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UMP HEALTHCARE HOLDINGS LIMITED

聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

	For the year ended		Increase/(decrease)	
	2022	2021		
(A) Operating results (HK\$'000)				
Continuing operations:				
Revenue	665,859	616,361	49,498	8%
EBITDA ^(note a)	167,130	161,423	5,707	4%
Profit/(loss) attributable to Owners of the Company				
– From continuing operations	70,502	66,066	4,436	7%
– From discontinued operation	1,666	(31,232)	32,898	105%
Total	72,168	34,834	37,334	107%
(B) Per share data (HK cents)				
Earnings per share – basic	9.34	4.58	4.76	104%
Earnings per share – diluted	9.33	4.58	4.75	104%
Dividends per share				
– Proposed final	3.00	2.80	0.20	7%
– Paid interim	1.50	1.00	0.50	50%
Total	4.50	3.80	0.70	18%

FINANCIAL HIGHLIGHTS

	For the year ended			
	30 June			
	2022	2021	Increase/(decrease)	
(C) Financial Position (HK\$'000)				
Cash and pledged deposits	238,120	295,867	(57,747)	(20%)
Shareholders' funds	698,653	639,498	59,155	9%
	<u> </u>	<u> </u>		
(D) Key ratios (%)				
EBITDA/Revenue – continuing operations	25%	26%	(1%)	
Net profit margin	11%	5%	6%	
Return on shareholders' funds	10%	5%	5%	
	<u> </u>	<u> </u>		

Note a: EBITDA represented profit for the year from continuing operations plus the following to the extent deducted in calculating such profit for the year: finance costs, income tax expenses, depreciation and amortisation.

CHAIRMAN STATEMENT

Dear Shareholders,

FY2022 was a year of immense turbulence due to the COVID-19 pandemic as well as global economic uncertainties. While newly-developed vaccines brought new rays of hope to the progressive return of economic activities and the relaxing of border restrictions, the outbreak of the Delta and Omicron variants continued to place immense strain on the healthcare sector. Despite the volatilities, there were ample opportunities that we have successfully capitalised.

Under challenging circumstances, our Group remains focused on protecting shareholders' interests, while ensuring the well-being of our doctors, nurses, management and staff. During the FY2022, we remained resolute in delivering top-notch services and continued to broaden our service scope and deepen certain segments of our acclaimed businesses. Further, to give back to our community, we devoted ourselves to supporting pandemic relief initiatives. While demands for medical services continue to fluctuate due to social distancing measure, our agile business model has permitted us to pivot swiftly in response to the evolving circumstances with a solid commitment to providing quality care to all our patients and the larger Hong Kong community.

Owing to the tremendous contribution and efforts of our employees and management team under this challenging time, during the year under review, we have achieved a moderate 8.0% increase in total revenue from our continuing operations, representing approximately HK\$665.9 million in FY2022, and reported encouraging results of a substantial jump in profit attributable to owners of the Company to HK\$72.2 million, representing an increase of over 100%, as compared to that in the FY2021.

In the past year, our clinics have operated with limited interruptions. Our frontline staff, in particular, have been working dauntlessly to provide vital medical services during the peak of the pandemic disruption. During such time, we continued to provide quality services, value, and accessibility by leveraging our extensive network of primary care and specialist clinics. Despite the high infection rates within Hong Kong society, we are proud of our unwavering commitment to serving the community and providing year-round services to alleviate the negative impact caused by the devastating disease.

Vaccination is one of the keys to fight the unprecedented battle of COVID-19. As one of the leading medical service providers, the Group is pleased to lend support to the Hong Kong government on the provision of vaccination to the general population against COVID-19 infections. Accordingly, we administered COVID-19 vaccines at our medical clinics chain.

To echo the government's advice on social distancing and to capitalize on our rapidly mature technological capabilities, apart from traditional physical medical consultation, we have offered telemedicine services since 2020, which enable patients to continue to receive medical help in times of need. As Hong Kong was clouded by widespread fear of COVID-19 infection in early 2022, we joined hands with charitable organizations such as UMP Charity Foundation Limited and CTFE Social Solution, and our clinics were able to supplement charity telemedicine services with all necessary frontline support and complimentary drug delivery service. With the support of our many experienced doctors and other medical professionals, we are proud to have provided such meaningful services that helped allay the fear of many infected patients, especially those with chronic illness and mobility issues, and reduce the burden on public hospitals.

In spite of the episodic interruptions of the year, we continued to seek out new opportunities and managed to complete significant strategic development. We have repositioned our presence in the PRC and reorganised our emerging business in the PRC in December 2021 in the best interest of our shareholders. We retain a significant strategic presence in the PRC and continue our clinical and immigration medical exam service operations in Beijing and Shanghai. We aim to continue to explore further expansion opportunities in the PRC in the near future.

Despite the economic downturn, our healthcare medical services in Hong Kong and Macau continue to report satisfactory performance, generating promising returns. Our sturdy financial performance and strong positive operating cash flow accumulated over the past years enabled us to grow with flexibility despite the socioeconomic headwind.

Throughout the year, we opened our first cardiometabolic centre in the heart of Central. We further expanded our service area in Central with the new multi-storey integrated medical centre located at One Chinachem Central to provide a one-stop seamless medical care to attract high-end B2C market patients and visiting doctors. We have also expanded our medical imaging and diagnostic laboratory services through new openings, acquisitions, and investments in advanced imaging equipment such as PET-CT, MRI, and CT Scan.

We have established a solid strategic relationship with many medical groups, insurance companies and hospitals to achieve synergy, network expansion and systematic and thorough service referrals. Through mergers and acquisitions and collaboration with other highly regarded market practitioners and partnership groups, we will continue to explore growth opportunities for years to come.

Look ahead

We aim to broaden our market shares in both the B2B and B2C business segments and continue to provide top-notch services to our long-term users, who have trusted and chosen our medical team as their designated service providers. With the belief that value-based healthcare will be the future trend of the medical industry, particularly for a society with an ageing population, we aim to provide social value while benefiting our stakeholders as a whole.

The COVID-19 pandemic accelerated the adoption of virtual care, data analytics and digital engagement, and we have fully embraced the power of digital transformation. We will continue to push our digital frontiers, and telemedicine has now become one of our regular services. While optimized data management plays an important role in enhancing our clinic operations efficiency, we believe the value of data should and would benefit our patients outside our clinics. To maximise our effort on people-centric services targeting different age groups and treatment strategies, we utilize data and AI-powered technology to refine our service quality and overall delivery methodology.

We are optimistic that the commuting of Greater Bay Area (“GBA”) residents to and from Hong Kong will eventually resume as the epidemic fades out, and we remain steadfast in our focus to deliver quality healthcare services in strategic GBA locations through our own and associate companies. To meet the escalating demand of cross-border medical care, we adopt an expansion strategy to open new centres in prime districts for local residents as well as frequent travellers. Besides the ongoing effort of collaborating with the local government in the public-private partnership clinic operation, we, through our associated companies, will continue to join forces with Mainland China tertiary hospitals on specialist services and hospitalization through Hong Kong and Macau Residents’ health service center.

Appreciation

On behalf of the Board, I would like to thank all our partners and shareholders for their continued support, and extend our heartfelt gratitude to our patients and corporate clients for their continued trust in us.

I would also like to show my sincere appreciation to the Board, our dedicated staff, and the management team for their contributions to the challenging business environment.

I believe the future of our Group is bright. While COVID-19 may continue to affect our daily lives and the economy in the next 12 months, our operating model will enable us to deliver undivided care for our patients, acquire market share, and produce solid returns for our shareholders. We will continue working to carry this momentum into the new year.

SUN Yiu Kwong*Chairman and Chief Executive Officer*

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 2022, together with the comparative amounts for the year ended 30 June 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000 (Restated)
Continuing operations			
REVENUE	5	665,859	616,361
Other income and gains	6	21,422	11,308
Professional services expenses		(238,035)	(217,498)
Employee benefit expense		(164,687)	(126,812)
Property rental and related expenses		(11,076)	(10,275)
Cost of inventories consumed		(37,564)	(34,075)
Depreciation and amortisation		(78,617)	(71,042)
Other expenses, net		(65,774)	(74,472)
Finance cost		(3,918)	(3,217)
Share of profits/(losses) of:			
Joint ventures		8	(1,254)
Associates		(1,638)	1,333
PROFIT BEFORE TAX	7	85,980	90,357
Income tax expense	8	(11,946)	(19,780)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		74,034	70,577
Discontinued operation			
Profit/(loss) for the year from discontinued operation	18	1,197	(39,040)
PROFIT FOR THE YEAR		75,231	31,537
Attributable to:			
Owners of the Company			
– From continuing operations		70,502	66,066
– From discontinued operation		1,666	(31,232)
Non-controlling interests		72,168	34,834
		3,063	(3,297)
		75,231	31,537
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic			
– Continuing operations		HK9.12 cents	HK8.68 cents
– Discontinued operation		HK0.22 cents	HK(4.10) cents
Total – included discontinued operation		HK9.34 cents	HK4.58 cents
Diluted			
– Continuing operations		HK9.11 cents	HK8.68 cents
– Discontinued operation		HK0.22 cents	HK(4.10) cents
Total – included discontinued operation		HK9.33 cents	HK4.58 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
PROFIT FOR THE YEAR	75,231	31,537
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Release of reserve upon disposal of debt investment at fair value through other comprehensive income	–	(27)
Realise of reserve upon disposal of a subsidiary	(1,786)	–
Realise of reserve upon deemed partial disposal of an associate	(223)	–
Exchange differences on translation of operations outside Hong Kong	(316)	2,372
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(2,325)	2,345
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	10,963	4,833
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	8,638	7,178
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	83,869	38,715
Attributable to:		
Owners of the Company		
– from continuing operations	80,926	70,626
– from discontinued operation	(120)	(28,614)
	80,806	42,012
Non-controlling interests		
– from continuing operations	3,532	4,511
– from discontinued operation	(469)	(7,808)
	3,063	(3,297)
	83,869	38,715

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		141,501	99,430
Right-of-use assets		135,998	73,666
Goodwill	<i>11</i>	164,768	164,768
Other intangible assets		59,852	61,681
Investments in joint ventures		7,978	7,970
Investments in associates		24,782	4,501
Financial assets at amortised cost	<i>12</i>	–	19,025
Investments at fair value through other comprehensive income	<i>13</i>	31,517	23,603
Finance lease receivables		5,858	–
Deferred tax assets		5,110	1,417
Deposits		27,421	20,544
		<hr/>	<hr/>
Total non-current assets		604,785	476,605
CURRENT ASSETS			
Inventories		8,834	9,198
Trade receivables	<i>14</i>	81,414	83,364
Prepayments, other receivables and other assets		29,008	18,088
Finance lease receivables		1,578	–
Financial assets at fair value through profit or loss		28,529	27,115
Financial assets at amortised cost	<i>12</i>	18,865	14,046
Amounts due from associates		22,999	3,730
Amount due from a joint venture		1,119	451
Amounts due from related companies		1,446	1,220
Tax recoverable		904	551
Pledged deposits		2,393	1,893
Cash and cash equivalents		235,727	293,974
		<hr/>	<hr/>
		432,816	453,630
Assets of disposal groups classified as held for sale		–	39,742
		<hr/>	<hr/>
Total current assets		432,816	493,372

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	15	39,057	62,185
Other payables and accruals		60,836	64,376
Amounts due to associates		976	–
Amounts due to related companies		2,254	5,618
Amount due to a joint venture		–	561
Provision		2,347	–
Lease liabilities		63,272	38,731
Tax payable		25,738	26,848
		194,480	198,319
Liabilities associated with the disposal groups classified as held for sale		–	24,441
Total current liabilities		194,480	222,760
NET CURRENT ASSETS		238,336	270,612
TOTAL ASSETS LESS CURRENT LIABILITIES		843,121	747,217
NON-CURRENT LIABILITIES			
Lease liabilities		85,069	39,296
Deferred tax liabilities		13,306	12,238
Provision		7,441	2,627
Total non-current liabilities		105,816	54,161
Net assets		737,305	693,056
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	793	775
Reserves		697,860	638,723
		698,653	639,498
Non-controlling interests		38,652	53,558
Total equity		737,305	693,056

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 27/F., Wing On House, 71 Des Voeux Road Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively, “the Group”) is 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 final results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 30 June 2022 but are extracted therefrom.

The Group’s consolidated 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 (“CO”). They have been prepared under the historical cost convention, except for equity investments, certain debt investments and other assets which have been measured at fair value. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the financial years ended 30 June 2022 and 2021 included in this announcement of annual results does not constitute the Group’s statutory annual financial statements for those financial years but is derived from those financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*
- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on these financial statements as the group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 July 2021.

4. OPERATING SEGMENT INFORMATION

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

- (a) Hong Kong & Macau Corporate Healthcare Solution Services segment engages in the provision of corporate healthcare solutions to contract customers in Hong Kong and Macau;
- (b) Hong Kong & Macau Clinical Healthcare Services segment engages in the provision of medical and dental services, medical imaging and laboratory services, health check-up, and other auxiliary services in Hong Kong and Macau; and
- (c) Mainland China Clinical Healthcare Services segment engages in the provision of health check-up service and selected outpatient services in Mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of facilitating decision-making process of resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/ loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax excluding 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.

Segment assets exclude goodwill, investments in joint ventures and associates, financial assets at fair value through profit or loss, financial assets at amortised cost, investments at fair value through other comprehensive income, other assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instrument, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Inter-segment 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 30 June 2022

	Continuing Operations					
	Hong Kong and Macau		Mainland China	Continuing Operations Sub-total	Discontinued Operation	Total
	Corporate Healthcare Solution Services HK\$'000	Clinical Healthcare Services HK\$'000	Clinical Healthcare Services HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
External sales	235,212	393,058	37,589	665,859	6,099	671,958
Inter-segment sales	1,764	107,361	-	109,125	-	109,125
	<u>236,976</u>	<u>500,419</u>	<u>37,589</u>	<u>774,984</u>	<u>6,099</u>	<u>781,083</u>
<i>Reconciliation:</i>						
Elimination of inter-segment sales				(109,125)	-	(109,125)
Revenue				<u>665,859</u>	<u>6,099</u>	<u>671,958</u>
Segment results	35,284	68,602	1,534	105,420	1,197	106,617
<i>Reconciliation:</i>						
Interest income						1,386
Other income and gains						20,035
Share of profit/(loss) of:						
Joint ventures						8
Associates						(1,638)
Corporate and other unallocated expenses, net						<u>(39,231)</u>
Profit before tax						87,177
Income tax expense						<u>(11,946)</u>
Profit for the year						<u>75,231</u>

Continuing Operations

	Hong Kong and Macau		Mainland China				
	Healthcare Solution Services <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Continuing Operations Sub-total <i>HK\$'000</i>	Discontinued Operation <i>HK\$'000</i>	Total <i>HK\$'000</i>	
Segment assets	152,147	193,333	6,545	352,025	-	352,025	
<i>Reconciliation:</i>							
Elimination of intersegment receivables						(14,669)	
Corporate and other unallocated assets						<u>700,245</u>	
Total assets						<u>1,037,601</u>	
Segment liabilities	84,675	205,919	13,020	303,614	-	303,614	
<i>Reconciliation:</i>							
Elimination of intersegment payables						(14,669)	
Corporate and other unallocated liabilities						<u>11,351</u>	
Total liabilities						<u><u>300,296</u></u>	
Other segment information:							
Depreciation and amortisation	12,413	61,533	4,671	78,617	4,212	82,829	
Capital expenditure*	<u>10,494</u>	<u>70,199</u>	<u>1,019</u>	<u>81,712</u>	<u>2,803</u>	<u>84,515</u>	

* Capital expenditure consists of additions to property, plant and equipment and deposits paid for purchases of items of property, plant and equipment.

Year ended 30 June 2021 (Restated)

	Continuing Operations					Total HK\$'000 (Restated)
	Hong Kong and Macau		Mainland China		Continuing Operations Sub-total HK\$'000 (Restated)	
Corporate Healthcare Solution Services HK\$'000 (Restated)	Clinical Healthcare Services HK\$'000 (Restated)	Clinical Healthcare Services HK\$'000 (Restated)				
Segment revenue:						
External sales	231,104	348,368	36,889	616,361	6,404	622,765
Inter-segment sales	1,263	100,978	–	102,241	–	102,241
	232,367	449,346	36,889	718,602	6,404	725,006
<i>Reconciliation:</i>						
Elimination of inter-segment sales				(102,241)	–	(102,241)
Revenue				<u>616,361</u>	<u>6,404</u>	<u>622,765</u>
Segment results	57,690	80,590	(13,904)	124,376	(39,037)	85,339
<i>Reconciliation:</i>						
Interest income						3,193
Other income and gains						7,032
Share of profit/(loss) of:						
Joint ventures						(1,254)
Associates						1,333
Corporate and other unallocated expenses, net						<u>(44,323)</u>
Profit before tax						51,320
Income tax expense						<u>(19,783)</u>
Profit for the year						<u><u>31,537</u></u>

Continuing Operations

	Hong Kong and Macau		Mainland China		Continuing Operations Sub-total HK\$'000 (Restated)	Discontinued Operation HK\$'000 (Restated)	Total HK\$'000 (Restated)
	Corporate Healthcare Solution Services HK\$'000 (Restated)	Clinical Healthcare Services HK\$'000 (Restated)	Clinical Healthcare Services HK\$'000 (Restated)				
Segment assets	138,633	184,560	37,863	361,056	36,555	397,611	
<i>Reconciliation:</i>							
Elimination of intersegment receivables						(31,129)	
Corporate and other unallocated assets						<u>603,495</u>	
Total assets						<u><u>969,977</u></u>	
Segment liabilities	79,829	165,771	40,035	285,635	13,446	299,081	
<i>Reconciliation:</i>							
Elimination of intersegment payables						(31,129)	
Corporate and other unallocated liabilities						<u>8,969</u>	
Total liabilities						<u><u>276,921</u></u>	
Other segment information:							
Depreciation and amortisation	6,619	53,273	11,150	71,042	5,826	76,868	
Capital expenditure*	4,124	16,722	1,654	22,500	9,795	32,295	
Impairment of goodwill	–	9,612	10,403	20,015	–	20,015	
	<u>–</u>	<u>9,612</u>	<u>10,403</u>	<u>20,015</u>	<u>–</u>	<u>20,015</u>	

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

5. REVENUE

An analysis of the Group's revenue from continuing operations is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Revenue from contracts with customers within the scope of HKFRS15		
Provision of corporate healthcare solution services in		
Hong Kong and Macau	235,212	231,104
Medical	216,138	209,418
Dental	19,074	21,686
Provision of clinical healthcare services in Hong Kong and Macau	393,058	348,368
Medical	337,435	292,941
Dental	55,623	55,427
Mainland China Clinical Healthcare Business	37,589	36,889
TOTAL	<u>665,859</u>	<u>616,361</u>

Disaggregated revenue information from continuing operations

For the year ended 30 June 2022

Segments

	Corporate Healthcare Solution Services <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services			
Medical services	216,138	375,024	591,162
Dental services	19,074	55,623	74,697
Total revenue from contracts with customers	<u>235,212</u>	<u>430,647</u>	<u>665,859</u>
Geographical markets			
Hong Kong	220,497	389,438	609,935
Mainland China	–	37,589	37,589
Macau	14,715	3,620	18,335
Total revenue from contracts with customers	<u>235,212</u>	<u>430,647</u>	<u>665,859</u>

For the year ended 30 June 2021

Segments

	Corporate Healthcare Solution Services <i>HK\$'000</i> (Restated)	Clinical Healthcare Services <i>HK\$'000</i> (Restated)	Total <i>HK\$'000</i> (Restated)
Type of services			
Medical services	209,418	329,830	539,248
Dental services	21,686	55,427	77,113
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	231,104	385,257	616,361
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Geographical markets			
Hong Kong	214,365	344,724	559,089
Mainland China	–	36,889	36,889
Macau	16,739	3,644	20,383
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	231,104	385,257	616,361
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6. OTHER INCOME AND GAINS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Administrative support fees	342	803
Bank interest income	97	114
Interest income on financial assets at amortised cost	1,211	2,881
Interest income on investments at fair value through other comprehensive income	–	281
Interest income from finance lease	46	–
Rental income	540	709
Dividend income from investments at fair value through other comprehensive income	2,377	85
Fair value gain on financial assets at fair value through profit or loss, net	–	188
Gain on disposal of subsidiaries	39	2,610
Gain on deemed disposal of previously held interest in an associate	14,806	1,576
Others	1,964	2,061
	21,422	11,308

7. PROFIT BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Professional services expenses	238,035	217,498
Depreciation of property, plant and equipment	22,163	19,009
Depreciation of right-of-use assets	54,625	47,543
Amortisation of other intangible assets	1,829	4,490
Equity-settled share-based payment expense (including employees, professional consultants and other business partner) (<i>note (i)</i>)	(1,247)	1,833
Foreign exchange differences, net	315	1,300
Write-off of items of property, plant and equipment	343	–
Lease modification	(76)	(6)
Impairment of goodwill	–	20,015
Impairment of prepayments, other receivables and other assets	–	4,082
Lease payments not included in the measurement of lease liabilities	2,108	3,806
Fair value losses/(gain) on financial assets at fair value through profit or loss, net (<i>note (iii)</i>)	4,825	(188)
Fair value loss on other assets	–	910
Expected credit loss of financial asset at amortised cost	6,240	–
Government subsidies (<i>note (ii)</i>)	(4,176)	(14,559)
	<u>238,035</u>	<u>217,498</u>

Notes:

- (i) The balance included the lapse of unvested share option in the share option schemes. The corresponding equity-settled share based payment expense of HK\$6,222,000 was reversed in the line item of “Employee benefit expense” in the consolidated statement of profit or loss (2021: Nil).
- (ii) The subsidies were granted under Employment Support Scheme from the Government of Hong Kong Special Administrative Region and were deducted in the line item of “Employee benefit expense” in the consolidated statement of profit or loss. There were no unfulfilled conditions relating to the grant.
- (iii) The net fair value gain was credited in the line item of “other income and gains” in the consolidated statement of profit or loss. The net fair value loss was debited in the line item of “other expenses, net” in the consolidated statement of profit or loss.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

The amount of income tax from continuing operations charged to the consolidated income statement represents:

	2022	2021
	HK\$'000	HK\$'000
		(Restated)
Current – Hong Kong		
Charge for the year	15,116	18,994
Over-provision in prior years	(984)	(12)
Current – Elsewhere		
Charge for the year	518	694
Withholding tax	(85)	69
Under/(over)-provision in prior years	6	(31)
Deferred	(2,625)	66
	<hr/>	<hr/>
Total tax charge for the year	11,946	19,780
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final 2021 – HK2.80 cents (2020: HK2.65 cents) per ordinary share	21,710	20,293
Less: Dividend for shares held under the share award scheme	<u>(272)</u>	<u>(233)</u>
	<u>21,438</u>	<u>20,060</u>
Interim 2022 – HK1.50 cent (2021: HK1.00 cent) per ordinary share	11,890	7,754
Less: Dividend for shares held under the share award scheme	<u>(151)</u>	<u>(96)</u>
	<u>11,739</u>	<u>7,658</u>
	<u>33,177</u>	<u>27,718</u>
Dividend proposed after the end of the reporting period:		
Proposed final 2022 (with scrip option) – HK3.00 cents (2021: HK2.80 cents, with scrip option) per ordinary share	<u>23,780</u>	<u>21,710</u>

The proposed final 2022 dividend of HK3.00 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\$72,168,000 (2021: HK\$34,834,000), and the weighted average number of ordinary shares of 772,787,744 (2021: 760,907,224) 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\$72,168,000 (2021: HK\$34,834,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 772,787,744 (2021: 760,907,224) 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 366,353 (2021: Nil) assumed to have been issued at no consideration on the deemed exercise of all share options and warrants (2021: share options and warrants) into ordinary shares.

The weighted average number of ordinary shares for the years ended 30 June 2022 and 2021 have been adjusted to reflect the bonus element in respect of scrip dividend distributed during the year.

11. GOODWILL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At the beginning of year	164,768	171,264
Acquisitions of subsidiaries/business (<i>note 17</i>)	–	18,768
Impairment	–	(20,015)
Reclassified as disposal groups held for sale	–	(5,249)
	<hr/>	<hr/>
At the end of year	164,768	164,768
	<hr/> <hr/>	<hr/> <hr/>

12. FINANCIAL ASSETS AT AMORTISED COST

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Financial assets at amortised cost	18,865	33,071
	<hr/>	<hr/>
Analysed into:		
Non-current portion	–	19,025
Current portion	18,865	14,046
	<hr/>	<hr/>
	18,865	33,071
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2022, the Group's financial assets at amortised cost represented listed debt investments with fixed maturity dates between 2022 and 2023 (2021: 2022 and 2023) and fixed interest rates ranging from 4.25% to 6.875% per annum (2021: 4.25% to 8.5% per annum).

13. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Investments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	3,885	5,367
Listed equity investment, at fair value	27,632	18,236
	<hr/>	<hr/>
	31,517	23,603
	<hr/> <hr/>	<hr/> <hr/>

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, the Group received dividends in the approximate amounts of HK\$90,000 (30 June 2021: Nil) and HK\$2,287,000 (30 June 2021: HK\$85,000) from an unlisted equity investment and a listed equity investment, respectively.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	54,110	50,580
1 to 2 months	11,546	13,710
2 to 3 months	10,456	6,230
Over 3 months	5,302	12,844
	<u>81,414</u>	<u>83,364</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	27,604	37,560
1 to 3 months	11,089	23,860
Over 3 months	364	765
	<u>39,057</u>	<u>62,185</u>

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

16. SHARE CAPITAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2021: 5,000,000,000) ordinary shares of HK\$0.001 (2021: HK\$0.001) each	<u>5,000</u>	<u>5,000</u>
Issued and fully paid:		
792,666,555 (2021: 775,350,089) ordinary shares of HK\$0.001 (2021: HK\$0.001) each	<u>793</u>	<u>775</u>

The movements in the Company's authorised and issued share capital during the years ended 30 June 2022 and 2021 are as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised:			
At 1 July 2020, at 30 June 2021, at 1 July 2021 and at 30 June 2022		<u>5,000,000,000</u>	<u>5,000</u>
Issued and fully paid:			
At 1 July 2020		765,759,953	766
Shares issued in lieu of cash dividend	(a)	<u>9,590,136</u>	<u>9</u>
At 30 June 2021 and at 1 July 2021		775,350,089	775
Shares issued in lieu of cash dividend	(b)	<u>17,316,466</u>	<u>18</u>
At 30 June 2022		<u>792,666,555</u>	<u>793</u>

- (a) On 20 November 2020, the Company's shareholders approved at the annual general meeting a final dividend of HK2.65 cents per ordinary share payable in cash with a scrip dividend alternative (the "Scrip Dividend Scheme 2020") for the year ended 30 June 2020 (the "2020 Final Dividend"). During the year ended 30 June 2021, 9,590,136 new shares were issued by the Company at a deemed price of \$1.19 per ordinary share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash to settle the 2020 Final Dividend of HK\$11,412,639. The remaining balance of the 2020 Final Dividend of HK\$8,880,000 was satisfied by cash. Further details of the Scrip Dividend Scheme 2020 are set out in the Company's circular dated 18 December 2020.
- (b) On 26 November 2021, the Company's shareholders approved at the annual general meeting a final dividend of HK2.80 cents per ordinary share payable in cash with a scrip dividend alternative ("the Scrip Dividend Scheme") for the year ended 30 June 2021 (the "2021 Final Dividend"). During the year ended 30 June 2022, 17,316,466 new shares were issued by the Company at a deemed price of HK\$0.78 per ordinary share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash to settle the 2021 Final Dividend of HK\$13,506,802. The remaining balance of the 2021 Final Dividend of HK\$8,203,000 was satisfied by cash. Further details of the Scrip Dividend Scheme are set out in the Company's circular dated 24 December 2021.

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 below transaction during the year ended 30 June 2021. No business acquisition transaction was undertaken by the Group in the current year.

On 25 March 2021, the Group entered into a sale and purchase agreement to acquire the remaining 75% equity interest in Flash Mover Limited ("Flash Mover") at a total consideration of HK\$15,120,000. The principal activity of Flash Mover is the provision of MRI services. During the year ended 30 June 2021, the Group has recognised identifiable net assets of HK\$657,000 and goodwill of HK\$18,768,000 in connection with the acquisition of Flash Mover in accordance with HKFRS 3 (Revised) *Business Combinations*.

18. DISCONTINUED OPERATION

On 31 December 2021, 55% shareholding of UMP Healthcare China Group and its emerging healthcare business in the GBA, was disposed at a consideration of HK\$22 million. Subsequent to the transaction, the Group's shareholding in UMP Healthcare China Group decreased from 80% to 25% and the Group ceased control over UMP Healthcare China. As a result, UMP Healthcare China Group have become associates of the Group. As the disposed business is considered as a major line of business, the corresponding operation had been classified as a discontinued operation as a result of the completion of disposal. The consolidated statements of profit or loss and other comprehensive income distinguished the discontinued operation from the continuing operations, and the comparative figures have been restated accordingly.

The results of these discontinued operation for the years ended 30 June 2022 and 2021 are set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
REVENUE	6,099	6,404
Other income and gains	5,379	111
Professional services expenses	(3,571)	(3,841)
Employee benefit expense	(9,374)	(21,468)
Property rental and related expenses	–	(509)
Cost of inventories consumed	(362)	(307)
Depreciation and amortisation	(4,212)	(5,826)
Other expenses, net	(8,025)	(13,252)
Finance cost	(149)	(349)
	<hr/>	<hr/>
LOSS BEFORE TAX	(14,215)	(39,037)
Income tax expense	–	(3)
	<hr/>	<hr/>
	(14,215)	(39,040)
Gain on disposal of discontinued operation	15,412	–
	<hr/>	<hr/>
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATION	1,197	(39,040)
	<hr/> <hr/>	<hr/> <hr/>

The disposal was completed on 31 December 2021. The carrying amounts of assets and liabilities as at 31 December 2021, the disposal date, were as follow:

	<i>HK\$'000</i>
Property, plant and equipment	14,158
Right-of-use assets	5,534
Investments at fair value through other comprehensive income	494
Deposits	2,101
Inventories	167
Trade receivables	1,585
Prepayments, other receivables and other assets	1,272
Cash and cash equivalents	24,349
Trade payables	(2,191)
Other payables and accruals	(3,778)
Lease liabilities	(6,121)
Amounts due to related companies	(17,143)
Non-controlling interest	(4,086)
	<u>16,341</u>
Gain on disposal	15,412
Release of reserve upon disposal	(1,786)
	<u><u>29,967</u></u>
Represented by:	
Cash consideration received	22,000
Fair value of the Group's existing shareholding	7,967
	<u><u>29,967</u></u>

Analysis of net outflow of cash and cash equivalents in respect of the disposal of UMP Healthcare China Group as at 31 December 2021, the disposal date were as follows:

	<i>HK\$'000</i>	
Satisfied by:		
Cash consideration received		22,000
Cash and cash equivalents disposed of		<u>(24,349)</u>
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries		<u><u>(2,349)</u></u>
Cash flows from discontinued operation		
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(5,922)	(28,189)
Net cash used in investing activities	(5,415)	(9,795)
Net cash used in financing activities	<u>(2,337)</u>	<u>(4,106)</u>
Net cash used in discontinued operation	<u><u>(13,674)</u></u>	<u><u>(42,090)</u></u>

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. The extension of third party administration service to our insurance company clients is an important offering among UMP's corporate healthcare solutions. 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 2022, the UMP Network comprises approximately 1,000 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, medical imaging and laboratory services 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.

Medical imaging and laboratory services are an integral part of medical and health care. UMP, through its Procure medical group, provides one-stop and comprehensive imaging and laboratory services. Equipped with many advanced imaging equipment including PET-CT, MRI, CT Scan, Ultrasound, Mammography and X-ray and testing facilities, we provide extensive and reliable medical diagnosis and laboratory services. UMP can provide a wide range of imaging and laboratory services at our own laboratory, including Haematology, Immunology, Microbiology, Molecular Biology, Cytology, and Histology, as well as Urinalysis, Stool Analysis, Allergy Test and Drug Test. As at 30 June 2022, the Group operates a total of 12 advanced imaging and laboratory centres in Hong Kong Island, Kowloon and the New Territories, including its own registered laboratory in Hong Kong. On 1 June 2022, ProCare Lab was recognised by the Hong Kong Laboratory Accreditation Scheme (HOKLAS) under the Hong Kong Government's Innovation and Technology Commission.

For auxiliary services, UMP provides services such as physiotherapy and vision care.

3. Mainland China Clinical Healthcare Services

Our Mainland China Clinical Healthcare Services currently consists of (i) health check-up business and (ii) selected outpatient services such as family medicine within the clinics we own and operate.

BUSINESS REVIEW

Hong Kong, Macau and the GBA have been heavily impacted by the COVID-19 variants during much of the FY2022. During the year under review, the Group has refined its business development strategies through group reorganisation, expansions and reallocated resources to boost our competitive strength and improve our operational efficiency.

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line has marginally increased by 2.0% from HK\$232.4 million to HK\$237.0 million (before inter-segment elimination) and our operating profit (operating profit before tax and before non-recurring items) has decreased by 38.8% from HK\$57.7 million to HK\$35.3 million. The results are primarily due to the patient visits last year being severely impacted by COVID-19.

During the year under review, notwithstanding the adverse impact on the global economy arising from the COVID-19 pandemic, many of our corporate customers face challenges in this complex business environment. However, we have achieved continued success in retaining customers in Hong Kong and Macau. Our clients range from small and medium sized enterprises to multinational businesses. Faced with the pressure on the demand of products volume and pricing, the Group continued to repackage our healthcare solutions service product which received positive responses from our customers and brought satisfactory contributions to the Group as a whole. As of 30 June 2022, the UMP medical network maintained approximately 1,000 points of service across Hong Kong and Macau to serve our corporate and individual customers.

The COVID-19 pandemic exerts an unprecedented impact on different industries, including the healthcare industry. However, we continued to believe that a dedication to upgrading our operating system through digitalisation is a requisite strategic maneuverer. With the use of our self-invented digital corporate electronic medical cards and electronic claim vouchers system, we have created a fully digital medical journey, which also helped reduce physical contact between our staff and patients. The Group will continue to contribute significant resources to strengthen our operating system and improve our service quality with the use of technology. The Board believes that the investment will bring long-term returns and increase our competitiveness.

Hong Kong & Macau Clinical Healthcare Services

Revenue for this business line has increased by 11.4% from HK\$449.3 million to HK\$500.4 million (before inter-segment elimination) and our operating profit (operating profit before tax and before non-recurring items) has decreased by 14.9% from HK\$80.6 million to HK\$68.6 million. This is mainly attributable to the impact of COVID-19 and our increase in people and operating expenses to support our business development.

(i) Clinical Medical Services

Our extensive clinical chains have been developed over the years, which support our corporate healthcare solution service unit and, on the other hand, serve walk-in patients. The city-wide lockdown in February and March of 2022 had a negative impact on our general practice clinics. However, the performance from service from specialty practices, dental, and health assessment services is not significantly affected, resulting in an overall increase in revenue in the clinic medical and dental service during the FY2022. A continued demand for health assessment services provided a satisfactory growth in revenue and contribution to the Group that helped offset the otherwise negative impact of the pandemic.

During the year under review, pursuant to the Acquisition (as mentioned below) in May 2022, besides the advanced imaging equipment, we have also acquired multi-service medical and treatment facilities suitable for operating day-surgeries, preventive health check-ups, general and specialist consultations and vaccinations. The Group now operates a new one-stop advanced imaging and multi-service medical centre at the most strategic location in Hong Kong. It is equipped with state-of-the-art medical equipment and facilities. Operated by an experienced professional medical team, the new centre will provide one-stop medical services, including, amongst others, day surgery, medical diagnosis, radiological diagnosis, and health assessment.

Further, in June 2022, in addition to the earlier purchase of the advanced imaging and multi-service medical facilities at One Chinachem Central, the Group further purchased additional physiotherapy and oncology medical facilities at 12/F and 20/F, respectively, at the same building (“the Second Purchase”). The medical facilities purchased in the Second Purchase consist of (i) physiotherapy-used focused shockwave therapy machine, high-intensity laser machine and electrotherapy and ultrasound equipment; (ii) chemotherapy cleanroom for oncology centre; and (iii) other physiotherapy and oncology equipment. Upon the completion of the Second Purchase, by including a new oncology centre and a new multifunctional physiotherapy centre to form part of the whole multi-service medical centre, UMP fortifies its presence at one of the most strategic locations in Central. The new multi-service centre will further strengthen the scope of our clinic medical services and is expected to bring significant operating contribution to the Group.

(ii) Medical Imaging and Laboratory Services

During the year under review, revenue for medical imaging and laboratory services has significantly jumped by 30.4% from approximately HK\$113.0 million in FY2021 to approximately HK\$147.3 million in FY2022 (before inter-segment elimination) and its operating profit has reported a slightly increase of 2.9% from approximately HK\$21.6 million in FY2021 to approximately HK\$22.3 million in FY2022. The increase in revenue and operating profit is mainly attributable to continuing increase in demand of body health check and imaging and laboratory services and the ramp up of certain integrated imaging service centres during FY2022.

The Group is proactively exploring expansion opportunities, aiming to solidify the foundation of its business, and expand its business of advanced medical imaging services and other ancillary medical services.

Through its investment and development of the imaging and laboratory business in past years, the clinical medical imaging and laboratory service of the Group has become one of its key growth drivers.

In May 2022, the Group entered into an asset purchase agreement for the purchase of advanced imaging equipment and multi-service medical facilities in prime Central district in Hong Kong (the “Acquisition”).

The purchased imaging machinery and medical facilities included MRI, CT Scan, ultrasound, digital 3D mammogram, X-ray, bone dexa scan and other medical imaging and laboratory devices. The Acquisition will consolidate and uplift the service capability and quality of service in the diagnostic imaging and laboratory business and strengthen the Group’s customer base, creating a synergistic contribution to the overall healthcare business. Besides the advanced imaging assets, the Acquisition also includes state-of-the-art medical facilities suitable for, amongst others, operating day-surgeries, preventive health check-ups, general and specialist consultations and vaccinations.

This newly-purchased imaging and multi-service medical facilities, together with the Group’s existing multi-service medical centres in Central, means that the Group now operates and possesses one of the largest multi-service medical facilities resources in Central with total gross floor areas of approximately 70,000 square feet. Such facilities will empower the Group to deliver all-rounded efficient medical and healthcare services to our customers. The Acquisition will enhance the Group’s long-term development and strengthen the Group’s competitiveness in the healthcare industry.

Due to the increasing health awareness and high demand for healthcare services by an ageing population in Hong Kong, the Board believes that the demand for advanced medical imaging services and other ancillary medical services are increasing with enormous potential and will become one of the key revenue contributors to the Group. Leveraging our scales of clinical medical imaging and laboratory service, we have the privilege of attracting and retaining more radiologists and relevant services teams to provide efficient and high-quality services. The Board believes that strong professional medical team and extended service scale will strengthen our market position in the clinical imaging and laboratory business.

Our ProCare Medical Imaging and Laboratory Centre (“ProCare Lab”), an indirect wholly-owned subsidiary of the Group, was recognised by the Hong Kong Laboratory Accreditation Scheme (HOKLAS) under the Hong Kong Government’s Innovation and Technology Commission on 1 June this year. This is testament to our capability to provide international service standard and technical requirements. With this certification, the Group is now eligible to take part in the bidding of medical laboratory services tenders of the Hong Kong government, including testing of infectious diseases, clinical microbiology, and haematology. As a result of this qualification, it is also expected that the Group would become one of the favourable service providers to a wide range of corporate clients.

Mainland China Clinical Healthcare Services

Revenue for this business line has increased by 1.9% from HK\$36.9 million to HK\$37.6 million (before inter-segment elimination) primarily due to the increase in the average spend per visit, while our operating result has improved from operating loss (operating loss before tax and before non-recurring items) of HK\$13.9 million to operating profit (operating profit before tax and before non-recurring items) of HK\$1.5 million.

Medical service teams in Mainland China principally provide healthcare check-up services and selected outpatient family medical services mainly in Beijing and Shanghai. Driven by a massive demand for quality healthcare services in Mainland China, the performance of the Mainland China clinical healthcare business maintained momentum and reported an encouraging growing result in the second half of 2021. Although they were affected by the outbreak of the Omicron variants in Mainland China during the first half of 2022, especially in Shanghai, where the city was on lockdown for about three months and brought operating pressure to our healthcare business, we are pleased to see that the spread of Omicron variants has been under control and city-wide restrictions ended in June 2022. Many businesses reopened and began to operate in June 2022. And our healthcare business in Shanghai resumed in June 2022 and have made contributions to the Group.

Repositioning of our Business Development in Greater Bay Areas of Mainland China

By engaging with medical professionals through education and hands-on practice, during the past few years, we have invested in developing the revered General Practice Oriented Learning and Development (“GOLD™”) Training Programme and the innovative public-private-partnership (“PPP”) medical centres with a focus in the GBA. GOLD™ Training Programme provided multi-level, evidence-based practical training for GPs in Mainland China. The excellence of the programme can be validated by the accreditation by the Royal College of General Practitioners, and was quickly recognised by Chinese local municipal governments. Together with the following GOLD™-EN Training Programme for nurses, this emerging business (the “Emerging Business”) provided a sturdy foundation for our business development in Mainland China.

However, over the years of developing the healthcare industry in Mainland China, during the year under review, the Emerging Business was still at the investment stage of building business momentum; hence, it required a more extended period of time to generate meaningful revenue and operating profit. Investment in the Emerging Business was expected to continue to bring pressure to the profitability of the Group, while such business continues to require significant capital to grow. Therefore, the Board of Directors, after due consideration, decided to sell the controlling stake of the Emerging Business (the “Reorganisation”) to Chow Tai Fook Enterprises Limited (“CTFE,” a substantial shareholder of the Company) in December 2021.

Immediately upon completion of the Reorganisation, the Group’s shareholding in UMP Healthcare China Limited decreased from 80% to 25%, and the Group ceased control over UMP Healthcare China Limited. As a result, UMP Healthcare China Limited and its subsidiaries have become the associates of the Group. Please refer to the announcement dated 22 December 2021 for further details.

Prior to the completion of Reorganisation, revenue for this business line has decreased by 4.8% from HK\$6.4 million to HK\$6.1 million (before inter-segment elimination) due to half year effect in income from our training business and online medical services from June 2021 to December 2021, while the operating loss (operating loss before tax and before non-recurring items) has decreased by 63.6% from HK\$39.0 million to HK\$14.2 million.

The Reorganisation will enable the Group to focus more on its core business of corporate healthcare solutions and clinical services in Hong Kong and Macau, which has been operating optimally and generating strong cash flows, and will enable the Group to continue maintaining a significant strategic stake in the Emerging Business. As at 30 June 2022, the Group still maintained certain significant interests through its associated company.

The following table sets out the revenue and operating profit for our business lines for FY2022 and FY2021 for comparison:

Revenue by business lines

	Year ended 30 June		Increase/(decrease)	
	2022	2021	Increase/(decrease)	%
	HK\$'000	HK\$'000	HK\$'000	
Continuing operations:				
<i>Hong Kong & Macau:</i>				
Corporate Healthcare				
Solution Services	236,976	232,367	4,609	2.0%
Clinical Healthcare Services	500,419	449,346	51,073	11.4%
<i>Mainland China:</i>				
Clinical Healthcare Services	37,589	36,889	700	1.9%
Total revenue from continuing operations before elimination of inter-service units sales	774,984	718,602	56,382	7.8%
<i>Reconciliation:</i>				
Elimination of inter-business lines sales	(109,125)	(102,241)	(6,884)	6.7%
Total revenue from continuing operations	665,859	616,361	49,498	8.0%
Discontinued operation	6,099	6,404	(305)	(4.8%)
TOTAL REVENUE	671,958	622,765	49,193	7.9%

Operating profit by business lines

	Year ended 30 June		Increase/(decrease)	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	<i>HK\$'000</i>	%
Continuing operations:				
<i>Hong Kong & Macau:</i>				
Corporate Healthcare				
Solution Services	35,284	57,690	(22,406)	(38.8%)
Clinical Healthcare Services	68,602	80,590	(11,988)	(14.9%)
<i>Mainland China:</i>				
Clinical Healthcare Services	<u>1,534</u>	<u>(13,904)</u>	15,438	111.0%
Total operating profit from continuing operations	105,420	124,376	(18,956)	(15.2%)
Discontinued operation	<u>1,197</u>	<u>(39,037)</u>	40,234	103.1%
TOTAL OPERATING RESULTS	<u>106,617</u>	<u>85,339</u>	21,278	24.9%

FINANCIAL REVIEW

FY2022 compared to FY2021

Revenue from continuing operations

During FY2022, 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 clinical healthcare services in Mainland China.

Total consolidated revenue from continuing operations increased by 8.0% from HK\$616.4 million in FY2021 to 665.9 million in FY2022, primarily due to strong growth in our imaging and specialist lines of business and health assessments performed, which enjoy relatively higher margin.

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 (after inter-segment elimination) increased by 1.8% from HK\$231.1 million in FY2021 to HK\$235.2 million in FY2022.

Our corporate healthcare solutions services revenue model falls under two main categories, those subject to capitation plans, and those charged on a fee-for-service basis. Total registered members under capitation schemes decreased by approximately 5.0% during FY2022 reflecting a cut-back in insured members and employees, an underlying impact of COVID-19 as certain sectors such as travel, hospitality and retail being hit hard.

With this backdrop, patient visit count was up 0.2% while average spend per visit had also increased.

Provision of clinical healthcare services in Hong Kong and Macau

Revenue from the provision of clinical healthcare services in Hong Kong and Macau (after inter-segment elimination) increased by 12.8% from HK\$348.4 million in FY2021 to HK\$393.1 million in FY2022.

This revenue growth in our clinical healthcare services was mainly attributable to strong growth in our specialist lines of business, health assessments performed and medical imaging and laboratory services which enjoy relatively higher margin.

Revenue from the provision of medical imaging and laboratory services in Hong Kong and Macau (after inter-segment elimination) significantly increased by 33.8% from approximately HK\$88.9 million in FY2021 to approximately HK\$118.9 million in FY2022. The increase in revenue is mainly attributable to continuing increase in demand of body health check and imaging and laboratory services and the vamp up of certain integrated imaging service centres during FY2022.

Mainland China Healthcare Services

Revenue contribution from Mainland China Clinical Healthcare Services increased by 1.9% from HK\$36.9 million in FY2021 to HK\$37.6 million in FY2022, primarily due to an increase in average spend per visit.

Professional Services Expenses

Professional services expenses primarily comprise fees paid to Doctors, Dentists and Auxiliary Services Providers for Medical Services, Dental Services, medical imaging and laboratory 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 9.4% from HK\$217.5 million for FY2021 to HK\$238.0 million for FY2022, in line with the nature of the services provided and turnover growth during the year.

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 29.9% from HK\$126.8 million for FY2021 to HK\$164.7 million for FY2022. The increase in employee benefit expense reflects the Group's talent strategy as we continue to increase the talent pool in preparation for the next phase of our development. While the employee benefit expense is not a direct variable cost, its increase is in line with business growth.

Property Rental and Related Expenses

Property rental and related expenses increased by 7.8% from HK\$10.3 million for FY2021 to HK\$11.1 million for FY2022, which is in line with business growth.

Other Expenses, Net

Other expenses, net primarily comprise provision for and reversals of impairment of goodwill, prepayments, other receivables and other assets and general overhead expenses such as utilities, operating and other administrative expenses such as professional fees, repair and maintenance expenses incurred with respect to the Group's offices and medical equipment, printing expenses and bank charges.

Other expenses, net, decreased by 11.7% from approximately HK\$74.5 million for FY2021 to HK\$65.8 million for FY2022, primarily due to the impairment of goodwill of HK\$20.0 million in FY2021, which did not incur in FY2022.

Summary of operational data for FY2022 with comparative figures for FY2021:

Revenue by operating segment from continuing operations

	Year ended 30 June		Increase/ (decrease)
	2022	2021	
	HK\$'000	HK\$'000	
Provision of corporate healthcare solution services in Hong Kong and Macau	235,212	231,104	1.8%
Medical	216,138	209,418	3.2%
Dental	19,074	21,686	(12.0%)
Provision of clinical healthcare services in Hong Kong and Macau	393,058	348,368	12.8%
Medical	218,544	204,052	7.1%
Medical imaging and laboratory services	118,891	88,889	33.8%
Dental	55,623	55,427	0.4%
Mainland China Clinical Healthcare Services	37,589	36,889	1.9%
TOTAL	665,859	616,361	8.0%

Number of visits by operating segment from continuing operations

	Year ended 30 June		Increase/ (decrease)
	2022	2021	
	HK\$'000	HK\$'000	
Provision of corporate healthcare solution services in Hong Kong and Macau	849,405	848,024	0.2%
Medical	824,315	820,648	0.4%
Dental	25,090	27,376	(8.4%)
Provision of clinical healthcare services in Hong Kong and Macau	255,609	245,620	4.1%
Medical	154,751	153,327	0.9%
Medical imaging and laboratory services	70,526	62,853	12.2%
Dental	30,332	29,440	3.0%
Mainland China Clinical Healthcare Services	28,640	31,021	(7.7%)
TOTAL	<u>1,133,654</u>	<u>1,124,665</u>	0.8%

KEY FINANCIAL POSITION ITEMS

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

In May and June 2022, our Group entered a new lease with landlord to rent six floors of space in One Chinachem Central for our integrated imaging centre and multi-service medical centre over a lease term of 4 years. It accounted for as new addition of right-of-use assets. As at 30 June 2022, the Group's right-of-use assets amounted to HK\$136.0 million (30 June 2021: HK\$73.7 million).

Goodwill

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

As at 30 June 2022 the Group's goodwill amounted to HK\$164.8 million (30 June 2021: HK\$164.8 million).

Investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at amortised cost

Investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at amortised cost primarily represent unlisted equity investments at fair value, listed equity and debt investments at fair value and investment funds. Certain equity investments are designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

As at 30 June 2022, the Group's investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at amortised cost amounted to HK\$31.5 million, HK\$28.5 million and HK\$18.9 million (30 June 2021: HK\$23.6 million, HK\$27.1 million and HK\$33.1 million), respectively. The increase of investments at fair value through other comprehensive income is primarily due to changes in fair value. The decrease of financial assets at amortised cost is due to its redemption and recognition of expected credit loss.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 June	
	2022	2021
	HK\$'000	HK\$'000
Current Assets	432,816	493,372
Current Liabilities	194,480	222,760
Net Current Assets	238,336	270,612
Current Ratio	2.23	2.21

The Group's current ratio was 2.23 as at 30 June 2022 (30 June 2021: 2.21), reflecting a strong liquidity in its financial position. Working capital position of the Group remains strong.

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 2022, the Group had cash and cash equivalents of HK\$235.7 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 2022, the Group had no net debt. The Group's gearing ratio was zero as at 30 June 2022.

CAPITAL STRUCTURE

Issue of unlisted warrants

The Company entered into a subscription agreement with Zheng He and LAW Siu Wah, Eddie, the ultimate beneficial owner and ultimate controller of Zheng He on 24 October 2018.

Details regarding the issue of unlisted warrants were already 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. On 6 December 2018, the Company issued an aggregate of 110,411,000 Warrants to three (3) Zheng He Parties as nominated by Zheng He, entitling them to subscribe for up to an aggregate of 110,411,000 Warrant Shares at HK\$2.06 per Warrant Share in accordance with the terms and conditions of the Warrant Instrument. During FY2019, 36,803,667 Warrants were vested and the remaining 73,607,333 unvested and unexercised Warrants lapsed on 14 November 2019. The subscription price of 36,803,667 Warrants were adjusted due to the distribution of the interim and/or final dividends during each of the financial years 2019, 2020 and 2021

which resulted in the adjustment of the subscription price of the issued unlisted warrants of the Company from HK\$2.06 to HK\$1.9382 as at 30 June 2021 in accordance with the Warrant Instrument. During FY2022, the remaining 36,803,667 unexercised warrants lapsed on 5 June 2022. As at 30 June 2022, there was no unexercised warrants outstanding.

There has been no change in the capital structure of the Company during the year ended 30 June 2022. The capital of the Company comprises ordinary shares and other reserves.

SIGNIFICANT INVESTMENTS HELD

Save for the Investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at amortised cost held by the Group, as elaborated in further details in the section headed “FINANCIAL REVIEW” of this announcement, the Group did not hold any significant investment as at 30 June 2022.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

On 31 December 2021, 55% shareholding of UMP Healthcare China Limited, the then indirect non-wholly owned subsidiary of the Company, was disposed of at a consideration of HK\$22 million. Upon the completion of the Reorganisation, the Group’s shareholding in UMP Healthcare China Limited decreased from 80% to 25% and the Group ceased control over UMP Healthcare China Limited. As a result, UMP Healthcare China Limited and its subsidiaries have become the associates of the Group. A resulting gain on disposal of HK\$15.4 million was recognised in profit or loss during the year.

Subsequent to the Reorganisation, there was a further deemed disposal of 11.5% interest in UMP Healthcare China Limited. A gain on disposal of HK\$14.8 million was recognised as a result of the subsequent equity dilution in March 2022.

Save as disclosed in this announcement, there was no material acquisition or disposal of subsidiaries undertaken by the Group during FY2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any specific future plan for material investments or capital assets as of 30 June 2022.

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, medical imaging and laboratory and Auxiliary Services centres. For FY2022, the Group incurred capital expenditure in an aggregate amount of approximately HK\$84.5 million (FY2021: HK\$32.3 million).

INDEBTEDNESS

Contingent Liabilities

As at 30 June 2022, the Group did not have any material contingent liabilities.

Capital Commitment

As at 30 June 2022, the Group has material capital commitments of approximately HK\$22.4 million in relation to the acquisition of property, plant and equipment.

TREASURY MANAGEMENT

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During FY2022, the Group's receipts were mainly denominated in Hong Kong dollars and Renminbi. Payments were mainly made in Hong Kong dollars and Renminbi. Cash was generally placed in short-term deposits denominated in Hong Kong dollars.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as the interest rates currently remain at low level.

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 2022, the Group has pledged certain deposits with an aggregate carrying amount of HK\$2.4 million (30 June 2021: HK\$1.9 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 2022, the Group had a total of 449 full-time employees (30 June 2021: 519 full-time employees). For FY2022, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK\$164.7 million (FY2021: HK\$126.8 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 2022, 23,822,000 options under the Pre-IPO Share Option Scheme remained outstanding. Under the Pre-IPO Share Option Scheme, 3,186,000 options were lapsed and no share options have been exercised during FY2022. As at 30 June 2022, 26,310,000 options under the Post-IPO Share Option Scheme remained outstanding. Under the Post-IPO Share Option Scheme, 9,976,000 options were lapsed and no share options have been exercised during FY2022.

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 FY2022, no awarded shares have been granted under the Share Award Scheme, no awarded shares have been vested and 5,580,000 awarded shares were lapsed.

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 HK3.00 cents per Share for FY2022 (FY2021: HK2.80 cents) and proposes that Shareholders be given the option to receive the proposed 2022 final dividend of HK3.00 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 2022 AGM and the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto. The proposed 2022 final dividend is expected to be distributed on Friday, 27 January 2023 to the Shareholders whose names appear on the Register of Members of the Company on Friday, 9 December 2022. A circular containing details of the Scrip Dividend Option will be despatched together with a form of election for scrip dividend in December 2022.

ANNUAL GENERAL MEETING

The 2022 AGM will be held on Friday, 25 November 2022 at 2:30 p.m.. A notice convening the 2022 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 2022 AGM

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Tuesday, 22 November 2022 to Friday, 25 November 2022, 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 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 21 November 2022.

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, 8 December 2022 to Friday, 9 December 2022 (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 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 December 2022.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance practices and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code during FY2022, save for the deviation from code provisions C.2.1 and C.5.1 as mentioned below.

According to code provision C.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.

According to code provision C.5.1 of the Corporate Governance Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, the Board held 3 regular Board meetings. The significant matters concerning the business activities and operation of the Group had been either duly reported, discussed and resolved at the 3 regular Board meetings or dealt with by the Board by way of written resolutions for expeditious commercial decisions making purposes.

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 FY2022.

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 FY2022.

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

The financial 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 FY2022 as set out in the preliminary announcement have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 auditor.

AUDIT COMMITTEE

Audit Committee comprises three independent non-executive Directors, namely Mr. LEE Luen Wai, John (chairman), Dr. LI Kwok Tung, Donald 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 FY2022, 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 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 FY2022.

EVENTS AFTER REPORTING PERIOD

In August 2022, the Group entered into a series of contracts with a vendor to purchase medical equipment at an aggregate consideration of HK\$74,000,000. For details, please refer to the announcements dated 31 August 2022 and 6 September 2022.

OUTLOOK AND FUTURE DEVELOPMENT

A review of the business of the Group during the year and discussion on the Group's future business development are set out on pages 5 and 31 to 38 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 FY2022 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

“2022 AGM”	the annual general meeting of the Company to be held on Friday, 25 November 2022;
“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 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;

“B2B”	a business to business;
“B2C”	business to consumer;
“Board”	the board of Directors;
“Chairman”	the chairman of the Board;
“Chief Executive Officer”	the chief executive officer of the Company;
“COVID-19”	means coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2;
“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, 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;
“CT Scan”	computed tomography scan, a medical imaging technique used in radiology to get detailed images of the body non-invasively for diagnostic purposes;
“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;
“FY2021”	the financial year ended 30 June 2021;
“FY2022”	the financial year ended 30 June 2022;
“General Practitioners” or “GPs”	Doctors trained in general practice and best suited to act as first point of contact for patients, having the required knowledge to refer patients to the appropriate specialists or services 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 of the Company dated 17 November 2015;
“Group”, “we”, “our”, “us”, “UMP” or “UMP Healthcare Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Mainland China”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);
“Mainland China Clinical Healthcare Services”	provision of clinical healthcare services to self-paid patients in Mainland China;
“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;
“MRI”	magnetic resonance imaging, a procedure that uses magnetism, radio waves, and a computer to create images of areas inside the body;
“PET-CT”	positron emission tomography-computed tomography, a nuclear medicine technique which combines, in a single gantry, a positron emission tomography (PET) scanner and an x-ray computed tomography (CT) scanner, to acquire sequential images from both devices in the same session, which are combined into a single superposed (co-registered) image;
“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”	the People’s Republic of China;
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Board on 18 August 2015;
“Remuneration Committee”	the remuneration committee of the Board;
“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);
“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;

“Renminbi” the lawful currency of the PRC; 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, 23 September 2022

As at the date of this announcement, the Executive Directors of the Company are Dr. SUN Yiu Kwong (Chairman and Chief Executive Officer), Ms. KWOK Cheuk Kwan, Jacquen (Managing Director), Mr. TSANG On Yip, Patrick, Dr. SUN Man Kin, Michael, Mr. LEE Kar Chung, Felix and Dr. LEE Pak Cheung, Patrick; and the Independent Non-executive Directors are Mr. LEE Luen Wai, John, Dr. LI Kwok Tung, Donald, Mr. YEUNG Wing Sun, Mike and Mr. CHAU, Chit Jeremy.