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UMP HEALTHCARE HOLDINGS LIMITED

聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

The board of directors ("Board") of UMP Healthcare Holdings Limited (the "Company" or "UMP") 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 2018 together with the comparative figures for the corresponding period in 2017.

INTERIM RESULTS HIGHLIGHTS

	Six months ended 31 December			
	2018	2017	Increase/	
	HK$'000	*HK$'000*	(decrease)	*Notes*
	(Unaudited)	(Unaudited and restated)		
Revenue	**261,701**	218,642	19.7%	
Profit/(loss) before tax	**(7,735)**	24,172	(132.0%)	
Depreciation and amortisation	**9,863**	9,978	(1.2%)	
EBITDA[1]	**(1,121)**	31,938	(103.5%)	
Net profit/(loss)	**(14,554)**	17,360	(183.8%)	
Revenue by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**121,293**	108,236	12.1%	
Hong Kong & Macau Clinical Healthcare Services	**164,805**	131,156	25.7%	
PRC Healthcare Business	**24,387**	23,260	4.8%	
Total before elimination of Inter-business lines sales	**310,485**	262,652	18.2%	
Reconciliation:				
Elimination of inter-business lines sales	**(48,784)**	(44,010)		
	261,701	218,642	19.7%	

	Six months ended 31 December			
	2018	2017	Increase/	
	HK$'000	*HK$'000*	(decrease)	*Notes*
	(Unaudited)	(Unaudited and restated)		
Operating profit by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**16,062**	19,105	(15.9%)	
Operating profit margin	**13.2%**	17.7%		
Hong Kong & Macau Clinical Healthcare Services	**18,876**	11,245	67.9%	
Operating profit margin	**11.5%**	8.6%		
PRC Healthcare Business	**(599)**	(5,015)	(88.1%)	
Adjusted EBITDA[2]				
EBITDA	**(1,121)**	31,938	(103.5%)	*(a)*
Reconciliations:				
Gain on disposal of subsidiaries	**(8,557)**	–		*(b)*
Equity-settled share-based payment expense	**48,833**	1,061		*(c)*
	39,155	32,999	18.7%	*(d)*

(d) = (a) + (b) + (c)

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

(2) Adjutsted EBITDA is adjusted for gain on disposal of subsidiaries and non-cash share-based payment expense, giving shareholders a proxy of operating cashflow generated by the Group's businesses in Hong Kong, Macau and PRC.

Operating profit by business lines and adjusted 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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 31 December 2018

		Six months ended 31 December	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited and restated)
REVENUE	*5*	**261,701**	218,642
Other income and gains	*5*	**13,612**	5,929
Professional services expenses		**(107,078)**	(86,263)
Employee benefit expense		**(67,343)**	(57,919)
Property rental and related expenses		**(24,893)**	(20,735)
Cost of inventories consumed		**(13,001)**	(11,151)
Depreciation and amortisation		**(9,863)**	(9,978)
Other expenses, net		**(62,173)**	(15,682)
Share of profits and losses of:			
Joint ventures		**128**	(19)
Associates		**1,175**	1,348
PROFIT/(LOSS) BEFORE TAX	*6*	**(7,735)**	24,172
Income tax expense	*7*	**(6,819)**	(6,812)
PROFIT/(LOSS) FOR THE PERIOD		**(14,554)**	17,360
Attributable to:			
Owners of the Company		**(16,501)**	17,683
Non-controlling interests		**1,947**	(323)
		(14,554)	17,360
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**HK(2.208) cents**	HK2.386 cents
Diluted		**HK(2.208) cents**	HK2.324 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 December 2018

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
PROFIT/(LOSS) FOR THE PERIOD	**(14,554)**	17,360
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,012)**	984
Share of other comprehensive loss of an associate	**(76)**	–
Share of other comprehensive income/(loss) of joint ventures	**(46)**	40
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(1,134)**	1,024
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(15,688)**	18,384
Attributable to:		
Owners of the Company	**(17,635)**	18,707
Non-controlling interests	**1,947**	(323)
	(15,688)	18,384

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	31 December 2018 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**101,302**	103,809
Goodwill	*10*	**106,800**	62,637
Other intangible asset		**56**	111
Investments in joint ventures		**1,277**	1,196
Investments in associates		**6,584**	5,485
Held-to-maturity investments	*11*	**–**	58,570
Financial assets at amortised cost	*11*	**54,372**	–
Available-for-sale investments	*12*	**–**	9,848
Investments at fair value through other comprehensive income	*12*	**16,715**	–
Deferred tax assets		**1,006**	1,016
Deposits		**41,709**	15,696
Total non-current assets		**329,821**	258,368
CURRENT ASSETS			
Inventories		**9,534**	8,244
Trade receivables	*13*	**83,207**	78,800
Prepayments, other receivables and other assets		**17,863**	12,262
Financial assets at fair value through profit or loss		**2,288**	2,427
Held-to-maturity investments	*11*	**–**	10,927
Financial assets at amortised cost	*11*	**12,388**	–
Due from associates		**5,838**	5,640
Due from related companies		**2,382**	2,735
Due from a joint venture		**–**	415
Tax recoverable		**17**	977
Pledged deposits		**1,352**	1,352
Cash and cash equivalents		**283,511**	293,970
		418,380	417,749
Assets of a disposed group classified as held for sale		**–**	56,671
Total current assets		**418,380**	474,420

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2018

	Notes	31 December 2018 HK$'000 (Unaudited)	30 June 2018 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	*14*	**44,081**	39,152
Other payables, accruals and deferred income		**44,210**	48,486
Due to associates		**67**	207
Due to related companies		**857**	452
Due to a joint venture		**201**	–
Tax payable		**7,183**	9,523
		96,599	97,820
Liabilities directly associated with the assets classifies as held for sale		**–**	43
Total current liabilities		**96,599**	97,863
NET CURRENT ASSETS		**321,781**	376,557
TOTAL ASSETS LESS CURRENT LIABILITIES		**651,602**	634,925
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,397**	1,606
Provision		**2,189**	2,222
Total non-current liabilities		**3,586**	3,828
Net assets		**648,016**	631,097
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*15*	**757**	753
Reserves		**581,358**	566,383
		582,115	567,136
Non-controlling interests		**65,901**	63,961
Total equity		**648,016**	631,097

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;
- other auxiliary medical services; and
- healthcare management 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 2018 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 equity investments which have been measured at fair value. 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 2018.

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 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2018, 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 2018.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*

Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements to 2014-2016 Cycle	*Amendments to HKFRS 1 and HKAS 28*

Other than as explained below regarding the impacts of HKFRS 9 and HKFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the unaudited condensed consolidated financial statements of the Group for the six month ended 31 December 2018.

HKFRS 9

HKFRS 9 *Financial Instruments* ("HKFRS 9") replaces HKAS 39 *Financial Instruments: Recognition and Measurement* ("HKAS 39") for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

(a) *Classification and measurement*

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 July 2018 is as follows:

		HKAS 39 measurement				HKFRS 9 measurement	
	Notes	Category	Amount	Re-classification	ECL	Amount	Category
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets							
Investments at fair value through other comprehensive income		N/A	–	9,848	–	9,848	FVOCI[1]
From: Available-for-sale investments	(i)			9,848	–		
Financial assets at amortised cost		N/A	–	69,497	–		AC[2]
From: Held-to-maturity investments	(ii)			69,497	–	69,497	

1 FVOCI: Financial assets at fair value through other comprehensive income

2 AC: Financial assets or financial liabilities at amortised cost

Notes:

(i) The Group has elected the option to irrevocably designate its previous available-for-sale investments as investments at fair value through other comprehensive income.

(ii) The Group has classified its previous held-to-maturity investments as debt investments measured at amortised cost.

(b) Impairment

The adoption of HKFRS 9 has changed the Group's accounting for impairments by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic conditions.

The Group has applied the general approach and recorded twelve-month ECLs that are estimated based on the possible default events on its other receivables within the next twelve months. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the

Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of HKFRS 9 did not result in change in impairment allowances of the Group's debt financial assets.

HKFRS 15

HKFRS 15 and its amendments replace HKAS 11 *Construction Contract*s ("HKAS 11"), HKAS 18 *Revenue* ("HKAS 18") and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. 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 Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 July 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 July 2018 as a result of the adoption of HKFRS 15:

		Amounts prepared under		
			Previous	**Increase/**
		HKFRS 15	**HKFRS**	**(decrease)**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities:				
Contract liabilities include in other payables, accruals and deferred income	(a)	16,282	–	16,282
Deferred income included in other payables, accruals and deferred income	(a)	–	16,282	(16,282)
Net increase/(decrease) in the current liabilities				–

Set out below are the amounts by which each profit or loss line item was affected for the six months ended 31 December 2018 and the corresponding comparative figures as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of profit or loss for the six months ended 31 December 2018:

		Amounts prepared under		
			Previous	
		HKFRS 15	**HKFRS**	**Decrease**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	(b)	261,701	323,666	(61,965)
Professional services expenses	(b)	107,078	169,043	(61,965)
Net increase/(decrease) in profit or loss				–

The nature of the adjustments as at 1 July 2018 and the reasons for the significant changes in the statement of financial position as at 31 December 2018 and the statement of profit or loss for the six months period ended 31 December 2018 are described below:

(a) Advances received from customers

The Group generally receives advances from its corporate customers of the Group's corporate healthcare solution services under the fixed-fee service contracts. Prior to the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as deferred income. Under HKFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals. Therefore, upon adoption of HKFRS 15, the Group reclassified HK$16,282,000 from deferred income to contract liabilities as at 1 July 2018 in relation to the consideration received from customers in advance as at 30 June 2018.

(b) Principal versus agent considerations in revenue recognition

The Group's corporate healthcare solution services to contract customers segments provides healthcare solution to corporate customers by entering into (i) fixed-fee service contract (i.e. capitation plan contract and annual retainer contract) and (ii) fee-for-service contract. As a result of the shift from the risk-and-reward approach under previous HKAS 18 to transfer-of-control approach under HKFRS 15, the Group has reassessed whether the Group is acting as an agent or a principal for its corporate healthcare solution services. Under HKAS 18, the Group is a principal in the Group's corporate healthcare solution services because the Group has exposure to the significant risks, including credit risk, and rewards associated with the rendering of the corporate healthcare solution services and accordingly, report revenue generated therefrom on the basis of gross inflows of economic benefits. Upon adoption of HKFRS 15, the Group has assessed its principal versus agent consideration by evaluating the nature of its promise to customer under the transfer-of-control approach for each type of corporate healthcare solution service contracts. The Group has determined that the Group is the principal for the corporate healthcare solution services under fixed-fee service contract and fee-for-service contract to the extent the healthcare services provided by the Group's consultants at the Group's self-operated clinics while the Group is an agent for the fee-for-service contract in which the healthcare services are provided by the Group's affiliated doctors at their respective affiliated clinics.

The change in presentation with respect to fee for service rendered by the Group's affiliated doctors is primarily because the revenue contract within the scope of HKFRS 15 becomes identifiable and all criteria of revenue contract is fulfilled when plan member receives and the affiliated doctor provides the healthcare services (i.e. promised service). Since the affiliated doctors has control over the promised service before the promised service transfers to the plan member, the affiliated doctor acts as a principal and the Group acts as an agent in the transaction. As a result of the change in presentation, the Group has reported the related revenue generated therefrom on the basis of net inflows of economic benefits and restated comparative information by decreasing both revenue and professional services expenses in an amount of HK$62,303,000 for the corporate healthcare solution services to contract customers segment for the six months ended 31 December 2017. There have been no financial impact on the Group's profit before tax.

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 2018, in the unaudited condensed consolidated financial statements. Further information about those HKFRSs that are expected to be applicable to the Group is described below:

HKFRS 16 Leases ("HKFRS 16"), replaces HKAS 17 Leases ("HKAS 17"), 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 Investment Property, or relates to a class of property, plant and equipment to which the revaluation model is applied. 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. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 July 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 July 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. At 31 December 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$81,718,000.

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 facilitating decision-making process of resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measurement of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, 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.

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 2018 (unaudited)			
Segment revenue *(note 5)*:			
External sales	**121,834**	**139,867**	**261,701**
Intersegment sales	**705**	**48,079**	**48,784**
	122,539	**187,946**	**310,485**
Reconciliation:			
Elimination of intersegment sales			**(48,784)**
Revenue			**261,701**
Segment results	**16,058**	**24,175**	**40,233**
Reconciliation:			
Interest income			**3,249**
Other income and gains			**10,363**
Share of profits and losses of:			
Joint ventures			**128**
Associates			**1,175**
Corporate and other unallocated expenses			**(62,883)**
Loss before tax			**(7,735)**
Six months ended 31 December 2017 (unaudited and restated)			
Segment revenue:			
External sales	107,879	110,763	218,642
Intersegment sales	444	43,566	44,010
	108,323	154,329	262,652
Reconciliation:			
Elimination of intersegment sales			(44,010)
Revenue			218,642
Segment results	19,105	16,289	35,394
Reconciliation:			
Interest income			2,212
Other income and gains			3,717
Share of profits and losses of:			
Joint ventures			(19)
Associates			1,348
Corporate and other unallocated expenses			(18,480)
Profit before tax			24,172

(b) Information about major customers

Revenue from a major customer 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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Customer A	**23,290**	20,022

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Revenue from contracts with customers		
Provision of corporate healthcare solution services:		
Medical services	**112,691**	99,985
Dental services	**9,143**	7,894
Provision of clinical healthcare services:		
Medical services	**109,209**	83,619
Dental services	**30,658**	27,144
	261,701	218,642

Disaggregated revenue information

Six months ended 31 December 2018

Segments	Corporate Healthcare Solution Services to Contract Customers	Clinical Healthcare Services	Total
	HK$'000	*HK$'000*	*HK$'000*
Type of services			
Medical services	**112,691**	**109,209**	**221,900**
Dental services	**9,143**	**30,658**	**39,801**
Total revenue from contracts with customers	**121,834**	**139,867**	**261,701**
Geographical markets			
Hong Kong and Macau	**120,588**	**116,727**	**237,315**
PRC	**1,246**	**23,140**	**24,386**
Total revenue from contracts with customers	**121,834**	**139,867**	**261,701**

An analysis of other income and gains is as follows:

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Other income and gains		
Administrative support fees	**523**	461
Bank interest income	**233**	692
Interest income on held-to-maturity investments	**–**	1,470
Interest income on available-for-sale investments	**–**	50
Interest income on financial assets at amortised cost	**1,991**	–
Interest income on investments at fair value through other comprehensive income	**1,025**	–
Dividend income from financial assets at fair value through profit or loss	**66**	60
Fair value gains on financial assets at fair value through profit or loss	**–**	236
Rental income	**–**	241
Gain on disposal of subsidiaries	**8,557**	–
Others	**1,217**	2,719
	13,612	5,929

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Equity-settled share-based payment expense (including employees and professional consultants and other business partner) (note)	**48,833**	1,061
Fair value loss/(gains) on financial assets at fair value through profit or loss	**140**	(236)
Foreign exchange differences, net	**(83)**	(106)
Gains on disposal of subsidiaries	**(8,557)**	–
Loss on acquisition of minority interest of a subsidiary	**88**	–
Write-off of items of property, plant and equipment	**16**	–

Note: The balance included share-based payment expenses of approximately HK$46 million in connection with the issuance of warrants to a business partner of the Group, Zheng He Health and Medical Resources Limited, during the period.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2017: 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	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**5,737**	5,320
Overprovision in prior periods	**–**	(27)
Current – Elsewhere		
Charge for the period	**1,255**	1,016
(Overprovision)/underprovision in prior periods	**26**	(9)
Deferred	**(199)**	512
Total tax charge for the period	**6,819**	6,812

8. DIVIDENDS

	Six months ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final dividend for the year ended 30 June 2018:		
HK2.35 cents (year ended 30 June 2017: HK2.2 cents) per ordinary share	**17,587**	16,464
Dividend proposed after the end of the reporting period:		
Interim dividend for the six months ended 31 December 2018:		
HK0.65 cent (six months ended 31 December 2017: HK0.55 cent) per ordinary share	**4,922**	4,142

The proposed interim dividend of HK0.65 cent per ordinary share in respect of the year ending 30 June 2019 was approved by the board of directors on 27 February 2019. The interim dividend of HK0.55 cent per ordinary share in respect of the year ended 30 June 2018 was approved by the board of directors on 27 February 2018.

The final dividend of HK2.35 cents per ordinary share in respect of the year ended 30 June 2018 was approved by the Company's shareholders at the annual general meeting held on 15 November 2018. The final dividend of HK2.2 cents per ordinary share in respect of year ended 30 June 2017 was approved by the Company's shareholders at the annual general meeting held on 30 November 2017.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the unaudited consolidated loss for the six months ended 31 December 2018 attributable to ordinary equity holders of the Company of HK$16,501,000, and the weighted average number of ordinary shares of 747,501,870 in issue during the period. The calculation of the basic earnings per share amount for the six months ended 31 December 2017 was based on the unaudited consolidated profit of HK$17,683,000, and the weighted average number of ordinary shares of 741,097,571 in issue during the period, on the assumption that the capitalisation issue had been completed on 1 July 2015.

No adjustment has been made to the basic loss per share amount presented for the six months ended 31 December 2018 in respect of a dilution as the impact of the potential dilutive ordinary shares outstanding had an anti-dilutive effect on the basis loss per share amount presented for the six months ended 31 December 2018. The calculation of the diluted earnings per share amount is based on the unaudited consolidated profit for the six months ended 31 December 2017 attributable to ordinary equity holders of the Company of HK$17,683,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 741,097,571 in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 19,792,734 assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares.

10. GOODWILL

	31 December 2018 *HK$'000* **(Unaudited)**	30 June 2018 *HK$'000* (Audited)
At beginning of period/year	**62,637**	41,357
Acquisition of subsidiaries/businesses *(note 16)*	**44,163**	21,280
At end of period/year	**106,880**	62,637

11. FINANCIAL ASSETS AT AMORTISED COST/HELD-TO-MATURITY INVESTMENTS

	31 December 2018 *HK$'000* **(Unaudited)**	30 June 2018 *HK$'000* (Audited)
Financial assets at amortised cost	**66,760**	–
Analysed into:		
Non-current portion	**54,372**	–
Current portion	**12,388**	–
	66,760	–
Debt investment, amortised cost	**–**	**69,497**
Analysed into:		
Non-current portion	**–**	58,570
Current portion	**–**	10,927
	–	69,497

As at 31 December 2018, the Group's financial assets/debt investments at amortised cost have fixed maturity dates between 2018 and 2023 and fixed interest rates ranging from 4.25% to 8.5% per annum (30 June 2018: 4.25% to 8.5% per annum).

12. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/ AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Investments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	**11,013**	–
Listed debt investments, at fair value	**5,702**	–
	16,715	–
Available-for-sale investments		
Unlisted equity investments, at cost	**–**	4,146
Listed debt investments, at fair value	**–**	5,702
	–	9,848

The above investments were designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

13. TRADE RECEIVABLES

	31 December 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**83,207**	78,800

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 major customers. Each contract customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a designated policy to monitor and minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	31 December 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**58,340**	56,718
1 to 2 months	**17,201**	11,802
2 to 3 months	**5,774**	3,216
Over 3 months	**1,892**	7,064
	83,207	78,800

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:

	31 December 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**27,154**	18,318
1 to 3 months	**16,302**	20,318
Over 3 months	**625**	516
	44,081	39,152

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

15. SHARE CAPITAL

	31 December 2018	30 June 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
5,000,000,000 (30 June 2018: 5,000,000,000) ordinary shares of HK$0.001 (30 June 2018: HK$0.001) each	**5,000**	5,000
Issued and fully paid:		
757,218,000 (30 June 2018: 753,405,000) ordinary shares of HK$0.001 (30 June 2018: HK$0.001) each	**757**	753

The movements in the Company's authorised and issued share capital during the period from 1 July 2017 to 31 December 2018 are as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 July 2017, at 31 December 2017, at 30 June 2018, at 1 July 2018 and at 31 December 2018		5,000,000,000	5,000
Issued and fully paid:			
At 1 July 2017		737,492,000	737
Exercise of share options	*(a)*	15,913,000	16
At 30 June 2018 and at 1 July 2018		753,405,000	753
Exercise of share options	*(b)*	3,813,000	4
At 31 December 2018		757,218,000	757

(a) 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; and (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 transfer 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) 2,600,000 share options were exercised at the subscription price of HK$1.2228 per share, resulting in the issue of 2,600,000 ordinary shares of HK$0.001 each for a total cash consideration, before expenses, of HK$3,179,000; and (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$1,489,000 was transfer from the share-based payment reserve to the share premium account upon the exercise of the share options.

16. 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 2018:

On 24 July 2018, the Group entered into a sales and purchase agreement with a third party to acquire 70% equity interest in a group of companies (collectively known as a Physiotherapy Centre Chain) for a consideration of HK$28,470,000. The Physiotherapy Centre Chain is engaged in the provision of medical physiotherapy service in Hong Kong. The major assets acquired through this business combinations comprised of property, plant and equipment. Accordingly, the Group has initially recognised provisional fair value of identifiable net liabilities of HK$289,000 and provisional goodwill of HK$29,034,000 in accordance with HKFRS 3 (Revised) Business Combinations.

On 2 October 2018, the Group acquired 55% equity interest in a medical clinic business, which operates general practice medical services, from an independent third party for a consideration of HK$15,122,000. The Group has initially recognised provisional fair value of net liabilities of HK$7,000 and provisional goodwill of HK$15,129,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Our Vision and Purpose

Our vision and purpose is "To give everyone access to trusted and affordable care – 讓所有人獲得可信任及可負擔的醫療健康服務".

Our vision and purpose, is what has propelled our growth in the past 29 years. By focusing on such vision, we have made our doctors and patients proud. Our doctors are proud because they can have a choice to serve their own patients at their own pricing, but also choose to serve the greater purpose of delivering affordable and accessible healthcare to patients by joining our UMP Network. Our patients are also proud because they know that they can seek healthcare services at convenient locations and at affordable price for the services they require.

We believe that our vision should not be limited to the Hong Kong market only. We wanted our vision to be made public so that more similar minded people can join us on our path. We believe our vision stands true universally, but more so, we believe the China healthcare market overall can benefit from corporations with such vision to contribute in tackling the problems that China is currently facing and to establishing trust between doctors and patients.

Our Vision for China

A key initiative that we have rolled out in the past 2 years is to take on a bold challenge to tackle the root of the China healthcare problems. At the risk of over-simplifying the various problems that China is currently facing, we believe that the current China healthcare system that centres around specialists care, with no established system of patient triage, is bound to exacerbate the current "difficult to seek care, expensive to seek care" (看病難，看病貴) problem that has been facing the Chinese government for the past decade.

Focusing on such model, the Chinese government has taken bold steps by putting the family doctor model at the core of China's healthcare reform. China has publicly stated that it wants, on average, 3 family doctors (全科醫生) for every 10,000 people by year 2020. The Chinese population, after years of being used to the specialists care model, are generally not accustomed to what a family doctor is.

The important role Family Doctors play in China's healthcare reform

UMP China has stayed true to its vision throughout. We have from the beginning been emphasizing on the important role that family doctors play in delivering affordable and accessible care. With such a vision, we asked ourselves how UMP China can break the current vicious circle of lack of trust in family doctors in China.

We launched our General Practice Oriented Learning and Development programme (GOLD, www.goldgptraining.com) in 2017. The purpose of the GOLD programme is to educate doctors on how to become an all-rounded family doctor through equipping them with the latest international know-hows and through on-hand trainings to equip them with the necessary knowledge and communication skills required to develop trust between them and their patients.

The GOLD programme has since caught the attention of many similarly minded doctors and government officials. What started as an internal training programme in 2017 has now gained the endorsement of various local governments, particularly the regional governments within the Greater Bay Area. We have a strong conviction that we are at the start of a meaningful movement, one in which UMP China, by empowering the doctors with the necessary skills, knowledge, and by explaining to them our purpose behind the GOLD programme is to honor our vision and purpose that everyone should have access to trusted and affordable healthcare, we will be developing into an organisation that will act as the bridge to connect patients with their trusted family doctor, and to empower the doctors we train to become trusted family doctors to their patients.

Our GOLD programme

The GOLD programme has obtained accreditation from the Royal College of General Practitioners from the UK ("RCGP"), which, as extracted from RCGP's website, is an "identifiable symbol of quality assurance that associates educational activities with the professionalism, expertise and commitment to the highest possible standards of general practice".

We are currently working with regional governments to roll out our training programme. We believe that the doctors enrolled on our training programme all share our vision and purpose, have an eagerness to learn, to improve, and will become our trusted partners who wish to deliver quality primary care services to their patients.

We begin our 2019 with a clear purpose, and we thank all of our shareholders and employees for your trust, your dedication and your confidence in us in pursuing our vision and purpose. We look forward to updating you further on our development in our annual results announcement.

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 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) selected outpatient services such as family medicine and paediatric services within the clinics we own and operate. 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. We have also commenced our medical education business, the details of which are set out on www.goldgptraining.com.

BUSINESS LINES ANALYSIS

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line has increased 12.1% from HK$108.2 million to HK$121.3 million (before intersegment elimination) due to a general increase in average spending per visit, while our operating profit (operating profit before tax and before non-recurring items) has decreased 15.9% from HK$19.1 million to HK$16.1 million. The decrease of operating profit was attributable to the increase of professional services fees paid to our Affiliated Clinics, which is caused by the timing mismatch between the expected increase in the pricing of our contracts with our corporate customers and insurance partners. We generally aim to increase professional service fees paid to our Affiliated Clinics as we increase the pricing of our contracts with our customers. We expect the operating profit margin for this segment to gradually normalize back to its historical levels.

Hong Kong & Macau Clinical Healthcare Services

Revenue for this business line has increased approximately 25.7% from HK$131.2 million to HK$164.8 million (before intersegment elimination) due to a general increase in patient visits, while our operating profit (operating profit before tax and before non-recurring items) has increased approximately 67.9% from HK$11.2 million to HK$18.9 million. The increase in revenue is in part due to the expansion of auxiliary services through various acquisitions of laboratory, medical imaging and physiotherapy businesses in the second half of FY2018 and 1HFY2019.

PRC Healthcare Business

Revenue for this business line has increased 4.8% from HK$23.3 million to HK$24.4 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 approximately of 88.1% from HK$5.0 million to HK$0.6 million. The decrease in operating loss was primarily attributable to the effective control of our administration costs in Beijing and Shanghai headquarters.

The following table sets out the revenue and operating profit for our business lines for the six months ended 31 December 2018 and the corresponding period for comparison:

Revenue by business lines

	Six months ended 31 December		
	2018	2017	Increase
	HK$'000	*HK$'000*	
		(Restated)	
Hong Kong & Macau Corporate Healthcare Solution Services	**121,293**	108,236	12.1%
Hong Kong & Macau Clinical Healthcare Services	**164,805**	131,156	25.7%
PRC Healthcare Business	**24,387**	23,260	4.8%
TOTAL	**310,485**	262,652	18.2%

Operating profit by business lines

	Six months ended 31 December		Increase/
	2018	2017	(decrease)
	HK$'000	*HK$'000*	
		(Restated)	
Hong Kong & Macau Corporate Healthcare Solution Services	**16,062**	19,105	(15.9)%
Operating profit margin	**13.2%**	17.7%	
Hong Kong & Macau Clinical Healthcare Services	**18,876**	11,245	67.9%
Operating profit margin	**11.5%**	8.6%	
PRC Healthcare Business	**(599)**	(5,015)	(88.1)%

(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.

FINANCIAL REVIEWS

1HFY2019 compared to 1HFY2018

Revenue

During 1HFY2019, 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 provision of health check-up services for local residents and corporate employees in the PRC within the PRC Healthcare Business.

Total consolidated revenue increased by 19.7% from HK$218.6 million in 1HFY2018 to HK$261.7 million in 1HFY2019, primarily due to (i) an increase in revenue from HK$195.3 million to HK$237.3 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$23.3 million to HK$24.4 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 11.9% from HK$107.8 million in 1HFY2018 to HK$120.6 million in 1HFY2019.

- **Medical**. Revenue generated from the provision of Medical Services to Contract Customers increased by 11.5% from HK$99.9 million for 1HFY2018 to HK$111.4 million for 1HFY2019, primarily due to an increase in the average spending per visit.

- **Dental**. Revenue generated from the provision of Dental Services to Contract Customers increased by 15.2% from HK$7.9 million for 1HFY2018 to HK$9.1 million for 1HFY2019, primarily due to an 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 42.5% from HK$60.4 million for 1HFY2018 to HK$86.1 million for 1HFY2019, primarily due to an increase in the number of visits from patients seeking our Auxiliary Services.

- **Dental**. Revenue generated from the provision of Dental Services to Self-paid Patients slightly increased by approximately 12.9% from HK$27.1 million for 1HFY2018 to HK$30.7 million for 1HFY2019 due to the increase in number of self-paid patient visits.

PRC Healthcare Business

Revenue generated from the PRC Healthcare Business increased from HK$23.3 million in 1HFY2018 to HK$24.4 million in 1HFY2019, 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.

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 gain 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 increased by 130.5% from HK$5.9 million in 1HFY2018 to HK$13.6 million in 1HFY2019. The significant increase was primarily due to the gain on disposal of a subsidiary which was the beneficial owner of the investment properties upon the completion of disposal in September 2018.

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 24.1% from HK$86.3 million for 1HFY2018 to HK$107.1 million for 1HFY2019, primarily due to an increase in the cost of services rendered by doctors, dentists and other professionals. We generally aim to increase professional service fees paid to our Affiliated Clinics as we increase the pricing of our contracts with our customers. However, there is also generally a timing mismatch between the expected increase in the pricing of our contracts and the service fees we pay out to our service providers. We expect the operating profit margin for this segment to gradually normalize back to its historical levels.

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 16.2% from HK$57.9 million for 1HFY2018 to HK$67.3 million for 1HFY2019. The increase was mainly due to general increase in staff costs and the recognition of staffing expenses upon the acquisitions of subsidiaries (please refer to "Business Combinations" in the notes to the Condensed Consolidated financial statements for details). However, employee expenses as a percentage of revenue has decreased from 26.5% for 1HFY2018 to 25.7% for 1HFY2019. This reflects our ability to generate greater operating leverage as we expand our businesses into different service areas.

Property Rental and Related Expenses

Property rental and related expenses increased by 20.3% from HK$20.7 million for 1HFY2018 to HK$24.9 million for 1HFY2019, primarily due to the recognition of rental expenses upon the acquisitions of subsidiaries (please refer to "Business Combinations" in the notes to the Condensed Consolidated financial statements for details) and the increase in rent for those existing premises for which leases were renewed. Rental expenses as a percentage of revenue has remained at 9.5% for both 1HFY2018 and 1HFY2019.

Cost of Inventories Consumed

Cost of inventories consumed increased by 16.1% from HK$11.2 million for 1HFY2018 to HK$13.0 million for 1HFY2019, primarily due to an increase in the amount of drugs and other medical consumables consumed for the provision of clinical healthcare services 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 1HFY2019.

Other Expenses, net

Other expenses, net primarily comprise reversal of provision of impairment loss, net made to the Group's amount due from/to associated companies and joint venture 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 295.5% from approximately HK$15.7 million in 1HFY2018 to HK$62.1 million in 1HFY2019, primarily due to the recognition of approximately HK$46 million non-cash expense in connection with the issuance of Warrants and the vesting of Warrants to Zheng He during the period.

Summary of operational data for 1HFY2019 with comparative figures for 1HFY2018

Revenue by operating segment

	Six months ended 31 December 2018 *HK$'000* (Unaudited)	2017 *HK$'000* (Unaudited and restated)	Increase/ (decrease)
Provision of corporate healthcare solution services	**121,834**	107,879	12.9%
Medical	**112,691**	99,985	12.7%
Dental	**9,143**	7,894	15.8%
Provision of clinical healthcare services	**139,867**	110,763	26.3%
Medical	**109,209**	83,619	30.6%
Dental	**30,658**	27,144	12.9%
TOTAL	**261,701**	218,642	19.7%

Number of visits by operating segment

	Six months ended 31 December 2018	2017	Increase/ (decrease)
Provision of corporate healthcare solution services	**613,218**	649,312	(5.6%)
Medical	**600,858**	638,061	(5.8%)
Dental	**12,360**	11,251	9.9%
Provision of clinical healthcare services	**131,737**	90,153	46.1%
Medical	**109,576**	70,391	55.7%
Dental	**22,161**	19,762	12.1%
TOTAL	**744,955**	739,465	0.7%

KEY FINANCIAL POSITION ITEMS

Financial Assets at Amortised Cost/Held to maturity Investments

Financial assets at amortised cost primarily represent the marketable corporate bonds issued by listed corporations with fixed interest rates from 3.8 to 9.3% 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 2018 and 30 June 2018, the Group's financial assets at amortised cost/held to maturity investments amounted to HK$66.8 million (of which HK$12.4 million is classified as current assets and HK$54.4 million is classified as non-current assets) and 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), respectively. The decrease was primarily due to the early redemption by one of the debt securities issuer in October 2018.

Deposits

Deposits primarily represent the non-current portion of the rental deposits and the deposits paid for the property, plant and equipment and other non-current assets. The rental deposits which will expire within one year and more than one year are classified as current assets and non-current assets, respectively.

As at 31 December 2018 and 30 June 2018, the Group's deposits amounted to HK$41.7 million and HK$15.7 million, respectively. The increase was primarily due to the deposit paid for the purchase of 60% of the total issued share capital of a medical centre principally providing dermatological services in Hong Kong. Please refer to the Company's announcements dated 22 November 2018, 24 December 2018 and 23 January 2019.

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 2018 and 30 June 2018, the Group's trade receivables amounted to HK$83.2 million and HK$78.8 million, respectively. The increase from 30 June 2018 to 31 December 2018 was in line with the Group's increased revenue in 1HFY2019 as compared to 1HFY2018.

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 remain stable at the amount of HK$44.1 million and HK$39.2 as at 31 December 2018 and 30 June 2018, respectively.

Net Change in Financial Position

The Group's net assets amounted to HK$648.0 million and HK$631.1 million as at 31 December 2018 and 30 June 2018, respectively. The increase was primarily due to the reserve made for the issuance of Warrants and the vesting of Warrants of the Company to Zheng He, partly offset by the net loss for 1HFY2019 that was resulted by the recognition of HK$46 million non-cash equity-settled share based payment expenses in connection with such Warrants.

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 2018, the Group had a cash and cash equivalents of HK$283.5 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.

CAPITAL STRUCTURE

There has been no significant change in the capital structure of the Company during the six months ended 31 December 2018. The capital of the Company comprises ordinary shares and other reserves.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

During 1HFY2019, the Group's material acquisitions primarily were the acquisitions of (i) 55% equity interest in a medical centre which operates general practice medical services (including general consultation and vaccination services) for a consideration of HK$15 million, and (ii) 70% equity interest in a group of companies which are engaging in the provision of medical physiotherapy services from respective independent third parties in accordance with the Group's expansion plan to increase the scope of its medical services provided to its members and patients. Detailed disclosure is stated in Note 16 of the Notes to Financial Statements under the heading of "Business Combinations" on page 23 of this announcement.

Save as aforesaid, there was no material acquisition or disposal of subsidiaries undertaken by the Group during 1HFY2019.

CAPITAL EXPENDITURE

The capital expenditure during the period was primarily related to the acquisition of land and building for the Group's future office premises and the deposits paid for and expenditures on additions of property, plant and equipment for the Group's medical centres. For 1HFY2019, the Group incurred capital expenditure in an aggregate amount of approximately HK$7.1 million (1HFY2018: HK$65.2 million).

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 31 December 2018.

INDEBTEDNESS

Contingent Liabilities

As at 31 December 2018, the Group did not have any material off-balance sheet arrangements.

Capital Commitment

As at 31 December 2018, the Group had a material capital commitment of approximately HK$47.9 million which mainly in relation to the acquisition of 60% equity interest in a medical centre principally providing dermatology services in Hong Kong from an independent third party with details as set out in the section headed "Events After Reporting Period".

PLEDGE OF ASSETS

As at 31 December 2018, the Group has pledged certain deposits with an aggregate carrying amount of HK$1.4 million (30 June 2018: HK$1.4 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 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 31 December 2018, the Group had a total of 453 (30 June 2018: 461) full-time employees. For 1HFY2019, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$67.3 million (1HFY2018: HK$57.9 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 the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, where eligible employees and consultants are entitled to subscribe for the Shares for their contribution to the Group. As at 31 December 2018, 27,608,000 options remained outstanding out of 48,000,000 options granted under the Pre-IPO Share Option Scheme and 2,600,000 share options under the Pre-IPO Share Option Scheme have been exercised during 1HFY2019. Also, as at 31 December 2018, 13,270,000 options granted under the Post-IPO Share Option Scheme remained outstanding and 1,213,000 share options under the Post-IPO Share Option Scheme have been exercised during the 1HFY2019.

The Company has also adopted the Share Award Scheme to provide an incentive and reward to selected participants for their contribution to the Group. Certain Shares have been purchased and 5,910,000 awarded shares has been granted under the Share Award Scheme during the period.

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 HK0.65 cent per ordinary share for the six months ended 31 December 2018 (FY2017 interim dividend: HK0.55 cent). The interim dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company on Monday, 18 March 2019. It is expected that the interim dividend will be paid on or about Wednesday, 10 April 2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, 14 March 2019 to Monday, 18 March 2019, 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 Wednesday, 13 March 2019.

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 2018, 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 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 2018.

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 2018.

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 2018 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 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER REPORTING PERIOD

On 23 January 2019 ("Completion Date"), the Group has completed an acquisition of 60% equity interest in a medical centre principally providing dermatological services in Hong Kong from an independent third party for a consideration of HK$100,000,000, out of which the deposit of HK$30,000,000 has been paid during the reporting period and an amount of HK$47,500,000 in cash was paid on the Completion Date. The remaining sum of HK$22,500,000 as post-closing sum to be settled by the allotment and issue of an aggregate of 7,500,000 Shares by the Company at the issue price of HK$3.00 per Share on the 1st anniversary of the Completion Date (being 22 January 2020), unless occurrence of certain events. Please refer to the announcements of the Company dated 22 November 2018 and 23 January 2019 and the circular of the Company dated 24 December 2018 for details.

Save as aforesaid, there was no material acquisition or disposal of subsidiaries undertaken by the Group after 31 December 2018 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 2018 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

"1HFY2018"	the six months ended 31 December 2017;
"1HFY2019"	the six months ended 31 December 2018;
"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;

"Audit Committee"	the audit committee of the Board;
"Auxiliary Services"	include, among others, 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;
"Company" or "UMP"	UMP Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, 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;
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
"Dental Services"	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening;
"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", "general practice" or "GP"	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;
"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 Hong Kong Stock Exchange;
"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;
"NHS system"	National Health Service system;

"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 Board on 2 November 2015;
"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);
"PRC Healthcare Business"	consists of PRC health check-up business, PRC corporate healthcare solution business and within the clinics we own and operate, revenue from selected outpatient services such as family medicine and paediatric as described in "Business Overview and Outlook" of this announcement;
"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;
"Self-paid Patients"	patients who visit a UMP Medical Centre operated by the Group and pay for services using cash or credit card;
"Share(s)"	ordinary share(s) with a nominal value of HK$0.001 each in the share capital of the Company;
"Share Award Scheme"	the share award scheme approved and adopted by the Board on 30 June 2016;

"specialist practice" or "specialist services"	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 China"	UMP Healthcare China Limited, a company incorporated under the laws of the Cayman Islands with limited liability and a 80% indirectly owned subsidiary of the Company;
"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;
"Warrants"	an aggregate of 110,411,000 warrants of the Company issued by the Company on 6 December 2018, and that are exercisable, subject to certain conditions, onto a total of 110,411,000 new Shares of the Company. Please refer to the announcements of the Company dated 27 July 2018, 30 August 2018 and 6 December 2018 and the circular of the Company dated 29 October 2018 for details; and
"Zheng He"	Zheng He Health and Medical Resources Limited, a private company limited by shares incorporated in British Virgin Islands (or such company or trust which is under the control of Mr. Law Siu Wah, Eddie or his family trust or estate).

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
SUN Yiu Kwong
Chairman and Chief Executive Officer

Hong Kong, 27 February 2019

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.