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 2019

FINANCIAL HIGHLIGHTS

	Year ended 30 June			
	2019	2018		
	HK$'000	*HK$'000*	Increase/	*Notes*
		(restated)	(decrease)	
Revenue	**567,377**	463,441	22.4%	
Profit before tax	**34,275**	48,505	(29.3%)	
Depreciation and amortisation	**22,701**	19,997	13.5%	
EBITDA[(1)]	**50,365**	63,568	(20.8%)	
Net profit	**19,549**	37,502	(47.9%)	
Revenue by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**245,016**	224,705	9.0%	
Hong Kong & Macau Clinical Healthcare Services	**364,129**	268,870	35.4%	
PRC Healthcare business	**53,920**	56,567	(4.7%)	
Total before elimination of inter-business lines sales	**663,065**	550,142	20.5%	
Reconciliation:				
Elimination of inter-business lines sales	**(95,688)**	(86,701)		
	567,377	463,441	22.4%	

	Year ended 30 June			
	2019	2018		
	HK$'000	*HK$'000*	Increase/	*Notes*
		(restated)	(decrease)	
Operating profit by business lines				
Hong Kong & Macau Corporate Healthcare Solution Services	**39,841**	35,693	11.6%	
Operating profit margin	**16.3%**	15.9%		
Hong Kong & Macau Clinical Healthcare Services	**46,144**	26,028	77.3%	
Operating profit margin	**12.7%**	9.7%		
PRC Healthcare Business	**(3,737)**	(6,189)	(39.6%)	
Operating profit margin	**(6.9%)**	(10.9%)		
Adjusted EBITDA[(2)]				
EBITDA	**50,365**	63,568	(20.8%)	*(a)*
Reconciliations:				
Equity-settled share-based payment expense	**48,301**	1,771		*(b)*
Gain on disposal of subsidiaries	**(9,315)**	–		*(c)*
Gain on disposal of items of property, plant and equipment	**(520)**	–		*(d)*
Fair value gain on contingent consideration receivable	**(2,777)**	–		*(e)*
Fair value gain on derivative financial instrument	**(2,036)**	–		*(f)*
Gain on remeasurement of previously held interest in an available-for-sale investment	**–**	(500)		*(g)*
	84,018	64,839	29.6%	*(h)*

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

(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-based payment expense and (iii) fair value gains on derivative financial instrument and contingent consideration receivable, giving shareholders a proxy of operating 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 2019 are shown on page 12 to 15.

OUR VISION

At UMP, our vision is to give everyone access to trusted and affordable care, so that everyone can freely pursue their dreams without worrying about their health.

You would all remember that in our last year's letter, we opened up with the quotation from Heraclitus, the pre-Socractic Greek philosopher, who once said that "Change is the only constant in life". We discussed last year our future growth strategy for both our Hong Kong and China business under the Greater Bay Area development plan, and explained to you the seeds that we have planted for the Greater China market were just beginning to ripe. This year, we are continuing with the theme of change, but more focusing on changes we are implementing within UMP, and less so on UMP's changes to its growth strategies. We will start by providing a year in review, followed by further elaboration on our growth strategies, thereby showing you why we are confident that we are on the right track to significant and profitable growth.

A YEAR IN REVIEW

For the 12 months ended 30 June 2019, we have experienced a range of economic and political changes and challenges like never before. The US and China trade wars had generally worsened in 2019, causing significant political and economic uncertainties for all governments and industries worldwide. These external factors have meant that businesses now need to, more than ever, be very sensitive and must promptly react to changes in external environment in order to survive and also seize new opportunities for growth. The advances in technologies, use of social media and big data have also shown that traditional dominants in their respective industries could become disrupted and replaced in a short period of time. The importance of recognising and embracing the use of technology and business model innovation is now becoming the top agenda for organisations to survive and thrive, including UMP.

During the past year, we have invested significantly in our technology and our people. Among our initiatives, we have invested substantially in our claims processing services by introducing electronic claims, signatures and vouchers for our members, established a new electronic learning portal for our GOLD programme that now hosts vast volume of training data for hundreds of doctors in China, and most recently, the beta launch of our virtual care platform that would allow our UMP trained and certified doctors to deliver real time tele-consultation services to patients located across China. We have also expanded our senior management team by on-boarding professionals that have significant experience and knowledge in the third party administration and healthcare insurance sectors.

Notwithstanding such substantial investments that have, predictably, consumed vast amount of management time and resources, UMP has experienced significant growth across all fronts. On the back of the full integration of the various acquisitions that we have completed in FY2018 and FY2019, together with organic ramp up in our core businesses, our revenue has increased 22.4% from HK$463.4 million in FY2018 (restated due to HKFRS accounting rules changes) to HK$567.4 million in FY2019. Such growth was as a result of significant growth in total patient visits from 1.49 million in FY2018 to 1.61 million in FY2019.

To continue to retain and attract talents to join us, as well as taking on bold initiatives to collaborate with Zheng He Health and Medical Resources Limited (please refer to our announcement dated 9 November 2018, in FY2019, we have issued various non-cash equity incentives and payments. Such non-cash equity payments have led to substantial accounting charges of approximately HK$37.5 million for FY2019, which led to our reported net profit decreasing 47.9% from HK$37.5 million in FY2018 to HK$19.5 million in FY2019. However, after eliminating such non-cash and non recurring charges, our adjusted EBITDA has increased 29.6% from HK$64.8 million in FY2018 to HK$84.0 million in FY2019. With such resilient financial results, the Board has recommended, subject to shareholders' approval, a final dividend of HK2.55 cents per share, taking our full year dividend pay out to HK3.2 cents per share (FY2018 full year dividend: HK2.9 cents per share).

OUR OUTLOOK AND STRATEGY

We foresee major growth for UMP in the provision of accessible, affordable and trusted healthcare to everyone within Greater China, with an initial focus in the Greater Bay Area.

1. *What is the significant social problem we are trying to solve?*

Can we develop a sustainable primary healthcare model that will be a win-win-win for payers (i.e. governments and insurance companies), providers (i.e. government hospitals and clinics, private medical service providers) and patients in China?

For all the positives of China's economic growth in the past few decades and the prosperity that such growth has brought to the majority of the Chinese population, the current status of the healthcare system in China is, by and large, an area in which most of the Chinese population are not content with[1]. China's healthcare system is primarily based on specialists, is hospital based and is centered on the curing of diseases, with lack of attention on preventive and community care, and with most of the Chinese population believing that only hospitals have qualified doctors to deliver general medical care.

1 https://www.nytimes.com/2018/09/30/business/china-health-care-doctors.html?_ga=2.189484462.444171143.1562668523-456547796.1562668523

While China's GDP had grown at around 8.6% CAGR per annum (2013-2017)[2], healthcare expenditure in China has grown at a much faster pace of around 13.5% CAGR per annum (2013-2017)[3]. Exacerbated by an aging population and increasing prevalence of non-communicable chronic diseases such as diabetes and hypertension, the Chinese government has declared a national urgency and strategy to reform its healthcare system into one that is primary healthcare facilities based, with General Practitioners ("GPs", also known as family doctors in China) playing more significant roles in adopting a patient-centred approach to health and disease management[4]. Primary care facilities primarily include government managed urban community health service centres (社區衛生服務中心) and clinics which provide general outpatient care, chronic disease management, immunisation services, health promotion and family planning services.

The Chinese government has announced that it plans to recruit, train and employ at least 3 family doctor for every 10,000 population across China by year 2020[5]. However, there continues to be a lack of awareness by the general population in China about the roles and functionalities that can be performed by GPs, leading to Chinese patients generally choosing to seek medical care from hospitals. Further, in the cross-sectional survey study conducted by Liu[6], out of the 565 participants who participate in the survey responding to questions on their knowledge of GPs, although 67% of the respondents believe that GPs should handle Common and Frequently Occurring Diseases ("CFOD"), only 11.3% of the respondents rated the GP's technical capability in solving CFOD as "good", with 26.4% rated "poor" and 62.3% rated as "do not know". The general population's lack of knowledge on GPs is a significant hurdle to the healthcare reform in China, yet at the same time, such significant hurdle also presents unexplored market opportunity for UMP to offer solutions to resolve such problem.

2. *How are existing private market players in China trying to solve such significant social problem?*

The Chinese government has called for increasing investments and participation from private capital in the healthcare sector, with recent policies announcement encouraging corporations and doctors to open up their own private clinics. However, based on our own experience, although the Chinese government promotes and encourages private enterprises to establish private clinics[7], there are generally insufficient doctors in the private sector for the development of a type of outpatient clinic network that is similar to what UMP has established in Hong Kong and Macau.

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2 See section 3-1 "Gross Domestic Product" http://www.stats.gov.cn/tjsj/ndsj/2018/indexeh.htm

3 See section 22-19 "total healthcare expenditure": http://www.stats.gov.cn/tjsj/ndsj/2018/indexeh.htm

4 See the PRC government news at http://www.nhc.gov.cn/qjjys/s7937/201904/af2a67d86e8749a7b53ddfdde6f563e3.shtml

5 http://www.gov.cn/zhengce/content/2018-01/24/content_5260073.htm

6 Liu, X. et al., 2018. Awareness of the role of general practitioners in primary care among outpatient populations: Evidence from a cross-sectional survey of tertiary hospitals in China. BMJ Open, pp. 1-6.

7 See VC Beat Research Primary Healthcare Investment Report at www.vcbeat.top (動脉網：基層醫療投融資報告)

Further, the setting up and the maintaining of private clinics in China could be costly. As an illustration, organisations must first rent the premise for the proposed clinic before it can commence applying for the clinic license and regulations also require minimum operating area and minimum number of clinical staff.

Due to the high cost basis for providing private clinical services in China, private clinics generally charge a comparatively higher average consultation price of around RMB400-800, with some international clinics charging as high as RMB1,500 to RMB2,000 for general consultations. Such high price means that only the relatively affluent can afford to pay for such services, excluding a significant segment for customers who would be more willing to pay around RMB100-200 for private outpatient consultations, which is approximately the price range for general outpatient consultations in public government facilities. As a result, many private general outpatient clinics in China have continued to suffer from a lack of patients, operating at losses and with no clear path to profitability or having to work with partners who have significant financial resources for collaboration.

Notwithstanding these entry barriers, there continues to be significant investors' interests in investing in private hospitals with general outpatient services and private outpatient clinics due to the general discontent, throughout China, with the long queues for general outpatient services at government managed hospitals. Investors' interests have generally been focused on peripherals such as IT systems that help private clinics to access patients through mobile apps, health information systems, pharmaceutical sales and delivery, and clinic chains that have ambition to expand their network on a nation wide basis.

3. How is our approach different from others? GOLD programme and PPP clinics

While there has been significant interests on investment in primary healthcare, we believe there is yet a solution from private players that would offer a win-win-win for payers, providers and patients. Currently, there are significant investments in innovation on payers and patients empowerment, however, there is relatively less focus and investment made on the training and development of quality providers.

As a physician-led healthcare group, we believe that in order to develop and promote the primary healthcare industry, we must first develop sufficient quality primary healthcare doctors in China. We decided to break away from competition and went "upstream" to train our own source of qualified doctors to international standards under the General Practice Oriented Learning and Development ("GOLD") programme[8], with an initial focus on the Greater Bay Area.

[8] www.goldgptraining.com

The accredited GOLD programme and PPP clinics

The GOLD programme sets out what we expect an outpatient doctor should possess in terms of minimum clinical knowledge and clinical consultation skills. Once the doctors reach the standards as set out in the GOLD programme, these doctors will then become accredited doctors and shall be entitled to receive outpatient cases arranged for them by us. We have also applied for, and have been successful, in obtaining the Royal College of General Practitioners ("RCGP") educational accreditation for the GOLD programme. As stated on RCGP's website[9], the RCGP accredits educational activities that are identifiable to health professionals as high quality, and associated with the high professional standards the RCGP embodies. The RCGP Accreditation Quality Mark 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.

In addition to training, to develop a large physical clinical network, we proposed to work with various governments, particularly in the Greater Bay Area, to launch various Public-Private Partnership clinics ("PPP clinics"), a pioneer approach to building a sustainable supply of doctors for business expansion[10] and also helping the Chinese government to train their doctors in parallel. These PPP clinics, with our GOLD trained doctors, will be able to provide clinical services to UMP's members and customers. These PPP clinics have been well received by various local governments. We have also collaborated with these community clinics to seek international accreditation. As of the date of this publication, three public community clinics have been successful in obtaining practice accreditations from WONCA[11].

The scale and geographical reach in which the GOLD programme and the PPP clinics have achieved since our last letter have been positively praised by various regional governments in China[12]. The GOLD programme was first launched in February 2018, enrolling 11 doctors from the Pan Yu government, Guangzhou province. As at the date of this publication, the GOLD programme has now expanded to cover close to 200 doctors across key cities of the Greater Bay Area, including Guangzhou, Shenzhen, Dongguan Zhongshan, Zhuhai, Foshan, as well as other cities such as Beijing, Shanghai and Tianjin. The number of PPP clinics currently in operation and under construction has also expanded from just one site in 2018 to 25 sites as of the date of this publication.

The GOLD programme and the PPP clinic expansion is only at its beginning. Based on government data, the potential of the GOLD programme and the PPP clinic expansion, in the Greater Bay Area alone, could potentially mean that more than 10,000 doctors and more than 2,000 clinics could consider adopting the PPP model.

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9 https://www.rcgp.org.uk/learning/rcgp-educational-accreditation-for-education-providers.aspx

10 See the related news published at https://www.goldgptraining.com/2-1

11 https://www.globalfamilydoctor.com/Resources/PracticeAccreditation.aspx

12 See the related news published at https://www.goldgptraining.com/2-1

4. Our initial focus will be on the Greater Bay Area, but we have the ambition for expansion for the whole of China

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.

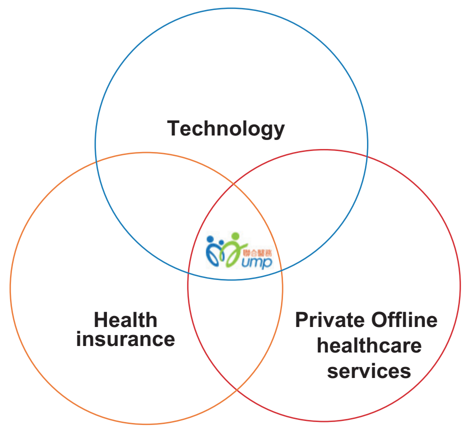
What the regional governments have further identified as a growing industry that Hong Kong can contribute significant to the region is healthcare. While there is expected to be significant investment in the region across many industries, the respective regional governments also realise that healthcare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

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.

With the upgrading of qualities of primary healthcare doctors and development of a vast affordable and accessible PPP clinic network, together with promotion of innovative insurance products that make use of such resources, we believe that we are now at the beginning of developing a win-win-win solution for payers, providers and patients, thereby giving us significant potential for sustainable growth.

MARKET POTENTIALS

We believe that our growth comes from being a unique organisation, with more than 30 years of experience and DNA, that serves at the intersection focal point of technology, primary healthcare and insurance, as set out below:



1. Intersection between technology and healthcare

Advantages

Due to advances in technology, there have been a large number of companies that have combined the use of technology and healthcare to offer to consumers more convenient access to quality healthcare. The majority of these companies operate as a platform approach, signing up thousands of doctors on the platform to provide health advice and consultation services. Additional services also include pharmaceutical home delivery, electronic medical records maintenance and health advice.

Concerns

As all the doctors are platform doctors, it is not always possible to assess and control the quality of doctors and service levels. Further, as these platforms are generally specialists focused, the doctors are not well trained to answer general health enquiries.

2. Intersection between technology and health insurance

Advantages

The combination of technology and insurance has made the purchase of insurance more affordable and reachable to more consumers, educating the market on the increasing importance of health insurance. Consumers are able to check their benefits and are able to obtain reimbursement easily after expenses are incurred.

Concerns

Currently, health insurance continues to be functioning more on an indemnity basis. Online health insurance products generally compete on price and service level for reimbursement. There is relatively little consumer loyalty since insurance companies typically do not provide continuing health maintenance services.

3. *Intersection between health insurance and offline clinics*

Advantages

Health insurance companies/third party administrators that provide additional health maintenance services beyond expense reimbursement generally has higher customer loyalty, leading to more recurring renewals for health insurance policies. As insurance companies renew their policies, they will likely want to continue to work closely with offline service providers to better serve their customers' healthcare needs.

Concerns

As health insurance companies face increasing claims expenses for healthcare expenditure, especially for services providers in China due to their high operating and investment costs (see above), there is increasing pressure from health insurance companies to control health expenses. However, as offline clinics and service providers in China (and globally) face increasing cost pressures, the scope for fee discussions become increasingly limited, leading to potentially higher insurance premium required from customers and hence may ultimately affect insurance sales. Such fee for service model between insurance companies and clinics have led to increasing tensions for both insurance companies and service providers. In China, although the market for health insurance has increased substantially over the past few years, it is reported health insurance companies continue to operate at losses due to the mounting claims expenses from health service providers.

4. *UMP – a unique combination of technology, affordable PPP primary care and insurance*

Through the GOLD programme and PPP clinics, UMP is able to partner up with government clinics within the Greater Bay Area and nationally to offer accessible and affordable healthcare services. Further, as UMP knows the capabilities of these trained doctors, UMP is able to offer pricing for services that would allow insurance companies to price their policies competitively to a larger population. UMP will also start extending telemedicine services, remote health monitoring and electronic medical records in China, thereby facilitating the on-going health management and cost monitoring for the policy holders of insurance companies.

For non-critical enquiries, UMP shall be able to offer UMP trained doctors telemedicine services to its customers, reducing unnecessary physical admission to clinics. For more serious conditions, UMP will be able to offer offline clinical access at convenient locations through a fast expanding PPP clinic network (with an initial focus on the Greater Bay Area). We believe that we will become a great partner to insurance companies, collaborating with them to launch new, competitively priced outpatient insurance products, and also helping them to reduce unnecessary clinical costs, while at the same time, through our innovative PPP online and offline model, help government clinics and government doctors to receive new sources of funding from health insurance payments. This unique combination of online and offline services, based on the fundamental principles of primary healthcare, would mean that providers, payers and patients would all benefit from a continuation of managed care.

NEW PHASE OF COMMUNICATION

Our 30 years of experience in Hong Kong and Macau gives us confidence that UMP is on the right path for sustainable and profitable growth, capturing the untapped market of managed care for the Chinese population based on the primary healthcare model instead of the current specialist focused model. Going forward, the Group will also be improving on our investor communications by providing more timely information and update on our revamped website. UMP looks forward to sharing exciting development in Hong Kong, Macau and in the Greater Bay Area with shareholders and stakeholders.

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 2019, together with the comparative amounts for the year ended 30 June 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2019

	Notes	**2019** **HK$'000**	2018 HK$'000 (restated)
REVENUE	5	**567,377**	463,441
Other income and gains	6	**25,414**	11,591
Professional services expenses		**(229,321)**	(187,075)
Employee benefit expense		**(143,817)**	(121,428)
Property rental and related expenses		**(54,390)**	(42,673)
Cost of inventories consumed		**(30,624)**	(23,730)
Depreciation and amortisation		**(22,701)**	(19,997)
Other expenses, net		**(80,118)**	(34,116)
Share of profits and losses of:			
Joint ventures		**11**	254
Associates		**2,444**	2,238
PROFIT BEFORE TAX	7	**34,275**	48,505
Income tax expense	8	**(14,726)**	(11,003)
PROFIT FOR THE YEAR		**19,549**	37,502
Attributable to:			
Owners of the Company		**12,798**	37,555
Non-controlling interests		**6,751**	(53)
		19,549	37,502
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		**HK1.71 cents**	HK5.04 cents
Diluted		**HK1.69 cents**	HK4.95 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019 HK$'000	2018 HK$'000 (restated)
PROFIT FOR THE YEAR	**19,549**	37,502
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale investments	**–**	(213)
Changes in fair value of debt investments at fair value through other comprehensive income	**48**	–
Exchange differences on translation of foreign operations	**(1,238)**	181
Share of other comprehensive income/(loss) of an associate	**(79)**	11
Share of other comprehensive income/(loss) of a joint venture	**(48)**	21
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(1,317)**	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	**2,979**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,662**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**21,211**	37,502
Attributable to:		
Owners of the Company	**14,460**	37,555
Non-controlling interests	**6,751**	(53)
	21,211	37,502

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
			(restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**101,061**	103,809
Goodwill	*11*	**163,711**	58,227
Other intangible assets		**79,378**	9,353
Investments in joint ventures		**1,158**	1,196
Investments in associates		**8,976**	5,485
Held-to-maturity investments	*12*	**–**	58,570
Financial assets at amortised cost	*12*	**46,668**	–
Available-for-sale investments	*13*	**–**	9,848
Investments at fair value through other comprehensive income	*13*	**52,938**	–
Deferred tax assets		**1,300**	1,016
Deposits		**15,927**	15,696
Total non-current assets		**471,117**	263,200
CURRENT ASSETS			
Inventories		**11,803**	8,244
Trade receivables	*14*	**104,997**	78,800
Prepayments, other receivables and other assets		**20,951**	12,262
Financial assets at fair value through profit or loss		**2,400**	2,427
Held-to-maturity investments	*12*	**–**	10,927
Financial assets at amortised cost	*12*	**14,066**	–
Due from associates		**4,077**	5,640
Due from related companies		**3,633**	2,735
Due from a joint venture		**–**	415
Tax recoverable		**58**	977
Pledged deposits		**1,354**	1,352
Cash and cash equivalents		**207,644**	293,970
		370,983	417,749
Assets of a disposal group classified as held for sale		**–**	56,671
Total current assets		**370,983**	474,420

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000 (restated)
CURRENT LIABILITIES			
Trade payables	15	**49,589**	39,152
Other payables and accruals		**73,084**	48,486
Due to associates		**138**	207
Due to related companies		**620**	452
Due to a joint venture		**180**	–
Derivative financial instrument		**743**	–
Tax payable		**14,362**	9,523
		138,716	97,820
Liabilities directly associated with the assets classified as held for sale		**–**	43
Total current liabilities		**138,716**	97,863
NET CURRENT ASSETS		**232,267**	376,557
TOTAL ASSETS LESS CURRENT LIABILITIES		**703,384**	639,757
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**14,609**	3,130
Provision		**2,813**	2,222
Total non-current liabilities		**17,422**	5,352
Net assets		**685,962**	634,405
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	**758**	753
Reserves		**612,237**	566,383
		612,995	567,136
Non-controlling interests		**72,967**	67,269
Total equity		**685,962**	634,405

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 a derivative financial instrument, equity investments, debt investments and a contingent consideration receivable 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 new and revised HKFRSs for the first time for the current year's financial statements.

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 HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The adoption of these new and revised HKFRSs has had no significant financial effect on the Group's result of operation and financial position, except for HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* as described below.

HKFRS 9 Financial Instruments

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.

The Group used modified retrospective approach and would recognise any 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.

Classification and measurement

To determine their classification and measurement category, HKFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The HKAS 39 measurement categories of financial assets, including financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial investments and held-to-maturity investments have been replaced by:

– Debt instruments at amortised cost;

– Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;

– Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and

– Financial assets at fair value through profit or loss.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

As of 1 July 2018, the category of loans and receivables under HKAS 39, including cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables and amounts due from associates, related companies and a joint venture, were transferred to debt instruments at amortised cost under HKFRS 9.

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position as at 1 July 2018:

	As originally stated	**Reclassification under HKFRS 9**	**Remeasurement under HKFRS 9**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investments				
– Unlisted equity investments *(notes (a) and (b))*	9,848	(9,848)	–	–
Investments at fair value through other comprehensive income				
– Unlisted equity investments *(note (a))*	–	4,146	3,967	8,113
– Listed debt investments *(note (b))*	–	5,702	–	5,702
Held-to-maturity investments *(note (c))*	69,497	(69,497)	–	–
Financial assets at amortised cost *(note (c))*	–	69,497	–	69,497

The impact of transition to HKFRS 9 on reserves as at 1 July 2018 is as follows:

	As originally stated	**Reclassification under HKFRS 9**	**Remeasurement under HKFRS 9**	**As restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investment revaluation reserve under HKAS 39	205	(205)	–	–
Fair value reserve under HKFRS 9	–	205	3,967	4,172

Notes:

(a) The Group elected to designate its unlisted equity investments previously classified as available-for-sale investments as equity investments at fair value through other comprehensive income because the Group invests in such investments for strategic purpose and intends to hold for the foreseeable future. Besides, the unlisted equity investments were previously carried at cost less impairment. Upon initial application of HKFRS 9 at 1 July 2018, the difference between the carrying amounts and fair values was adjusted to fair value reserve of equity investments at fair value through other comprehensive income.

(b) The Group elected to designate its listed debt investments previously classified as available-for-sale investments as investments at fair value through other comprehensive income as they are held within a business model whose objective is to both collect contractual cash flows and sell the financial assets.

(c) The Group has classified its debt investments previously classified as held-to-maturity investments as financial assets at amortised cost as their cash flows are solely payments of principal and interest on the principal outstanding and the Group intends to hold and collect contractual cash flows.

Impairment of financial assets

HKFRS 9 requires an impairment on trade receivables, deposits and other receivables and amounts due from associates, related companies and a joint venture, and that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables. The Group applied general approach and recorded twelve month expected losses on its amounts due from associates, related companies and a joint venture and deposits and other receivables. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, 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 adopted HKFRS 15 using the full retrospective method of adoption. The effect of the transition on the current year has not been disclosed as the standard provides an optional practical expedient. The Group did not apply any of the other available optional practical expedients.

Impact on consolidated statement of profit or loss for the year ended 30 June 2018

		Amounts prepared under		
			Previous	
		HKFRS 15	**HKFRS**	**Decrease**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	(a)	463,441	585,630	(122,189)
Professional services expenses	(a)	187,075	309,264	(122,189)

Impact on the consolidated statement of financial position as at 30 June 2018

		Amounts prepared under		
			Previous	Increase/
		HKFRS 15	**HKFRS**	**(decrease)**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Liabilities				
Deferred income included in other payables and accruals	(b)	–	16,286	(16,286)
Contract liabilities included in other payables and accruals	(b)	16,286	–	16,286

(a) Principal versus agent consideration 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, reports revenue generated therefrom on the basis of gross inflows of economic benefits. Upon adoption of HKFRS 15, the Group has made its principal versus agent assessment by evaluating the nature of its promise to customers under the transfer-of-control approach for each type of corporate healthcare solution service contracts. It 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 its self-operated clinics and that the Group is an agent for the fee-for-service contract in which the healthcare services are provided by its 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$122,189,000 for the corporate healthcare solution services to contract customers segment for the year ended 30 June 2018. There have been no financial impact on the Group's profit before tax.

(b) Advances received from customers

The Group generally received 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 from customers in advance as deferred income which was included in other payables and accruals. Under HKFRS 15, the amount is classified as contract liabilities which is also included in other payables and accruals.

There have been no financial impact on the line items disclosed in the Group's statement of financial position as at 30 June 2018 while the disclosure in the note to other payables and accruals was restated, resulting in an increase in contract liabilities of HK$16,286,000 and decrease in deferred income of HK$16,286,000.

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 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, financial assets at amortised cost/held-to-maturity investments, investments at fair value through other comprehensive income/available-for-sale investments, contingent consideration receivable, 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 derivative financial instrument, 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 2019

	Corporate Healthcare Solution Services to Contract Customers *HK$'000*	Clinical Healthcare Services *HK$'000*	Total *HK$'000*
Segment revenue:			
External sales	246,303	321,074	567,377
Intersegment sales	1,338	94,350	95,688
	247,641	415,424	663,065
Reconciliation:			
Elimination of intersegment sales			(95,688)
Revenue			567,377
Segment results	41,302	60,088	101,390
Reconciliation:			
Interest income			6,611
Other income			18,803
Share of profits and losses of:			
A joint venture			11
Associates			2,444
Corporate and other unallocated expenses			(94,984)
Profit before tax			34,275
Segment assets	133,553	154,686	288,239
Reconciliation:			
Elimination of intersegment receivables			(16,035)
Corporate and other unallocated assets			569,896
Total assets			842,100
Segment liabilities	74,644	94,660	169,304
Reconciliation:			
Elimination of intersegment payables			(16,035)
Corporate and other unallocated liabilities			2,869
Total liabilities			156,138
Other segment information:			
Depreciation and amortisation	2,931	18,039	20,970
Capital expenditure*	6,426	12,770	19,196
Write-off of items of property, plant and equipment	–	92	92
Write-off of trade receivables	222	4	226

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

Year ended/as at 30 June 2018

	Corporate Healthcare Solution Services to Contract Customers *HK$'000*	Clinical Healthcare Services *HK$'000*	Total *HK$'000* *(restated)*
Segment revenue:			
External sales	224,317	239,124	463,441
Intersegment sales	2,332	84,369	86,701
	226,649	323,493	550,142
Reconciliation:			
Elimination of intersegment sales			(86,701)
Revenue			463,441
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 (restated)	129,280	186,958	316,238
Reconciliation:			
Elimination of intersegment receivables			(16,038)
Corporate and other unallocated assets			437,420
Total assets			737,620
Segment liabilities (restated)	67,898	46,689	114,587
Reconciliation:			
Elimination of intersegment payables			(16,038)
Corporate and other unallocated liabilities			4,666
Total liabilities			103,215
Other segment information:			
Depreciation and amortisation	2,251	16,950	19,201
Capital expenditure*	2,492	26,900	29,392
Loss on disposal 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

5. REVENUE

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(restated)
Revenue from contracts with customers		
Provision of corporate healthcare solution services to contract customers:		
Medical services	**225,483**	207,331
Dental services	**20,820**	16,986
Provision of clinical healthcare services:		
Medical services	**261,258**	182,974
Dental services	**59,816**	56,150
	567,377	463,441

Disaggregated revenue information

For the year ended 30 June 2019

Segments

	Corporate Healthcare Solution Services to Contract Customers	**Clinical Healthcare Services**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Type of services			
Medical services	225,483	261,258	486,741
Dental services	20,820	59,816	80,636
Total revenue from contracts with customers	246,303	321,074	567,377
Geographical markets			
Hong Kong	226,856	266,419	493,275
Mainland China	2,624	51,296	53,920
Macau	16,823	3,359	20,182
Total revenue from contracts with customers	246,303	321,074	567,377

For the year ended 30 June 2018

Segments

	Corporate Healthcare Solution Services to Contract Customers *HK$'000* *(restated)*	Clinical Healthcare Services *HK$'000*	Total *HK$'000* *(restated)*
Type of services			
Medical services	207,331	182,974	390,305
Dental services	16,986	56,150	73,136
Total revenue from contracts with customers	224,317	239,124	463,441
Geographical markets			
Hong Kong	207,386	177,871	385,257
Mainland China	1,944	54,623	56,567
Macau	14,987	6,630	21,617
Total revenue from contracts with customers	224,317	239,124	463,441

6. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

	2019	2018
	HK$'000	*HK$'000*
Administrative support fees	**2,667**	2,394
Bank interest income	**1,071**	376
Interest income on held-to-maturity investments	**–**	2,870
Interest income on financial assets at amortised cost	**3,645**	–
Interest income on available-for-sale investments	**–**	1,688
Interest income on investments at fair value through other comprehensive income	**1,895**	–
Rental income	**7**	784
Dividend income from financial assets at fair value through profit or loss	**96**	85
Fair value gains on financial assets at fair value through profit or loss	**–**	71
Gain on disposal of held-to-maturity investments, net	**–**	169
Gain on disposal of available-for-sale investments, net	**–**	78
Gain on disposal of subsidiaries	**9,315**	–
Gain on disposal of items of property, plant and equipment	**520**	–
Gain on remeasurement of previously held interest in an available-for-sale investment	**–**	500
Foreign exchange differences, net	**–**	833
Waiver of other payable	**–**	152
Fair value gain on contingent consideration receivable	**2,777**	–
Fair value gain on derivative financial instrument	**2,036**	–
Others	**1,385**	1,591
	25,414	11,591

7. PROFIT BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Cost of services rendered (restated)	**229,321**	187,075
Equity-settled share-based payment expense (including employees, professional consultants and other business partner) *(note)*	**48,301**	1,771
Foreign exchange differences, net	**441**	(833)
Write-off of items of property, plant and equipment	**92**	54
Minimum leases payments under operating leases	**47,081**	36,325
Write-off of trade receivables	**226**	116
Write-off of receivables due from a related party	**–**	195
Impairment of amounts due from associates	**695**	2,149
Fair value losses/(gains) on financial assets at fair value through profit or loss	**27**	(71)

Note: The balance included share-based payment expenses of approximately HK$38 million (2018: Nil) in connection with the issuance of warrants to a business partner of the Group, Zheng He Health and Medical Resources Limited, during the year. Further details of which are set out in to the Company's announcements dated 27 July 2018 and 30 August 2018 and circular dated 29 October 2018.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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.

	2019	2018
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**10,251**	7,655
Overprovision in prior years	**–**	(493)
Current – Elsewhere		
Charge for the year	**3,535**	2,941
Withholding tax	**74**	–
Underprovision in prior years	**1,290**	115
Deferred	**(424)**	785
Total tax charge for the year	**14,726**	11,003

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Final 2018 – HK2.35 cents (2017: HK2.2 cents) per ordinary share	**17,795**	16,566
Less: Dividend for shares held under the share award scheme	**(208)**	(103)
	17,587	16,463
Interim 2019 – HK0.65 cent (2018: 0.55 cent) per ordinary share	**4,926**	4,144
Less: Dividend for shares held under the share award scheme	**(59)**	(28)
	4,867	4,116
	22,454	20,579
Dividend proposed after the end of the reporting period:		
Proposed final 2019 (with scrip option) – HK2.55 cents (2018: HK2.35 cents) per ordinary share	**19,324**	17,752

The proposed final 2019 dividend of HK2.55 cents per ordinary share for the year, with a scrip dividend alternative, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. 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$12,798,000 (2018: HK$37,555,000), and the weighted average number of ordinary shares of 748,060,822 (2018: 744,431,364) 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$12,798,000 (2018: HK$37,555,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 748,060,822 (2018: 744,431,364) 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 7,764,509 (2018: 13,995,134) assumed to have been issued at no consideration on the deemed exercise of all share options and warrants (2018: share options) into ordinary shares.

11. GOODWILL

	2019	2018
	HK$'000	*HK$'000*
		(restated)
At beginning of year	**58,227**	41,357
Acquisitions of subsidiaries/businesses *(note 17)*	**105,484**	16,870
At end of year	**163,711**	58,227

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

	2019	2018
	HK$'000	*HK$'000*
Financial assets at amortised cost	**60,734**	–
Analysed into:		
Non-current portion	**46,668**	–
Current portion	**14,066**	–
	60,734	–
Debt investments, at amortised cost	**–**	69,497
Analysed into:		
Non-current portion	**–**	58,570
Current portion	**–**	10,927
	–	69,497

As at 30 June 2019, the Group's financial assets at amortised cost (2018: held-to-maturity investments) represented listed debt investments with fixed maturity dates between 2019 and 2023 and fixed interest rates ranging from 4.25% to 8.5% per annum (2018: 4.25% to 8.5% per annum).

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

	2019	2018
	HK$'000	*HK$'000*
Investments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	**17,828**	–
Listed equity investments, at fair value	**29,360**	–
Listed debt investments, at fair value	**5,750**	–
	52,938	–
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.

During the year ended 30 June 2018, the gross loss in respect of the Group's available-for-sale investments recognised in other comprehensive loss amounted to HK$213,000.

As at 30 June 2018, the unlisted equity investments were stated at cost less impairment because the range of reasonable fair value estimates was so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group did not intend to dispose of them in the near future.

14. TRADE RECEIVABLES

The Group's trading terms with its contract customers are mainly on credit. The credit period is generally one month, extending up to 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:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**71,823**	56,718
1 to 2 months	**12,350**	11,802
2 to 3 months	**12,531**	3,216
Over 3 months	**8,293**	7,064
	104,997	78,800

15. 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:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**30,609**	18,318
1 to 3 months	**18,587**	20,318
Over 3 months	**393**	516
	49,589	39,152

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

16. SHARE CAPITAL

	2019	2018
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 (2018: 5,000,000,000) ordinary shares of HK$0.001 (2018: HK$0.001) each	**5,000**	5,000
Issued and fully paid:		
757,818,000 (2018: 753,405,000) ordinary shares of HK$0.001 (2018: HK$0.001) each	**758**	753

The movements in the Company's authorised and issued share capital during the years ended 30 June 2019 and 2018 are as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK$'000
Authorised:			
At 1 July 2017, at 1 July 2018 and at 30 June 2019		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)	4,413,000	5
At 30 June 2019		757,818,000	758

(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; (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 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.

(b) The subscription rights attaching to (i) 3,200,000 share options were exercised at the subscription price of HK$1.2228 per share, resulting in the issue of 3,200,000 ordinary shares of HK$0.001 each for a total cash consideration, before expenses, of HK$3,913,000; 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$1,693,000 was transfer from the share-based payment reserve to the share premium account upon the exercise of the share options.

17. 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 2019:

(a) On 24 July 2017, the Group acquired the business of a dental clinic operation (the "Dental Clinic Business") from an independent third party for a consideration of HK$2 million.

(b) On 1 April 2018, the Group acquired a 60% equity interest in a medical laboratory and imaging business (the "Imaging Business") from an independent third party for a consideration of HK$21 million.

(c) 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$2.8 million. Longway was previously a 10%-owned available-for-sale investment of the Group. Upon the completion of the acquisition, the Group's equity interest in Longway 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.

(d) On 24 July 2018, the Group acquired a 70% equity interest in a group of companies (the "Physiotherapy Centre Chain") from an independent third party for a consideration of HK$28.5 million. The Physiotherapy Centre Chain is engaged in the provision of medical physiotherapy services in Hong Kong.

(e) On 2 October 2018, the Group acquired a 55% equity interest in a medical clinic business (the "Medical Clinic Business") from an independent third party for a consideration of HK$15.1 million.

(f) On 23 January 2019, the Group acquired a 60% equity interest in SkinCentral Limited ("SkinCentral") from an independent third party for a consideration of HK$100 million. SkinCentral is engaged in the provision of dermatological services in Hong Kong.

As part of the acquisitions, the considerations for the Imaging Business, Physiotherapy Centre Chain, Medical Clinic Business and SkinCentral (collectively, the "Acquired Businesses") are subject to potential adjustments, which are dependent on the future performance of respective Acquired Businesses as stipulated in the respective sales and purchase agreements. In addition, the sales and purchase agreements of the Physiotherapy Centre Chain, Medical Clinic Business and SkinCentral include either a call option in which a seller has discretion to repurchase the equity interest sold to the Group or a put option in which sellers have discretion to require the Group to purchase the remaining equity interest in these acquired businesses held by the sellers, subject to certain terms and conditions within designated periods of time.

During the year, the Group has recognised identifiable net assets of HK$67,290,000, including other intangible assets of HK$71,332,000 and goodwill of HK$105,484,000 in connection with the acquisitions of the Physiotherapy Centre Chain, Medical Clinic Business and SkinCentral in accordance with HKFRS 3 (Revised) *Business Combinations* ("HKFRS 3 (Revised)").

During the year ended 30 June 2018, the goodwill arose from the acquisitions of the Imaging Business and Longway was provisional and pending for finalisation of valuation on identifiable net assets. The valuations were finalised during the year and the related goodwill and certain items of the identifiable net assets have been restated. Compared with the provisional purchase price allocations disclosed in the Group's consolidated financial statements as of and for the year ended 30 June 2018, the Group has restated the identifiable net assets of the Imaging Business and Longway recognised from HK$6,192,000 to HK$13,908,000, including other intangible assets from nil to HK$9,242,000; and goodwill from HK$19,564,000 to HK$15,154,000 in accordance with HKFRS 3 (Revised).

18. COMPARATIVE AMOUNTS

As further explained in note 3.1, and note 17 above, due to the adoption of HKFRS 15 and the finalisation of purchase price allocations for business combinations occurred in prior year during the year, certain comparative amounts have been restated to conform with the current year's presentation.

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 2019, 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, (iii) within the clinics we own and operate, revenue from selected outpatient services such as family medicine and paediatric services and (iv) provision of professional training to doctors and nurses under our GOLD training programme. 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, Shenzhen and Greater Bay Area 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 9.0% from HK$224.7 million (restated) to HK$245.0 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 11.6% from HK$35.7 million to HK$39.8 million. The full year operating profit margin of this segment is normalised back to the historical levels as compared to the interim results due to the timing mismatch between the expected increase in the pricing of our contracts with our corporate customers and insurance partners is adjusted.

Hong Kong & Macau Clinical Healthcare Services

Revenue for this business line has increased 35.4% from HK$268.9 million to HK$364.1 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 77.3% from HK$26.0 million to HK$46.1 million. The increase in revenue and operating profit is in part due to the full year recognition of operating profits from previously acquired laboratory and medical imaging businesses and the expansion of medical and auxiliary services through new acquisitions of business during FY2019.

PRC Healthcare Business

Revenue for this business line has slightly decreased 4.7% from HK$56.6 million to HK$53.9 million (before intersegment elimination) primarily due to the decrease in the average spending per check-up, while our operating loss (operating loss before tax and before non-recurring items) has decreased 39.6% from HK$6.2 million to HK$3.7 million. The decrease in operating loss was primarily attributable to the effective control of the administration costs in our PRC offices.

The following table sets out the revenue and operating profit for our business lines for FY2019 and FY2018 for comparison:

Revenue by business lines

	Year ended 30 June		
	2019	2018	Increase/
	HK$'000	*HK$'000*	(decrease)
		(restated)	
Hong Kong & Macau Corporate Healthcare Solution Services	**245,016**	224,705	9.0%
Hong Kong & Macau Clinical Healthcare Services	**364,129**	268,870	35.4%
PRC Healthcare Business	**53,920**	56,567	(4.7%)
Total before elimination of inter-business lines sales	**663,065**	550,142	20.5%
Reconciliation:			
Elimination of inter-business lines sales	**(95,688)**	(86,701)	
TOTAL	**567,377**	463,441	22.4%

Operating profit by business lines

	Year ended 30 June		
	2019	2018	Increase/
	HK$'000	*HK$'000*	(decrease)
Hong Kong & Macau Corporate Healthcare Solution Services	**39,841**	35,693	11.6%
Operating profit margin	*16.3%*	*15.9%*	
Hong Kong & Macau Clinical Healthcare Services	**46,144**	26,028	77.3%
Operating profit margin	*12.7%*	*9.7%*	
PRC Healthcare Business	**(3,737)**	(6,189)	(39.6%)
Operating profit margin	*(6.9%)*	*(10.9%)*	

(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

FY2019 compared to FY2018

Revenue

During FY2019, 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 provision of healthcare services in the PRC.

Total consolidated revenue increased by 22.4% from HK$463.4 million (restated) in FY2018 to HK$567.4 million in FY2019, primarily due to an increase in revenue from HK$406.9 million (restated) to HK$513.5 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.

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 9.6% from HK$222.4 million (restated) in FY2018 to HK$243.7 million in FY2019.

- **Medical.** Revenue generated from the provision of Medical Services to Contract Customers increased by 8.5% from HK$205.4 million (restated) for FY2018 to HK$222.9 million for FY2019, primarily due to an increase in the average price per patient visit in FY2019 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 22.4% from HK$17.0 million for FY2018 to HK$20.8 million in FY2019, primarily due to an increase in the average price per patient visit in FY2019 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 63.6% from HK$128.4 million for FY2018 to HK$210.0 million for FY2019, primarily due to an increase in the patient visits.

- **Dental.** Revenue generated from the provision of Dental Services to Self-paid Patients increased by 6.6% from HK$56.1 million for FY2018 to HK$59.8 million for FY2019, primarily due to an increase in the patient visits in FY2019.

PRC Healthcare Business

Revenue contribution from the PRC Healthcare Business decreased slightly by 4.8% from HK$56.6 million in FY2018 to HK$53.9 million in FY2019, primarily due to the depreciation of RMB. Should the revenue be denominated in local currency (RMB), it increased by 2.1% from RMB46.6 million for FY2018 to RMB47.6 million for FY2019.

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), interest income from held-to-maturity investments, financial assets at amortised cost, available-for-sale investments or debt investments at fair value through other comprehensive income and bank savings, fair value on financial assets at fair value through profit or loss, and gain on disposal of subsidiaries and fixed assets.

Other income and gains increased by 119.0% from HK$11.6 million in FY2018 to HK$25.4 million in FY2019. The significant increase was primarily due to the gain on disposal of a subsidiary recognised in September 2018, the disposed subsidiary was the beneficial owner of the investment properties previously owned by the Group.

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 medical imaging centres for services rendered to the Group.

Professional services expenses increased by 22.6% from HK$187.1 million (restated) for FY2018 to HK$229.3 million for FY2019, primarily due to the dual effect of an increase in the cost of services rendered by doctors, dentists and other professionals; and the new business acquisitions and service diversification during the year. Such increment percentage is generally in line with the increase in the Group's consolidated revenue in FY2019.

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 18.5% from HK$121.4 million for FY2018 to HK$143.8 million for FY2019. Employee benefit expense increased primarily due to general increase in staff costs, recognition of staff expenses upon the new business acquisitions (please refer to "Business Combinations" in Note 17 to the Consolidated financial statements for details) and the increase in non-cash equity-settled share-based payment expense upon the new issues of Post-IPO share options during the year.

Property Rental and Related Expenses

Property rental and related expenses increased by 27.4% from HK$42.7 million for FY2018 to HK$54.4 million for FY2019, primarily due to the recognition of rental expenses upon the new business acquisitions (please refer to "Business Combinations" in Note 17 to the Consolidated financial statements for details) and the increase in rent for those existing premises for which leases were renewed. Rental expenses as a percentage to revenue has remained stable in the range of 9.2% to 9.6% over FY2018 and FY2019.

Cost of Inventories Consumed

Cost of inventories consumed increased by 29.1% from HK$23.7 million for FY2018 to HK$30.6 million for FY2019, 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 upon the new business acquisitions (please refer to "Business Combinations" in Note 17 to the Consolidated financial statements for details). Cost of inventories consumed as a percentage to revenue from the provision of clinical healthcare services has remained stable in the range of 9.5% to 9.9% over FY2018 and FY2019.

Other Expenses, Net

Other expenses, net primarily comprise provision of impairment loss, net made to the Group's amount due from/to associated companies, warrants expenses and general overhead expenses such as utilities, operation and other administrative expenses such as audit fees, legal fees, repair and maintenance expenses incurred with respect to the Group's offices and medical equipment, printing expenses and bank charges.

Other expenses, net, increased by 134.9% from HK$34.1 million in FY2018 to HK$80.1 million in FY2019, the material increase is primarily attributable to the non-cash expense in connection with the issuance of an aggregate of 110,411,000 Warrants and the vesting of 36,803,667 Warrants of the Company to Zheng He on 6 December 2018 (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 (the "Circular") for further details) and the increase in legal and professional fees paid for the various new business acquisitions during the year.

Summary of operational data for FY2019 with comparative figures for FY2018:

Revenue by operating segment

	Year ended 30 June		
	2019	2018	Increase
	HK$'000	*HK$'000*	
		(restated)	
Provision of corporate healthcare solution services	**246,303**	224,317	9.8%
Medical	**225,483**	207,331	8.8%
Dental	**20,820**	16,986	22.6%
Provision of clinical healthcare services	**321,074**	239,124	34.3%
Medical	**261,258**	182,974	42.8%
Dental	**59,816**	56,150	6.5%
TOTAL	**567,377**	463,441	22.4%

Number of visits by operating segment

	Year ended 30 June		
	2019	2018	Increase
Provision of corporate healthcare solution services	**1,315,686**	1,295,697	1.5%
Medical	**1,289,200**	1,272,803	1.3%
Dental	**26,486**	22,894	15.7%
Provision of clinical healthcare services	**296,842**	192,343	54.3%
Medical	**253,245**	152,159	66.4%
Dental	**43,597**	40,184	8.5%
TOTAL	**1,612,528**	1,488,040	8.4%

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 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 2019 and 30 June 2018, the Group's financial assets at amortised cost/held-to-maturity investments amounted to HK$60.7 million (of which HK$14.0 million is classified as current assets and HK$46.7 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.

Goodwill and Other Intangible Assets

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.

Other intangible assets primarily represent the intangible assets acquired in business combinations. Cost of that intangible assets is its fair value at the acquisition date.

As at 30 June 2019 the Group's goodwill and other intangible assets amounted to HK$163.7 million and HK$79.4 million, respectively while as at 30 June 2018, the Group's goodwill and other intangible assets amounted to HK$58.2 million and HK$9.4 million, respectively (restated). The increase in goodwill and other intangible assets was primarily due to the new business acquisitions (please refer to "Business Combinations" in Note 17 to the Consolidated financial statements for details) during FY2019.

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 2019 and 30 June 2018, the Group's trade receivables amounted to HK$105.0 million and HK$78.8 million, respectively. The Group managed to comply with its credit period policy over the years and the bad debt ratio has been maintaining at a very low level for less than 0.6%.

Trade Payables

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

The Group's trade payables amounted to HK$49.6 million and HK$39.2 million, as at 30 June 2019 and 30 June 2018, respectively. The increase was generally in line with the increase in professional services expenses and cost of inventories consumed in FY2019.

Net Change in Financial Position

The Group's net assets amounted to HK$686.0 million and HK$634.4 million as at 30 June 2019 and 30 June 2018, respectively. The increase was primarily due to the net profit for FY2019 amounted to HK$12.8 million attributable to the owners of the Company after deducting HK$37.5 million of Warrant expenses which in turn enlarged the reserves, 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 of 30 June 2019, the Group had cash and cash equivalents of HK$207.6 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 2019, the Group had no net debt. The Group's gearing ratio was not applicable as at 30 June 2019.

CAPITAL STRUCTURE

Issue of unlisted warrants

On 24 October 2018, the Company entered into a subscription agreement (the "Subscription Agreement") with Zheng He and Law Siu Wah, Eddie ("Mr. Law"), the ultimate beneficial owner and ultimate controller of Zheng He. Mr. Law has a longstanding background in the investment banking industry, including employment as Managing Director of Goldman Sach's Fixed Income, Currency & Commodities Division, and he is a well-known active investor in the Hong Kong capital markets. Mr. Law and the companies he controls or manages have made a number of pre-IPO investments in companies which are proposed to become listed, investments in companies who have achieved listing, and investments in private companies.

Under the Subscription Agreement, the Company conditionally agreed to issue to Zheng He (or, alternatively, to up to three other companies under the control of Mr. Law or his family trust or estate ("Zheng He Parties") that are nominated by Zheng He) a total of 110,411,000 unlisted warrants at nil issue price. Each warrant carries the right to subscribe to one fully-paid Share within 36 months from the end of a 6 month lock-up period starting on the date the warrant is vested, at the initial subscription price of HK$2.06 per share (subject to adjustment). The Subscription Agreement was approved by the Shareholders in an extraordinary general meeting of the Company held on 15 November 2018. The completion of the subscription took place on 6 December 2018, on which the 110,411,000 warrants were issued to three Zheng He Parties that were nominated by Zheng He.

Further details regarding the issue of unlisted warrants are set out in the Company's announcements dated 27 July 2018, 30 August 2018, and 6 December 2018, and in the Company's circular dated 29 October 2018. During the year ended 30 June 2019, 36,803,667 unlisted warrants were vested and no unlisted warrant was exercised to subscribe for Shares of the Company. As at the date of this announcement, 73,607,333 unlisted warrants remained unvested. If the warrants are fully exercised, the total gross funds and net funds expected to be raised by the Company are HK$227.4 million and HK$226.4 million respectively. The Company currently intends to use the net proceeds from the exercise of the warrants as working capital of the Group and for future investment pursuant to the investment objectives of the Company.

Save for the above, there has been no change in the capital structure of the Company during the year ended 30 June 2019. The capital of the Company comprises ordinary shares and other reserves.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES

During FY2019, 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$15.1 million, (ii) 70% equity interest in a group of companies which are engaging in the provision of medical physiotherapy services, and (iii) 60% equity interest in SkinCentral which is engaging in the provision of dermatological 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. Further details are set out in Note 17 to the Consolidated Financial Statements under the heading of "Business Combinations" in this announcement.

The Group completed the transaction of disposing its entire equity interest in Excellent City Limited in September 2018. The provisional sales and purchase agreement was formed in June 2018 and appropriate disclosure was made in last year.

Save as aforesaid, there was no material acquisitions or disposal of subsidiaries undertaken by the Group during FY2019.

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 2019.

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 FY2019, the Group incurred capital expenditure in an aggregate amount of approximately HK$19.3 million (FY2018: HK$129.4 million).

INDEBTEDNESS

Contingent Liabilities

As at 30 June 2019, the Group did not have any material off-balance sheet arrangements.

Capital Commitment

As at 30 June 2019, the Group did not have any material capital commitment.

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 2019, 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 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 2019, the Group had a total of 456 full-time employees (FY2018: 461 full-time employees). For FY2019, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK$143.8 million (FY2018: HK$121.4 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 2019, 27,008,000 options under the Pre-IPO Share Option Scheme remained outstanding and 3,200,000 share options under the Pre-IPO Share Option Scheme have been exercised during FY2019. As at 30 June 2019, 19,270,000 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 FY2019.

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. During the year, 5,910,000 awarded shares have been granted under the Share Award Scheme and none of shares have been vested (2018: Nil).

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 HK2.55 cents per Share for FY2019 (FY2018: HK2.35 cents) and proposes that Shareholders be given the option to receive the proposed 2019 final dividend of HK2.55 cents per Share in new Shares in lieu of cash (the "Scrip Dividend Option"). The Scrip Dividend Option is subject to the approval of Shareholders at the forthcoming AGM and the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto. The proposed 2019 final dividend is expected to be distributed on Wednesday, 22 January 2020 to the Shareholders whose names appear on the Register of Members of the Company on Friday, 6 December 2019. A circular containing details of the Scrip Dividend Option will be despatched together with a form of election for scrip dividend in December 2019.

ANNUAL GENERAL MEETING

The 2019 AGM will be held on Wednesday, 20 November 2019 at 2:30 p.m.. A notice convening the 2019 AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS FOR THE 2019 AGM

For determining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Monday, 18 November 2019 to Wednesday, 20 November 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 November 2019.

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 from Thursday, 5 December 2019 to Friday, 6 December 2019 (both dates inclusive), 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 4 December 2019.

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 FY2019, 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 FY2019.

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 FY2019.

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 FY2019 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 has reviewed the consolidated financial statements of the Group for FY2019, and has 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 FY2019.

EVENTS AFTER REPORTING PERIOD

There were no material subsequent events undertaken by the Company or by the Group after 30 June 2019 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 FY2019 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

"2019 AGM"	the annual general meeting of the Company to be held on Wednesday, 20 November 2019;
"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;
"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;
"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;
"FY2018"	the financial year ended 30 June 2018;
"FY2019"	the financial year ended 30 June 2019;

"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 CTFE;
"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;
"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);
"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;
"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;
"Shareholder(s)"	the holder(s) of Share(s);

"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 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, 26 September 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.