining of our partners to our platform further reinforce our leading position and also propel our virtuous circle, where our customers would benefit from a wider suite of service offering, and hence more likely to continue to do further business with us. All of these acquisitions and partnerships are expected to contribute meaningfully to our financial performance in the future years.

In China, we have been laser focus on the development of our medical team. Our goal is "To become the leading affordable primary care provider in Greater China, and through such pursuit, give our members access to their own trusted family doctor".

The development of private healthcare in China is a slow and long progress, requiring time and significant capital investment in both the development of medical staff and in physical healthcare facilities. Together with our strategic partners, New World Development, NWS and CTFE, UMP clinic network now covers 5 locations in Beijing, 3 locations in Shanghai, 1 in Guangzhou and 3 in Shenzhen, making us one of the largest private healthcare clinic network operator in terms of geographical spread within China and likely the only operator that has covered the 4 Tier 1 cities. We are also in the process of planning to open up further service locations in the Greater Bay Area.

Our GOLD training programme

We have made significant investment in our medical staff in 2018. We are now in our 2nd year of our internally developed General Practice Oriented Learning and Development training programme (the GOLD Programme – www.goldgptraining.com). The 52 weeks GOLD programme was founded by our Chief Training Officer, Dr. Kenny Kung, and represents our dedication and commitment to develop our doctors to become a trusted family doctor to their patients. All of our doctors who deliver outpatient care in our clinics are required to go through this GOLD Programme.

In addition to delivering training to our internal medical staff, the GOLD Programme has also garnered the trust and recognition of regional government in China. In February 2018, the Pan Yu district government in Guangzhou City has mandated UMP to also deliver the GOLD programme to their family doctors in China. The programme is currently still on-going and has received much praise for its practicableness in demonstrating to Chinese family doctors international family medicine concepts.

WONCA Practice Accreditation

To further show to our commitment to delivering quality primary care, we have also decided to enrol our clinics in Beijing and Shanghai for the WONCA Practice Accreditation. The World Organization of Family Doctors (WONCA) is a not-for-profit organization and was founded in 1972 by member organizations in 18 countries. WONCA now has 118 Member Organizations in 131 countries and territories with membership of about 500,000 family doctors and more than 90 per cent of the world's population. This includes eight organizations in collaborative relations with WONCA. There are some 21 members in the Academic membership category, which consists of Academic Departments of Family Medicine. The WONCA executive team visited the UMP clinics in Beijing and Shanghai, and granted its accreditation approval to all of the clinics visited. The related news can be found on WONCA's website (https://www.wonca.net/News/FromtheCEOsDeskWONCAStandardsandAccreditation.aspx).

OUTLOOK

In our previous results announcement and in our annual reports, we have focused our discussion on the development of our clinic network and partnerships with different corporations and partners. This year, we would like to focus on our outlook for the Greater Bay Area.

We are living in exciting times for Southern China. Nowhere is this seen more clearly than in the ambitious plans being drawn up for the Greater Bay Area initiative, and its goal of building a world-class city cluster across the Guangdong-Hong Kong-Macau region. By 2030, the region is expected to play a leading role in advanced manufacturing, innovation, shipping, trade and finance.

The proposed initiative is a testament to the region's economic development and significance. Last year, the combined GDP of the 11 cities in the area reached US$1.4 trillion, or 12 percent of the national PRC economy, even though it is home to only 5 percent of the country's population.

Within the Greater Bay Area, Hong Kong is generally viewed as the international financial and trade centre, connecting all the activities in the Greater Bay Area with the capital and trade support that Hong Kong is well known for.

What the regional governments have further identified as a growing industry that Hong Kong can contribute significant to the region is healthcare. While there is expected to be significant investment in the region across many industries, the respective regional governments also realise that healthcare and education are the two areas in which they need significantly more input from the private sectors to provide innovative ideas and solutions.

Within the healthcare sector, primary care is the most urgent issue all the regional governments are trying to tackle. Due to China's specialists training mindset, most Chinese patients seeking healthcare services are used to seeking specialist services in a hospital setting rather than in a primary care clinic setting. This has caused much problems for regional governments, where all patients would go to hospitals to seek the most basic care, leading to healthcare expenses rising at an unprecedented rate.

With a history of more than 28 years in co-ordinating affordable primary care services in Hong Kong, UMP has been at the forefront of private sector primary care development in the Greater Bay Area. Since our entry to the China market, we have placed great emphasis on the importance of family doctor training. We believe that without well trained family doctors, it will be very difficult for both the government and the private sector to develop private healthcare and also private healthcare insurance

UMP was most honoured to have been invited by the Hong Kong government to be one of the key speakers at the opening ceremony for the 100-member delegation to Guangzhou. At such event, UMP shared its experience and insights in its clinic operations in China, its core GOLD training programme and its commitment to deliver quality primary healthcare services. Following such delegation, we have received significant interests from different regional governments in the Greater Bay Area seeking collaboration with UMP to explore family doctor training, as well as development of Public-Private-Partnership ("PPP") for the roll out of primary care services in government clinics.

We believe that a PPP model of working with the respective regional governments will present a great growth opportunity for UMP, whereby we will be able to expand our influence through the training of family doctors, expand our clinic network geographical reach through collaboration with government clinics, and subsequently, also developing, together with insurance companies, new, innovative and affordable PPP insurance products to facilitate the development of private healthcare insurance in China.

This is an ambitious goal, but we believe that all ambitious goal start from having a right vision and mission. Our mission of giving our members their own trusted family doctor is in line with our philosophy, and most importantly, also in line with the Chinese government's goal of developing family doctors and community based care. We are confident we are walking the right path, and we thank all our shareholders for your continue support on our mission.

The board ("Board") of directors ("Directors") of UMP Healthcare Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2018, together with the comparative amounts for the year ended 30 June 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
REVENUE	*5*	**585,630**	514,023
Other income and gains	*5*	**11,591**	53,626
Professional services expenses		**(309,264)**	(287,603)
Employee benefit expense		**(121,428)**	(100,291)
Property rental and related expenses		**(42,673)**	(40,979)
Cost of inventories consumed		**(23,730)**	(20,500)
Depreciation and amortisation		**(19,997)**	(17,561)
Other expenses, net		**(34,116)**	(31,241)
Share of profits and losses of:			
Joint ventures		**254**	(14,002)
Associates		**2,238**	1,622
PROFIT BEFORE TAX	*6*	**48,505**	57,094
Income tax expense	*7*	**(11,003)**	(8,850)
PROFIT FOR THE YEAR		**37,502**	48,244
Attributable to:			
Owners of the Company		**37,555**	44,085
Non-controlling interests		**(53)**	4,159
		37,502	48,244
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**HK5.04 cents**	HK6.01 cents
Diluted		**HK4.95 cents**	HK5.94 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**37,502**	48,244
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	**(213)**	418
Exchange differences on translation of foreign operations	**181**	(919)
Reclassification adjustment for a foreign operation disposed of during the year	**–**	596
Reclassification adjustment for a foreign operation upon subscription of additional interest in joint ventures, which became subsidiaries during the year	**–**	979
Share of other comprehensive income of an associate	**11**	–
Share of other comprehensive income/(loss) of joint ventures	**21**	(750)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	324
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**37,502**	48,568
Attributable to:		
Owners of the Company	**37,555**	44,424
Non-controlling interests	**(53)**	4,144
	37,502	48,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**103,809**	43,934
Goodwill	*10*	**62,637**	41,357
Other intangible asset		**111**	222
Investments in joint ventures	*11*	**1,196**	920
Investments in associates		**5,485**	3,116
Held-to-maturity investments	*12*	**58,570**	46,017
Available-for-sale investments		**9,848**	9,425
Deferred tax assets		**1,016**	1,375
Deposits		**15,696**	15,263
Total non-current assets		**258,368**	161,629
CURRENT ASSETS			
Inventories		**8,244**	6,685
Trade receivables	*13*	**78,800**	56,791
Prepayments, deposits and other receivables		**12,262**	8,849
Financial assets at fair value through profit or loss		**2,427**	2,356
Held-to-maturity investments	*12*	**10,927**	15,005
Due from associates		**5,640**	6,193
Due from related companies		**2,735**	5,284
Due from a joint venture		**415**	–
Tax recoverable		**977**	753
Pledged deposits		**1,352**	821
Cash and cash equivalents		**293,970**	434,073
		417,749	536,810
Assets of a disposal group classified as held for sale	*17*	**56,671**	–
Total current assets		**474,420**	536,810

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2018

	Notes	2018 HK$'000	2017 HK$'000
CURRENT LIABILITIES			
Trade payables	14	**39,152**	53,747
Other payables, accruals and deferred income		**48,486**	37,155
Due to associates		**207**	213
Due to related companies		**452**	423
Tax payable		**9,523**	9,244
		97,820	100,782
Liabilities directly associated with the assets classified as held for sale	17	**43**	–
Total current liabilities		**97,863**	100,782
NET CURRENT ASSETS		**376,557**	436,028
TOTAL ASSETS LESS CURRENT LIABILITIES		**634,925**	597,657
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,606**	969
Provision		**2,222**	1,074
Total non-current liabilities		**3,828**	2,043
Net assets		**631,097**	595,614
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	**753**	737
Reserves		**566,383**	531,882
		567,136	532,619
Non-controlling interests		**63,961**	62,995
Total equity		**631,097**	595,614

NOTES

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

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

3.1 CHANGES IN DISCLOSURES

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

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impact of amendments to HKAS 7, the adoption of the above revised standards has had no significant financial effect on the Group's financial statements.

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.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[2]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[2]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015-2017 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

4. OPERATING SEGMENT INFORMATION

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

(a) Corporate healthcare solution services ("Corporate Healthcare Solution Services to Contract Customers") segment engages in the provision of corporate healthcare solutions to contract customers; and

(b) Clinical healthcare services ("Clinical Healthcare Services") segment engages in the provision of medical and dental services, health check and other auxiliary services.

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

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

Segment liabilities exclude liabilities directly associated with the assets classified as held for sale and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

Year ended/as at 30 June 2018

	Corporate Healthcare Solution Services to Contract Customers *HK$'000*	Clinical Healthcare Services *HK$'000*	Total *HK$'000*
Segment revenue:			
External sales	346,506	239,124	585,630
Intersegment sales	2,332	84,369	86,701
	348,838	323,493	672,331
Reconciliation:			
Elimination of intersegment sales			(86,701)
Revenue			585,630
Segment results	36,311	40,044	76,355
Reconciliation:			
Interest income			4,934
Other income			6,657
Share of profits and losses of:			
Joint ventures			254
Associates			2,238
Corporate and other unallocated expenses			(41,933)
Profit before tax			48,505
Segment assets	129,280	177,716	306,996
Reconciliation:			
Elimination of intersegment receivables			(16,038)
Corporate and other unallocated assets			441,830
Total assets			732,788
Segment liabilities	67,898	45,165	113,063
Reconciliation:			
Elimination of intersegment payables			(16,038)
Corporate and other unallocated liabilities			4,666
Total liabilities			101,691
Other segment information:			
Depreciation and amortisation	2,251	16,950	19,201
Capital expenditure*	2,492	26,900	29,392
Write-off of items of property, plant and equipment	–	54	54
Write-off of trade receivables	108	–	108

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

Year ended/as at 30 June 2017

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

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

Geographical information

During the year ended 30 June 2018, the Group operates within three geographical locations, Hong Kong, Macau and the PRC. Approximately 87% (2017: 86%) of the Group's revenue was generated in Hong Kong. Less than 15% of the Group's revenue was generated in Macau or the PRC. Accordingly, no geographical information in respect of revenue from external customers is presented.

Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**151,335**	73,366
The PRC	**26,222**	22,806
Macau	**3,825**	1,754
	181,382	97,926

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

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	**68,226**	61,249
Customer B	**42,707**	37,327

5. REVENUE, OTHER INCOME AND GAINS

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

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

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Provision of corporate healthcare solution services to contract customers:		
Medical services	**329,520**	295,567
Dental services	**16,986**	14,953
Provision of clinical healthcare services:		
Medical services	**182,974**	151,636
Dental services	**56,150**	51,867
	585,630	514,023
Other income and gains		
Administrative support fees	**2,394**	2,350
Bank interest income	**376**	662
Interest income on held-to-maturity investments	**2,870**	1,904
Interest income on available-for-sale investments	**1,688**	495
Rental income	**784**	–
Dividend income from financial assets at fair value through profit or loss	**85**	84
Fair value gains on financial assets at fair value through profit or loss	**71**	330
Gain on disposal of held-to-maturity investments, net	**169**	–
Gain on disposal of available-for-sale investments, net	**78**	–
Gain on bargain purchase	**–**	401
Gain on disposal of subsidiaries	**–**	23,397
Gain on remeasurement of previously held interests in joint ventures	**–**	22,847
Gain on remeasurement of previously held interest in an available-for-sale investment	**500**	–
Foreign exchange differences, net	**833**	–
Waiver of other payable	**152**	–
Others	**1,591**	1,156
	11,591	53,626

6. PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Cost of services rendered	**309,264**	287,603
Equity-settled share option expense (including employees and professional consultants)	**1,771**	8,066
Foreign exchange differences, net	**(833)**	129
Loss on disposal of items of property, plant and equipment	**–**	78
Write-off of items of property, plant and equipment	**54**	–
Minimum leases payments under operating leases	**36,325**	35,132
Write-off of trade receivables	**116**	88
Write-off of receivables due from a related party	**195**	–
Impairment/(reversal of impairment) of amounts due from associates	**2,149**	(282)
Fair value gains on financial assets at fair value through profit or loss	**(71)**	(330)

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2018	2017
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**7,655**	6,864
Underprovision/(overprovision) in prior years	**(493)**	200
Current – Elsewhere		
Charge for the year	**2,941**	1,878
Withholding tax	**–**	(71)
Underprovision/(overprovision) in prior years	**115**	(365)
Deferred	**785**	344
Total tax charge for the year	**11,003**	8,850

8. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final 2017 – HK2.2 cents (2016: HK2.0 cents) per ordinary share	**16,566**	14,720
Less: Dividend for shares held under the share award scheme	**(103)**	(44)
	16,463	14,676
Interim 2018 – HK0.55 cent (2017: 0.5 cent) per ordinary share	**4,144**	3,680
Less: Dividend for shares held under the share award scheme	**(28)**	(22)
	4,116	3,658
	20,579	18,334
Dividend proposed after the end of the reporting period:		
Proposed final 2018 – HK2.35 cents (2017: HK2.2 cents) per ordinary share	**17,752**	16,283

The proposed final 2018 dividend of HK2.35 cents per ordinary share for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$37,555,000 (2017: HK$44,085,000), and the weighted average number of ordinary shares of 744,431,364 (2017: 733,369,479) in issue during the year, as adjusted to exclude the shares held under the share award scheme.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$37,555,000 (2017: HK$44,085,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 744,431,364 (2017: 733,369,479) in issue during the year and excluded the shares held under the share award scheme, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 13,995,134 (2017: 9,300,829) assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares.

10. GOODWILL

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**41,357**	32,755
Acquisitions of subsidiaries/businesses *(note 16)*	**21,280**	8,602
At end of year	**62,637**	41,357

11. INVESTMENTS IN JOINT VENTURES

	2018	2017
	HK$'000	*HK$'000*
Share of net assets	**1,196**	920

During the years ended 30 June 2018 and 2017, the Group had the following material transactions in connection with its investments in joint ventures:

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

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

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

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

(d) On 5 December 2017, the Group set up a joint venture, UMP Dental Centre JV Limited ("UMP Dental JV"), on 50:50 basis with an independent third party. UMP Dental JV is primarily engaged in the provision of dental services in Hong Kong.

12. HELD-TO-MATURITY INVESTMENTS

	2018	2017
	HK$'000	*HK$'000*
Debt investments, at amortised cost	**69,497**	61,022
Analysed into:		
Non-current portion	**58,570**	46,017
Current portion	**10,927**	15,005
	69,497	61,022

As at 30 June 2018, the Group's held-to-maturity investments represented listed debt investments with fixed maturity dates between 2018 and 2023 and fixed interest rates ranging from 4.25% to 8.5% per annum (2017: 1.3% to 4.9% per annum).

13. TRADE RECEIVABLES

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

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

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**56,718**	48,544
1 to 2 months	**11,802**	3,127
2 to 3 months	**3,216**	4,187
Over 3 months	**7,064**	933
	78,800	56,791

14. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**18,318**	22,506
1 to 3 months	**20,318**	30,866
Over 3 months	**516**	375
	39,152	53,747

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

15. SHARE CAPITAL

	2018	2017
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 (2017: 5,000,000,000) ordinary shares of HK$0.001 (2017: HK$0.001) each	**5,000**	5,000
Issued and fully paid:		
753,405,000 (2017: 737,492,000) ordinary shares of HK$0.001 (2017: HK$0.001) each	**753**	737

The movements in the Company's authorised and issued share capital during the years ended 30 June 2018 and 2017 are as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 July 2016, at 1 July 2017 and at 30 June 2018		5,000,000,000	5,000
Issued and fully paid:			
At 1 July 2016		736,000,000	736
Exercise of share options	(a)	1,492,000	1
At 30 June 2017 and at 1 July 2017		737,492,000	737
Exercise of share options	(b)	15,913,000	16
At 30 June 2018		753,405,000	753

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

(b) The subscription rights attaching to (i) 14,700,000 share options were exercised at the subscription price of HK$1.2228 per share, resulting in the issue of 14,700,000 ordinary shares of HK$0.001 each for a total cash consideration, before expenses, of HK$17,975,000; (ii) 1,213,000 share options were exercised at the subscription price of HK$1.27 per share, resulting in the issue of 1,213,000 ordinary shares of HK$0.001 each for a total cash consideration, before expenses, of HK$1,541,000. An aggregate amount of HK$5,401,000 was transferred from the share-based payment reserve to the share premium account upon the exercise of the share options.

16. BUSINESS COMBINATIONS

In order to develop the Group's corporate healthcare solution and clinical healthcare businesses and to continually provide comprehensive and integrated healthcare services for the benefit of the patients, the Group entered into the following transactions during the years ended 30 June 2018 and 2017:

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

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

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

(c) On 24 July 2017, the Group acquired a dental clinic operation from an independent third party for a consideration of HK$2 million. The major assets acquired through this business combination include, among others, comprised of property, plant and equipment. Accordingly, the Group has recognised identifiable net assets of HK$284,000 and goodwill of HK$1,716,000 in accordance with HKFRS 3 (Revised).

(d) On 1 April 2018, the Group acquired 60% equity interest in a medical laboratory and imaging business (the "Acquired Business") from an independent third party for a consideration of HK$21 million. Up to the date of this announcement, the valuation of the Acquired Business's identifiable assets and liabilities is under finalisation and accordingly, the Group has initially recognised provisional fair value of identifiable net assets of HK$3,862,000 and provisional goodwill of HK$18,683,000 in accordance with HKFRS 3 (Revised).

(e) On 1 June 2018, the Group, through its 60%-owned subsidiary, acquired a further 45% equity interest in Longway Consultants Limited ("Longway") for a consideration of HK$2,750,000. Longway was previously a 10%-owned available-for-sale investment and upon acquisition, the Group's equity interest increased from 10% to 55% and Longway became a subsidiary of the Group thereafter. Longway is principally engaged in the provision of medical imaging services in Hong Kong. Up to the date of this announcement, the valuation of Longway's identifiable assets and liabilities is under finalisation and accordingly, the Group has initially recognised provisional fair value of identifiable net assets of HK$2,330,000 and provisional goodwill of HK$881,000 in accordance with HKFRS 3 (Revised).

17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 21 June 2018, the Group entered into a provisional sales and purchase agreement with an independent third party whereby the Group agreed to dispose of its entire equity interest in Excellent City Limited ("Excellent City") for a consideration of HK$65,920,000. Excellent City is a property holding company in Hong Kong. As at 30 June 2018, the property, plant and equipment and deposits in aggregate of HK$56,671,000 and the corresponding liabilities of HK$43,000 were classified as held for sale. The transaction is expected to be completed prior to end of September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BUSINESS

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

1. **Hong Kong & Macau Corporate Healthcare Solution Services**

   UMP provides corporate healthcare solutions through the design and administration of tailored healthcare benefits plans for its Contract Customers. UMP aims to provide convenient, reliable, coordinated, comprehensive and affordable healthcare services through the well-established and multi-specialties UMP Network. As at 30 June 2018, the UMP Network comprises more than 600 points of services located across Hong Kong and Macau.

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

2. **Hong Kong & Macau Clinical Healthcare Services**

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

3. **PRC Healthcare Business**

   Our PRC Healthcare Business currently consists of (i) health check-up business, (ii) corporate healthcare solutions business, and (iii) within the clinics we own and operate, revenue from selected outpatient services such as family medicine and paediatric services. As our corporate healthcare solutions business is still at a development stage, the revenue and operating profit for this business segment is primarily contributed by our health check-up business. Our current focus is on the development of our PRC Healthcare Business in Beijing, Shanghai, Guangzhou and Shenzhen together with our strategic partners, like HAML and other local reputable healthcare partners.

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line has increased 11.3% from HK$311.7 million to HK$346.9 million (before intersegment elimination) due to a general increase in patient visits and average spending per visit, while our operating profit (operating profit before tax and before non-recurring items) has increased approximately 12.7% from HK$31.7 million to HK$35.7 million. Our results show that we are able to generate increase in revenue through the marketing to and the delivering of a comprehensive suite of services to our corporate customers, insurance companies and patients.

Hong Kong & Macau Clinical Healthcare Services

Revenue for this business line has increased 14.6% from HK$234.6 million to HK$268.9 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 53.3% from HK$17.0 million to HK$26.0 million. The increase in revenue and operating profit is in part due to the previously expanded specialist services and auxiliary services have been ramped up and also the contribution from the newly acquired auxiliary service centres during FY2018.

PRC Healthcare Business

Revenue for this business line has increased 26.9% from HK$44.6 million to HK$56.6 million (before intersegment elimination) primarily due to the increase in the number of health check-ups, while our operating loss (operating loss before tax and before non-recurring items) has decreased 67.5% from HK$19.1 million to HK$6.2 million. The decrease in operating loss was primarily attributable to the reduced operating losses of the four PRC clinics in Beijing and Shanghai which were disposed of to HAML following the Disposal in March 2017.

The following table sets out the revenue and operating profit for our business lines for FY2018 and FY2017 for comparison:

Revenue by business lines

	Year ended 30 June		
	2018	2017	Increase/
	HK\$'000	*HK\$'000*	(decrease)
Hong Kong & Macau Corporate Healthcare Solution Services	**346,894**	311,668	11.3%
Hong Kong & Macau Clinical Healthcare Services	**268,870**	234,581	14.6%
PRC Healthcare Business	**56,567**	44,589	26.9%
Total before elimination of inter-business lines sales	**672,331**	590,838	13.8%
Reconciliation:			
Elimination of inter-business lines sales	**(86,701)**	(76,815)	
TOTAL	**585,630**	514,023	13.9%

Operating profit by business lines

	Year ended 30 June		
	2018	2017	Increase/
	HK\$'000	*HK\$'000*	(decrease)
Hong Kong & Macau Corporate Healthcare Solution Services	**35,693**	31,673	12.7%
Operating profit margin	**10.3%**	10.2%	
Hong Kong & Macau Clinical Healthcare Services	**26,028**	16,977	53.3%
Operating profit margin	**9.7%**	7.2%	
PRC Healthcare Business	**(6,189)**	(19,066)	(67.5)%
Operating profit margin	**(10.9)%**	(42.8)%	

(1) Operating profit by business lines represent operating profit before tax for each business line and excluding non-recurring items.

(2) Operating losses for PRC Healthcare Business for FY2018 included operating profit for PRC Health Check-up Business and operating losses for PRC Corporate Healthcare Solution Business in Shanghai and Beijing while the operating losses for PRC Healthcare Business for FY2017 included operating profit for PRC Health Check-up Business, operating losses for PRC Corporate Healthcare Solution Business in Shanghai, operating losses for PRC Clinical Healthcare Business in Shanghai and the share of losses of joint ventures from the joint ventures with CR Phoenix Healthcare Group in Beijing. The losses primarily represent costs including rental expenses, management and administration staff costs.

FINANCIAL REVIEWS

FY2018 compared to FY2017

Revenue

During FY2018, 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 to Self-paid Patients in Hong Kong and Macau and (iii) the PRC Healthcare Business, which represents revenue generated from the provision of medical examinations for local residents and corporate employees in the PRC, revenue generated from the provision of corporate healthcare solutions to Contract Customers in the PRC and within the clinics we own and operate, revenue from selected outpatient services such as family medicine and paediatric services.

Total consolidated revenue increased by 13.9% from HK$514.0 million in FY2017 to HK$585.6 million in FY2018, primarily due to (i) an increase in revenue from HK$469.4 million to HK$529.0 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$44.6 million to HK$56.6 million from the PRC Healthcare Business.

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 11.0% from HK$310.5 million in FY2017 to HK$344.6 million in FY2018.

- **Medical**. Revenue generated from the provision of Medical Services to Contract Customers increased by 10.8% from HK$295.6 million for FY2017 to HK$327.6 million for FY2018, primarily due to an increase in the average price per patient visit in FY2018 as well as the increase in the number of visits from the patients seeking Medical Services.

- **Dental**. Revenue generated from the provision of Dental Services to Contract Customers increased by 13.3% from HK$15.0 million for FY2017 to HK$17.0 million in FY2018, primarily due to an increase in the average price per patient visit in FY2018 as well as the increase in the number of visits from the patients seeking Dental Services.

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 20.0% from HK$107.0 million for FY2017 to HK$128.3 million for FY2018, primarily due to an increase in both the patient visits and the average price per patient visit in FY2018 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 8.1% from HK$51.9 million for FY2017 to HK$56.1 million for FY2018, primarily due to an increase in the patients in FY2018.

PRC Healthcare Business

Revenue contribution from the PRC Healthcare Business increased by 26.9% from HK$44.6 million in FY2017 to HK$56.6 million in FY2018, primarily due to an increase in the number of health check-ups for the PRC residents traveling abroad for study or for work and the health check-ups for corporate employees and insurance scheme members, as well as an increase in the revenue generated from the PRC corporate healthcare business.

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 and fair value on financial assets at fair value through profit or loss and interest income from held-to-maturity investments and bank savings.

Other income and gains decreased by 78.4% from HK$53.6 million in FY2017 to HK$11.6 million in FY2018. The significant decrease was primarily due to the one-off gains, including gain on disposal of subsidiaries and gain on remeasurement of previously held interests in joint ventures pursuant to the Disposal in March 2017 which did not generate in FY2018.

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 7.5% from HK$287.6 million for FY2017 to HK$309.3 million for FY2018, primarily due to an increase in the cost of services rendered by doctors, dentists and other professionals. Such increment percentage was lower than the Group's increased revenue percentage in FY2018 representing the Group's improved profit margin, attributed to the expansion of higher margin medical and Dental Services by way of business acquisition and service diversification in FY2018.

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 21.0% from HK$100.3 million for FY2017 to HK$121.4 million for FY2018. Employee benefit expense increased primarily due to general increase in staff costs, full-period recognition of staff costs from UMP Lujiazui for FY2018, full consolidation of staff costs of corporate head office in Beijing upon the increase in shareholdings in UMP Healthcare (Beijing) in March 2017 and the increase in number of staff for the headquarter office and clinics in Hong Kong in connection with the Group's expansion plans and business acquisitions.

Property Rental and Related Expenses

Property rental and related expenses increased by 4.1% from HK$41.0 million for FY2017 to HK$42.7 million for FY2018, primarily due to the full-period recognition of rental expenses from UMP Lujiazui in FY2018, the full consolidation of corporate head office in Beijing upon the increase in shareholdings in UMP Healthcare (Beijing) in March 2017 and the increase in rent for those existing premises for which leases were renewed. The increase was partly offset by the decrease in rental expenses of the Shanghai clinic which was disposed off pursuant to the Disposal in March 2017.

Cost of Inventories Consumed

Cost of inventories consumed increased by 15.6% from HK$20.5 million for FY2017 to HK$23.7 million for FY2018, 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. Such increase is generally in line with the increase in revenue from the provision of clinical healthcare services in FY2018.

Depreciation and Amortisation

Depreciation and amortisation increased by 13.6% from HK$17.6 million for FY2017 to HK$20.0 million for FY2018, primarily due to the renovation of the medical centres in Shanghai, opening of 2 Dental clinics in Hong Kong and the consolidation of depreciation expenses of the newly acquired businesses.

Other Expenses, Net

Other expenses, net primarily comprise provision of impairment loss, net made to the Group's amount due from/to associated companies and 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, increased by 9.3% from HK$31.2 million in FY2017 to HK$34.1 million in FY2018, primarily due to the provision of impairment loss made to the Group's amount due from associated companies, an increase in maintenance expenses in relation to the computer hardware and medical equipment and an increase in overseas travelling expenses.

Share of Profits and Losses of Joint Ventures and Associates

The Group shared profits from joint ventures of approximately HK$254,000 in FY2018 while recorded share of losses in FY2017 of approximately HK$14.0 million. The significant change from losses to profits was primarily due to the reduced share of operating losses of the clinics in Beijing which had been disposed to HAML pursuant to the Disposal in March 2017.

Share of profits of associates increased by 37.5% from approximately HK$1.6 million in FY2017 to HK$2.2 million in FY2018 primarily due to the improved performance of the existing associates and the contribution from the Group's new investment in a medical imaging centre in Kowloon, Hong Kong, made in May 2017.

Summary of operational data for FY2018 with comparative figures for FY2017:

Revenue by operating segment

	Year ended 30 June		
	2018	2017	Increase/
	HK$'000	*HK$'000*	(decrease)
Provision of corporate healthcare solution services	**346,506**	310,520	11.6%
Medical	**329,520**	295,567	11.5%
Dental	**16,986**	14,953	13.6%
Provision of clinical healthcare services	**239,124**	203,503	17.5%
Medical	**182,974**	151,636	20.7%
Dental	**56,150**	51,867	8.3%
TOTAL	**585,630**	514,023	13.9%

Number of visits by operating segment

	Year ended 30 June		Increase/
	2018	2017	(decrease)
Provision of corporate healthcare solution services	**1,295,697**	1,253,674	3.4%
Medical	**1,272,803**	1,232,373	3.3%
Dental	**22,894**	21,301	7.5%
Provision of clinical healthcare services	**192,343**	171,884	11.9%
Medical	**152,159**	134,825	12.9%
Dental	**40,184**	37,059	8.4%
TOTAL	**1,488,040**	1,425,558	4.4%

KEY FINANCIAL POSITION ITEMS

Property, Plant and Equipment

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

As at 30 June 2018 and 30 June 2017, the Group's property, plant and equipment amounted to HK$103.8 million and HK$43.9 million, respectively. The increase was primarily due to the acquisition of a property in Sheung Wan and the acquisition of businesses during FY2018.

Held-to-maturity Investments

Held-to-maturity investments primarily represent the marketable corporate bonds issued by listed corporations with fixed interest rates from 4.25% to 8.5% per annum. The marketable debt securities which will mature within one year and more than one year are classified as current assets and non-current assets, respectively. The Group receives related interest payments semi-annually and annually.

As at 30 June 2018 and 30 June 2017, the Group's held-to-maturity investments amounted to HK$69.5 million (of which HK$10.9 million is classified as current assets and HK$58.6 million is classified as non-current assets) and HK$61.0 million (of which HK$15.0 million is classified as current assets and HK$46.0 million is classified as non-current assets), respectively.

Goodwill

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

As at 30 June 2018 and 30 June 2017, the Group's goodwill amounted to HK$62.6 million and HK$41.4 million, respectively. The increase in goodwill was primarily due to the acquisitions of a Dental clinic and medical imaging centres in Hong Kong during FY2018.

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 60 days to its Contract Customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 30 June 2018 and 30 June 2017, the Group's trade receivables amounted to HK$78.8 million and HK$56.8 million, respectively. The annual receivable turnover was 42 days and 36 days respectively in FY2018 and FY2017. The Group maintained a stable collection period over the years.

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$39.2 million and HK$53.7 million, as at 30 June 2018 and 30 June 2017, respectively. The decrease was due to the shorten of credit period by quicker settlement schedules to the Doctors, Dentists and Auxiliary Services Providers for Medical Services, Dental Services and Auxiliary Services rendered within the UMP Network, aiming at further strengthening the relationship with the Group's service providers.

Net Change in Financial Position

The Group's net assets amounted to HK$631.1 million and HK$595.6 million as at 30 June 2018 and 30 June 2017, respectively. The increase was primarily due to the exercise of Pre-IPO Share Options by an executive director and the net profit for FY2018 amounted to HK$37.6 million attributable to the owners of the Company, partly offset by the distribution of dividends and the purchase of shares under the Share Award Scheme.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has historically funded its operations primarily by cash generated from operating activities. Upon the listing of the shares of the Company on the Stock Exchange, the Group intended to satisfy its liquidity requirements using a combination of cash generated from operating activities, net proceeds from the Global Offering and the net considerations received from the series of transactions as described in the announcement of the Company dated 15 December 2016 and 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. The Group may also seek to borrow to satisfy liquidity requirements. As of 30 June 2018, the Group had cash and cash equivalents of HK$294.0 million.

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

GEARING RATIO

As at 30 June 2018, the Group had no net debt. The Group's gearing ratio was not applicable as at 30 June 2018.

CAPITAL STRUCTURE

There has been no change in the capital structure of the Company during the year ended 30 June 2018. The capital of the Company comprises ordinary shares and other reserves.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

During FY2018, the Group's material acquisitions primarily were the acquisitions of two medical imaging centres from respective independent third parties for a consideration of HK$21 million and HK$2.8 million in connection to the Group's horizontal medical services expansion plan. Detailed disclosure is stated in Note 16 of the Notes to the Financial Statements under the heading of "Business Combinations" on page 24.

Save as aforesaid, there was no material acquisition or disposal of subsidiaries undertaken by the Group during FY2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business and the future plans as disclosed in the Prospectus, the Group did not have any specific future plan for material investments or capital assets as of 30 June 2018.

CAPITAL EXPENDITURE

The capital expenditure during the year was primarily related to deposits paid for and expenditures on additions of property, plant and equipment for the Group's Medical, Dental and Auxiliary Services centres. For FY2018, the Group incurred capital expenditure in an aggregate amount of approximately HK$87.5 million (FY2017: HK$37.0 million).

INDEBTEDNESS

Contingent Liabilities

As at 30 June 2018, the Group did not have any material off-balance sheet arrangements.

Capital Commitment

As at 30 June 2018, the Group had a material capital commitment of approximately HK$22.5 million in relation to the acquisition of subsidiaries from an independent third party with details as set out in the section headed "Events After Reporting Period".

RISK MANAGEMENT

Foreign Currency Risk

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

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

Credit Risk

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

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

PLEDGE OF ASSETS

As at 30 June 2018, the Group has pledged certain deposits with an aggregate carrying amount of HK$1.4 million (30 June 2017: HK$0.8 million) in connection with a surety bond issued by a bank in favour of respective independent third parties for potential damages of Dental equipment and potential disruption of Medical Services, and a bank guarantee issued by a bank in favour of a landlord for leasing of a medical centre of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2018, the Group had a total of 461 full-time employees (FY2017: 407 full-time employees). For FY2018, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$121.4 million (FY2017: HK$100.3 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.

The Company adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, where eligible participants are entitled to subscribe for the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 30 June 2018, 30,208,000 options under the Pre-IPO Share Option Scheme remained outstanding and 14,700,000 share options under the Pre-IPO Share Option Scheme have been exercised during FY2018. As at 30 June 2018, 2,213,000 options remained outstanding under the Post-IPO Share Option Scheme and 1,213,000 share options under the Post-IPO Share Option Scheme have been exercised during the FY2018.

In addition, the Company has also adopted the Share Award Scheme on 30 June 2016 to provide an incentive and reward to selected participants for their contribution or potential contribution to the Group. No awarded shares have been granted under the Share Award Scheme during FY2018.

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

FINAL DIVIDEND

The directors proposed the payment of a final dividend of HK2.35 cents per Share for FY2018 (FY2017: HK2.2 cents). The proposed final dividend will be subject to approval of shareholders of the Company at the 2018 AGM to be held on Thursday, 15 November 2018 and is payable to shareholders of the Company whose names appear on the register of members of the Company on Friday, 7 December 2018. It is expected that the final dividend will be paid on or about Friday, 21 December 2018.

ANNUAL GENERAL MEETING

The 2018 AGM will be held on Thursday, 15 November 2018 at 2:30 p.m.. A notice convening the 2018 AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2018 AGM

For determining the entitlement to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 12 November 2018 to Thursday, 15 November 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the meeting, investors should lodge all transfers of shares accompanied by the relevant share certificates and transfer forms with the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 November 2018.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Friday, 7 December 2018, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 6 December 2018.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code during FY2018, save for the deviation from code provision A.2.1 as mentioned below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry with all Directors, the Company confirmed that the Directors have complied with the Model Code during FY2018.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Code of Conduct for Securities Transactions by Employees on terms that are no less exacting than those set out in the Model Code. To the best knowledge of the Company, there was no incident of non-compliance of the Code of Conduct for Securities Transactions by Employees during FY2018.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2018 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

AUDIT COMMITTEE

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

The Audit Committee reviewed the consolidated financial statements of the Group for FY2018, and reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

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

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

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and provided by the Snow Lake Group to the Company as of the date of this announcement, and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules during FY2018.

EVENTS AFTER REPORTING PERIOD

On 24 July 2018, the Group has completed an acquisition of 70% equity interest in a group of companies which is engaged in the provision of medical physiotherapy service in Hong Kong from an independent third party for a consideration of HK$28,470,000, out of which a deposit of HK$6,000,000 was paid by the Group during the reporting year and the remaining balance of consideration was fully settled on 23 July 2018.

As per the announcements of the Company dated 27 July 2018 and 30 August 2018, the Company entered into a legally binding memorandum of understanding with Zheng He pursuant to which the Company agreed to issue the unlisted warrants conferring Zheng He (or any company or trust under the control of Mr. Law Siu Wah, Eddie nominated by Zheng He) to subscribe for 110,411,000 shares (representing (i) approximately 14.61% of the total issued shares as at 27 July 2018; (ii) approximately 12.75% of the Company's issued shares capital as enlarged by the issue of the warrant shares), at the exercise price of HK$2.06 per warrant share. The issue of warrants is subject to the entry of a formal agreement and fulfilment of the condition(s) therein, among others, the obtaining of the approval of Shareholders at an extraordinary general meeting. Please refer to the announcements of the Company dated 27 July 2018 and 30 August 2018 for details.

As per the announcement of the Company dated 6 September 2018, the Company entered into three agreements for a term up to 30 June 2021 to renew its Existing Continuing Connected Transaction Agreements as disclosed in the Prospectus, namely, the Existing Consultancy Agreement with Dr. Patrick Lee, the Existing Medical Services Framework Agreement and the Existing Property Leasing Framework Agreement. Relevant details of the agreements and the transactions contemplated thereunder are set out in the announcement dated 6 September 2018.

Save as aforesaid, there were no material subsequent events undertaken by the Company or by the Group after 30 June 2018 and up to the date of this announcement.

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

This announcement is required to be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ump.com.hk), respectively. The annual report of the Company for FY2018 containing all the information required under the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"2018 AGM"	the annual general meeting of the Company to be held on Thursday, 15 November 2018;
"Affiliated Clinic(s)"	clinic(s) which is not operated by the Group but which has entered or will enter into an agreement directly with the Group to offer Medical Services, Dental Services and/or Auxiliary Services to the Plan Members;
"Affiliated Doctor", "Affiliated Dentist", "Affiliated Auxiliary Services Providers"	doctor(s)/dentist(s)/Auxiliary Services Provider(s) who has entered or will enter into an agreement directly with the Group to provide services to Plan Members and who, in accordance with the terms of such agreement, has received or will receive an amount from the Group based on the volume of Plan Members treated;
"Audit Committee"	the audit committee of the Board;
"Auxiliary Services"	includes imaging and laboratory services, physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment;

"Auxiliary Services Provider"	auxiliary services provider(s) who is/are or will be engaged directly by the Group as a consultant to provide Auxiliary Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Auxiliary Services Providers;
"BBS"	Bronze Bauhinia Star;
"Board"	the board of Directors;
"Chairman"	the chairman of the Board;
"Chief Executive Officer"	the chief executive officer of the Company;
"Code of Conduct for Securities Transactions by Employees"	the Code of Conduct for Securities Transactions by Employees adopted by the Company;
"Company"	UMP Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 5 November 2014, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 722);
"Contract Customers"	collectively, insurance companies and corporations which have entered or will enter into corporate plans with the Group for healthcare benefits for Plan Members;
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"CR Phoenix"	China Resources Phoenix Healthcare Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (Stock code: 1515);
"CR Phoenix Healthcare Group"	CR Phoenix and its subsidiaries;
"CTFE"	Chow Tai Fook Enterprises Limited, a company incorporated under the laws of Hong Kong with limited liability;

"Dental" or "Dental Services"	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening;
"Dentists"	dentists who is/are or will be engaged directly by the Group as a consultant to provide Dental Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Dentists;
"Directors"	directors of the Company;
"Disposal"	the disposal of (i) UMP Medical Centre Management Limited, a company incorporated in Hong Kong and the sole shareholder of three clinics in Bejing located in Fortune Plaza, Wangjing Soho and Shuyi, pursuant to the sale and purchase agreement dated 15 December 2016 and entered into between HAML as purchaser and UMP Healthcare China as vendor, among others; and (ii) UMP Medical Centre Management (III) Limited, a company incorporated in Hong Kong and the sole shareholder of a clinic in Shanghai located in Xintiandi, pursuant to the sale and purchase agreement dated 15 December 2016 and entered into between HAML as purchaser and UMP Healthcare (Beijing) as vendor, among others. Please refer to the announcements of the Company dated 15 December 2016 and 23 March 2017 and the circular of the Company dated 8 February 2017 for further details. The Disposal was completed on 23 March 2017;
"Doctors"	doctors who is/are or will be engaged directly by the Group as a consultant to provide Medical Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group and the Affiliated Doctors;
"Existing Consultancy Agreement with Dr. Patrick Lee"	the consultancy agreement dated 13 November 2015 entered into between the Company and Dr. Lee Pak Cheung, Patrick, an executive Director;
"Existing Continuing Connected Transaction Agreements"	the Existing Property Leasing Framework Agreement, Existing Consultancy Agreement with Dr. Lee Pak Cheung, Patrick, an executive Director, and Existing Medical Services Framework Agreement;

"Existing Medical Services Framework Agreement"	the medical services framework agreement dated 13 November 2015 entered into between the Company and CTFE;
"Existing Property Leasing Framework Agreement"	the property leasing framework agreement dated 13 November 2015 entered into between the Company and Rich Point Investment Holdings Limited, a company incorporated in Hong Kong with limited liability;
"FY2017"	the financial year ended 30 June 2017;
"FY2018"	the financial year ended 30 June 2018;
"general practitioner"	Doctors trained in general practice and best suited to act as first point of contract for patients, having the required knowledge to refer patients to the appropriate specialists or services required;
"Global Offering" or "IPO"	the offer of the shares of the Company to the public in Hong Kong and outside the United States of America in offshore transactions in reliance on Regulation S, the details of which are set out in the section headed "Structure of the Global Offering" of the Prospectus;
"Group", "we", "our", "us", "UMP" or "UMP Healthcare Group"	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 Ventures"	Healthcare Ventures Holdings Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which is a substantial shareholder of the Company and a wholly-owned subsidiary of Chow Tai Fook Enterprises Limited;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Hong Kong & Macau Clinical Healthcare Services"	provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau;
"Hong Kong & Macau Corporate Healthcare Solution Services"	provision of corporate healthcare solutions services in Hong Kong and Macau;
"JP"	Justice of the Peace;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Macau"	the Macau Special Administrative Region of the PRC;
"Medical" or "Medical Services"	include general practice and specialist practice;
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
"NWS"	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange (Stock code: 659);
"NWS Subsidiary"	Dynamic Ally Limited, a company incorporated in Hong Kong with limited liability which is an indirect wholly- owned subsidiary of NWS;
"Pinyu"	Pinyu Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is a substantial shareholder of the Company and an indirect wholly-owned subsidiary of CR Phoenix;
"Plan Members"	members of the Group's corporate healthcare benefits plans, who typically include group medical insurance policyholders and employees of corporations and/or their dependants;
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved and adopted by the Company on 2 November 2015;
"PRC"	People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);

"PRC Health Check-up Business"	provision of check-up services for (i) PRC residents traveling abroad for study or for work and (ii) for corporate employees;
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Board on 18 August 2015;
"Prospectus"	the prospectus of the Company dated 17 November 2015;
"Remuneration Committee"	the remuneration committee of the Board;
"RMB"	Renminbi, the lawful currency of the PRC;
"SBS"	Silver Bauhinia Star;
"Self-paid Patients"	patients who visit a UMP Medical Centre operated by the Group and pays for services using cash or credit card;
"Shanghai He Dun"	上海合敦醫療科技有限公司, a company established in the PRC;
"Share Award Scheme"	the share award scheme approved and adopted by the Board on 30 June 2016;
"Share(s)"	ordinary share(s) with a nominal value of HK$0.001 each in the share capital of the Company;
"Snow Lake Group"	based on the publicly available information so far, Snow Lake China Master Long Fund, Ltd., Snow Lake China Master Fund, Ltd., Snow Lake China Offshore Fund, Ltd. (which holds 80.93% of Snow Lake China Master Fund, Ltd.), Snow Lake Capital Limited (as investment manager of Snow Lake China Master Long Fund, Ltd. and Snow Lake China Master Fund, Ltd.) and Snow Lake Capital (HK) Limited (as investment manager of Snow Lake China Master Long Fund, Ltd. and Snow Lake China Master Fund, Ltd.);

"specialist practice" or "specialist services"	the range of specialist practice offered by UMP, including Cardiology, Dermatology, Endocrinology, Diabetes and Metabolism, Family Medicine, Gastroenterology and Hepatology, General Surgery, Internal Medicine, Nephrology, Neurology, Neurosurgery, Obstetrics and Gynaecology, Ophthalmology, Orthopaedics and Traumatology, Otorhinolaryngology (ENT), Paediatrics, Paediatrics Surgery, Radiology, Respiratory Medicine, Rheumatology and Urology, an updated list of which is available on www.ump.com.hk;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"UMP Healthcare (Beijing)"	UMP Phoenix Healthcare Limited (to be renamed as "UMP Healthcare (Beijing) Group Limited", subject to the Registrar of Corporate Affairs of the British Virgin Islands approving the change of company name), a company incorporated under the laws of the British Virgin Islands with limited liability and owned by UMP Healthcare China and Pinyu as to 70% and 30%, respectively;
"UMP Healthcare (Beijing) Group"	UMP Healthcare (Beijing) and its subsidiaries;
"UMP Healthcare China"	UMP Healthcare China Limited, a company incorporated under the laws of the Cayman Islands with limited liability and a 80% owned subsidiary of the Company;
"UMP Lujiazui"	上海快驗保門診部有限公司(前稱上海聯醫門診部有限公司), a company established in the PRC;
"UMP Management"	UMP Medical Centre Management Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of HAML;
"UMP Management III"	UMP Medical Centre Management (III) Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of HAML;

“UMP Medical Centre(s)”	medical centre(s) offering Medical Services, Dental Services and/or Auxiliary Services which is operated by the Group;
“UMP Network”	consist of (i) UMP Medical Centres which are operated by the Group and (ii) Affiliated Clinics which are clinics not operated by the Group but which has entered into an agreement with the Group to offer Medical Services, Dental Services and/or Auxiliary services to Plan Members;
“US$”	US dollar, the lawful currency of the United States of America; and
“Zheng He”	Zheng He Health and Medical Resources Limited, a private company limited by Shares incorporated in the British Virgin Islands.

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

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

Hong Kong, 27 September 2018

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 Dr. LEE Pak Cheung, Patrick 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.