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UMP HEALTHCARE HOLDINGS LIMITED

聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

The Board of UMP Healthcare Holdings Limited is pleased to announce the interim results of the Company and its subsidiaries for the six months ended 31 December 2022 together with the comparative figures for the corresponding period in 2021.

INTERIM RESULTS HIGHLIGHTS

	For the six months ended 31 December		Increase/(decrease)	
	2022	2021		
(A) Operating results (HK\$'000)				
Continuing operations:				
Revenue	365,102	358,210	6,892	2%
EBITDA ^(note a)	101,820	98,615	3,205	3%
Profit attributable to Owners of the Company				
– From continuing operations	42,469	44,661	(2,192)	(5%)
– From discontinued operation	–	1,666	(1,666)	(100%)
Total	<u>42,469</u>	<u>46,327</u>	(3,858)	(8%)
(B) Per share data (HK cents)				
Earnings per share – basic and diluted	5.425	6.053	(0.628)	(10%)
Dividend per share – interim	<u>1.70</u>	<u>1.50</u>	0.20	13%
(C) Financial Position (HK\$'000) as at	31 Dec 2022	30 Jun 2022		
Cash and pledged deposits	286,902	238,120	48,782	20%
Shareholders' funds	<u>725,329</u>	<u>698,653</u>	26,676	4%
(D) Key ratios (%)				
EBITDA/Revenue – continuing operations	28%	28%	0%	
Net profit margin	12%	14%	(2%)	
Return on shareholders' funds	<u>6%</u>	<u>7%</u>	(1%)	

Note a: EBITDA represented profit for the period from continuing operations plus the following to the extent deducted in calculating such profit for the period: net finance cost, income tax expense, depreciation & amortisation.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 31 December 2022

		Six months ended 31 December	
	Notes	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Continuing operations			
REVENUE	5	365,102	358,210
Other income and gains	5	8,873	4,278
Professional services expenses		(122,988)	(127,297)
Employee benefit expense		(90,202)	(83,890)
Property rental and related expenses		(6,479)	(4,637)
Cost of inventories consumed		(19,960)	(19,946)
Depreciation and amortisation		(49,893)	(37,603)
Other expenses, net		(29,379)	(29,245)
Finance cost		(2,966)	(1,834)
Share of (losses)/profits of:			
Joint ventures		(198)	618
Associates		(1,990)	1,501
		49,920	60,155
PROFIT BEFORE TAX	6	49,920	60,155
Income tax expense	7	(7,631)	(10,981)
		42,289	49,174
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		42,289	49,174
Discontinued operation			
Profit for the period from discontinued operation	8	–	1,197
		42,289	50,371
PROFIT FOR THE PERIOD		42,289	50,371
Attributable to:			
Owners of the Company			
– From continuing operations		42,469	44,661
– From discontinued operation		–	1,666
		42,469	46,327
Non-controlling interests		(180)	4,044
		42,289	50,371
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
	10		
Basic and diluted			
– Continuing operations		HK5.425 cents	HK5.835 cents
– Discontinued operation		–	HK0.218 cents
		HK5.425 cents	HK6.053 cents
Total – included discontinued operation		HK5.425 cents	HK6.053 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 December 2022

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>42,289</u>	<u>50,371</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	311	707
Release of reserve upon disposal of subsidiaries	<u>–</u>	<u>(1,786)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	311	(1,079)
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	<u>6,812</u>	<u>3,717</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>7,123</u>	<u>2,638</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>49,412</u>	<u>53,009</u>
Attributable to:		
– Owners of the Company	49,592	48,965
– Non-controlling interests	<u>(180)</u>	<u>4,044</u>
	<u>49,412</u>	<u>53,009</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		137,054	141,501
Right-of-use assets		137,105	135,998
Goodwill		164,768	164,768
Other intangible assets		58,939	59,852
Investments in joint ventures		7,780	7,978
Investments in associates		21,172	24,782
Investments at fair value through other comprehensive income	<i>12</i>	37,547	31,517
Finance lease receivables		4,890	5,858
Deferred tax assets		7,398	5,110
Prepayments for purchase of property, plant and equipment		22,857	3,968
Deposits		24,899	23,453
		624,409	604,785
CURRENT ASSETS			
Inventories		11,980	8,834
Trade receivables	<i>13</i>	102,131	81,414
Prepayments, other receivables and other assets		31,610	29,008
Finance lease receivables		1,917	1,578
Financial assets at fair value through profit or loss		29,139	28,529
Financial assets at amortised cost	<i>11</i>	6,273	18,865
Amounts due from associates		6,075	22,999
Amount due from a joint venture		340	1,119
Amounts due from related companies		1,387	1,446
Tax recoverable		4,907	904
Pledged deposits		2,393	2,393
Cash and cash equivalents		284,509	235,727
		482,661	432,816
Total current assets		482,661	432,816

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

31 December 2022

		31 December 2022	30 June 2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
CURRENT LIABILITIES			
Trade payables	14	43,649	39,057
Other payables and accruals	15	90,837	58,543
Amounts due to non-controlling shareholders		15,513	2,293
Amounts due to associates		282	976
Amounts due to related companies		2,398	2,254
Provision		2,008	2,347
Lease liabilities		66,498	63,272
Tax payable		15,435	25,738
		<hr/>	<hr/>
Total current liabilities		236,620	194,480
		<hr/>	<hr/>
NET CURRENT ASSETS		246,041	238,336
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		870,450	843,121
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		86,962	85,069
Deferred tax liabilities		12,701	13,306
Provision		9,011	7,441
		<hr/>	<hr/>
Total non-current liabilities		108,674	105,816
		<hr/>	<hr/>
NET ASSETS		761,776	737,305
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	793	793
Reserves		724,536	697,860
		<hr/>	<hr/>
		725,329	698,653
		<hr/>	<hr/>
Non-controlling interests		36,447	38,652
		<hr/>	<hr/>
TOTAL EQUITY		761,776	737,305
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1. CORPORATE AND GROUP INFORMATION

UMP Healthcare Holdings Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at 27/F., Wing On House, 71 Des Voeux Road Central, Hong Kong.

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2022 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, except for equity investments, debt investments and a contingent consideration receivable which have been measured at fair value. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 June 2022.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2022 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual period beginning on 1 July 2022.

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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 HKAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 July 2022, and has concluded that none of them is onerous.

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 measurement of adjusted profit before tax. The adjusted profit 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.

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.

(a) Revenue and results

	Continuing Operations					Total HK\$'000
	Hong Kong and Macau		Mainland China		Continuing Operations Sub-total HK\$'000	
Corporate Healthcare Solution Services HK\$'000	Clinical Healthcare Services HK\$'000	Clinical Healthcare Services HK\$'000				
Six months ended						
31 December 2022 (unaudited)						
Segment revenue:						
External sales	128,371	217,962	18,769	365,102	–	365,102
Inter-segment sales	201	63,293	–	63,494	–	63,494
	128,572	281,255	18,769	428,596	–	428,596
<i>Reconciliation:</i>						
Elimination of inter-segment sales				(63,494)	–	(63,494)
Revenue				365,102	–	365,102
Segment results						
	23,498	30,071	6,114	59,683	–	59,683
<i>Reconciliation:</i>						
Interest income						959
Other income and gains						7,914
Share of losses of:						
Joint ventures						(198)
Associates						(1,990)
Corporate and other unallocated expenses, net						(16,448)
Profit before tax						49,920
Income tax expense						(7,631)
Profit for the period						42,289

	Continuing Operations					Total HK\$'000
	Hong Kong and Macau		Mainland China		Continuing Operations Sub-total HK\$'000	
	Healthcare Solution Services HK\$'000	Clinical Healthcare Services HK\$'000	Clinical Healthcare Services HK\$'000			
Six months ended						
31 December 2021 (unaudited)						
Segment revenue:						
External sales	123,517	211,988	22,705	358,210	6,099	364,309
Inter-segment sales	973	60,999	–	61,972	–	61,972
	124,490	272,987	22,705	420,182	6,099	426,281
<i>Reconciliation:</i>						
Elimination of inter-segment sales				(61,972)	–	(61,972)
Revenue				<u>358,210</u>	<u>6,099</u>	<u>364,309</u>
Segment results						
	19,386	51,843	529	71,758	1,197	72,955
<i>Reconciliation:</i>						
Interest income						982
Other income and gains						3,796
Share of profits of:						
Joint ventures						618
Associates						1,501
Corporate and other unallocated expenses, net						<u>(18,500)</u>
Profit before tax						61,352
Income tax expense						<u>(10,981)</u>
Profit for the period						<u>50,371</u>

(b) **Information about major customers**

Revenue from two major customers from the Corporate Healthcare Solution Services segment is set out below:

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	23,241	20,409
Customer B	14,713	20,099

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from continuing operations is as follows:

Disaggregated revenue information from continuing operations

Six months ended 31 December 2022

	Six months ended 31 December		Increase/(decrease)
	2022	2021	
	HK\$'000	HK\$'000	
	(Unaudited)	(Unaudited)	
Provision of corporate healthcare solution services in Hong Kong and Macau			
Medical	118,499	112,435	5.4%
Dental	9,872	11,082	(10.9%)
Provision of clinical healthcare services in Hong Kong and Macau			
Medical	186,253	181,567	2.6%
Dental	31,709	30,421	4.2%
Mainland China Clinical Healthcare Services	18,769	22,705	(17.3%)
TOTAL	365,102	358,210	1.9%

An analysis of other income and gains from continuing operations is as follows:

	Six months ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Administrative support fees	189	317
Bank interest income	579	49
Interest income on financial assets at amortised cost	244	928
Interest income for finance lease	135	–
Rental income	1,059	–
Dividend income from investments at fair value through other comprehensive income	5,106	2,188
Dividend income from financial assets at fair value through profit or loss	–	70
Gain on disposal of subsidiaries	–	459
Fair value gain on financial assets at fair value through profit or loss	609	–
Others	952	267
	<u>8,873</u>	<u>4,278</u>

6. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Amortisation of intangible assets	914	1,155
Depreciation of property, plant and equipment	14,744	9,097
Depreciation of right-of-use assets	34,235	27,351
Equity-settled share-based payment expense (including employees and professional consultants)	1,903	2,622
Fair value (gain)/loss on financial assets at fair value through profit or loss	(609)	1,547
Foreign exchange differences, net	(78)	79
Gain on disposal of subsidiaries	–	(459)
Write-off of items of property, plant and equipment	31	47
	<u>31</u>	<u>47</u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates.

The amount of income tax from continuing operations charged to condensed consolidated statement of profit or loss represents:

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	11,579	10,619
Current – Mainland China/Macau		
Charge for the period	245	567
Over-provision in prior years	(1,300)	–
Deferred	(2,893)	(205)
	<u>7,631</u>	<u>10,981</u>
Total tax charge for the period	<u>7,631</u>	<u>10,981</u>

8. DISCONTINUED OPERATION

On 31 December 2021, 55% shareholding of The GBA Healthcare Group Limited (“GBA Healthcare Group”), previously known as UMP Healthcare China Limited, an indirect non-wholly owned subsidiary of the Company, was disposed of at a consideration of HK\$22 million. Subsequent to the transaction, the Group’s shareholding in GBA Healthcare Group decreased from 80% to 25% and the Group ceased control over GBA Healthcare Group. As a result, GBA Healthcare Group and its subsidiaries have become the 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 results of these discontinued operation for the six month period ended 31 December 2021 are set out below:

	Six months ended 31 December 2021 <i>HK\$'000</i> (unaudited)
REVENUE	6,099
Other income and gains	5,379
Professional services expenses	(3,571)
Employee benefit expense	(9,374)
Cost of inventories consumed	(362)
Depreciation and amortisation	(4,212)
Other expenses, net	(8,025)
Finance cost	(149)
	<hr/>
LOSS BEFORE TAX	(14,215)
Income tax expense	—
	<hr/>
	(14,215)
Gain on disposal of discontinued operation	15,412
	<hr/>
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION	<u><u>1,197</u></u>

Total comprehensive income from discontinued operation

Six months
ended
31 December
2021
HK\$'000
(Unaudited)

PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATION

1,197

OTHER COMPREHENSIVE LOSS

Other comprehensive loss that may be reclassified to profit or loss
in subsequent periods:

Exchange differences on translation of
foreign operations

(692)

Release of reserve upon disposal of
subsidiaries

(1,786)

**OTHER COMPREHENSIVE LOSS
FOR THE PERIOD, NET OF TAX**

(2,478)

**TOTAL COMPREHENSIVE LOSS
FOR THE PERIOD**

(1,281)

Attributable to:

Owners of the Company

(812)

Non-controlling interests

(469)

(1,281)

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> (unaudited)
Property, plant and equipment	15,342
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	(4,962)
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 subsidiaries as at 31 December 2021, the disposal date were as follows:

	<i>HK\$'000</i> (unaudited)
Satisfied by:	
Cash consideration received	22,000
Cash and cash equivalents disposed of	(24,349)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u><u>(2,349)</u></u>

9. DIVIDENDS

	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final dividend for the year ended 30 June 2022:		
HK3.00 cents (year ended 30 June 2021: HK2.80 cents) per ordinary share	23,780	21,476
Dividend proposed after the end of the reporting period:		
Interim dividend for the six months ended 31 December 2022:		
HK1.70 cent (six months ended 31 December 2021: HK1.50 cent) per ordinary share	13,786	11,890

The proposed interim dividend of HK1.70 cent per ordinary share in respect of the year ending 30 June 2023 was approved by the board of directors on 23 February 2023. The interim dividend of HK1.50 cent per ordinary share in respect of the year ended 30 June 2022 was approved by the board of directors on 24 February 2022.

The final dividend of HK3.00 cents per ordinary share, with a scrip dividend alternative, in respect of the year ended 30 June 2022 was approved by the Company's shareholders at the annual general meeting held on 25 November 2022. The final dividend of HK2.80 cents per ordinary share in respect of year ended 30 June 2021 was approved by the Company's shareholders at the annual general meeting held on 26 November 2021.

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 unaudited consolidated profit for the six months ended 31 December 2022 attributable to ordinary equity holders of the Company of HK\$42,469,000 (six months ended 31 December 2021: HK\$46,327,000), and the weighted average number of ordinary shares of 782,842,495 (six months ended 31 December 2021: 765,417,711) in issue which have excluded the shares held under the share award scheme during the period.

Diluted earnings per share for the six months ended 31 December 2022 and 2021 were the same as their respective basic earnings per share as there were no potentially dilutive ordinary shares issued in existence during both periods.

11. FINANCIAL ASSETS AT AMORTISED COST

	31 December	30 June
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Financial assets at amortised cost	6,273	18,865
Analysed into:		
Non-current portion	–	–
Current portion	6,273	18,865
	6,273	18,865

As at 31 December 2022, the Group's financial assets at amortised cost have fixed maturity dates in 2023 and fixed interest rates at 6.15% per annum (30 June 2022: 4.25% to 6.875% per annum).

12. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December	30 June
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Investments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	3,870	3,885
Listed equity investments, at fair value	33,677	27,632
	37,547	31,517

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 period, the Group received dividends in the approximate amounts of HK\$30,000 (six months ended 31 December 2021: nil) and HK\$5,076,000 (six months ended 31 December 2021: HK\$2,258,000) from an unlisted equity investment and a listed equity investment, respectively.

13. TRADE RECEIVABLES

	31 December 2022 <i>HK\$'000</i> (Unaudited)	30 June 2022 <i>HK\$'000</i> (Audited)
Trade receivables	102,131	81,414

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

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

	31 December 2022 <i>HK\$'000</i> (Unaudited)	30 June 2022 <i>HK\$'000</i> (Audited)
Within 1 month	60,363	54,110
1 to 2 months	19,195	11,546
2 to 3 months	14,360	10,456
Over 3 months	8,213	5,302
	102,131	81,414

14. TRADE PAYABLES

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

	31 December 2022 <i>HK\$'000</i> (Unaudited)	30 June 2022 <i>HK\$'000</i> (Audited)
Within 1 month	29,708	27,604
1 to 3 months	13,820	11,089
Over 3 months	121	364
	43,649	39,057

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

15. OTHER PAYABLES AND ACCRUALS

		31 December	30 June
		2022	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Contract liabilities	<i>(a)</i>	20,981	19,081
Other payables	<i>(b)</i>	21,871	21,366
Dividend payable		23,780	–
Accruals	<i>(b)</i>	18,860	15,017
Deposits received		5,345	3,079
		90,837	58,543

Notes:

(a) Details of contract liabilities are as follows:

		31 December	30 June
		2022	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Advances received from customers			
Provision of corporate healthcare solution services to Contract Customers		15,338	13,114
Provision of clinical healthcare services		5,643	5,967
		20,981	19,081

(b) Other payables and accruals are non-interest-bearing and are normally repayable on demand.

16. SHARE CAPITAL

		31 December	30 June
		2022	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Authorised:			
5,000,000,000 (30 June 2022: 5,000,000,000) ordinary shares of HK\$0.001 (30 June 2022: HK\$0.001) each		5,000	5,000
Issued and fully paid:			
792,666,555 (30 June 2022: 792,666,555) ordinary shares of HK\$0.001 (30 June 2022: HK\$0.001) each		793	793

The movements in the Company's authorised and issued share capital during the period from 1 July 2021 to 31 December 2022 are as follows:

	<i>Note</i>	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised:			
At 1 July 2021, at 31 December 2021, at 30 June 2022, at 1 July 2022 and at 31 December 2022		5,000,000,000	5,000
Issued and fully paid:			
At 1 July 2021		775,350,089	775
Shares issued in lieu of cash dividend	<i>(a)</i>	17,316,466	18
At 30 June 2022, at 1 July 2022 and at 31 December 2022		792,666,555	793

- (a) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

After experiencing different waves of COVID-19 in the past few years and the significant impact of the unexpected fifth wave of the COVID-19 variants during the period from January to June 2022, followed by the increase in vaccination coverage and the change in people's lifestyles, many businesses and social activities have gradually recovered during the six months period ended 31 December 2022. Our Group continued to refine our business and development strategies during the period under review. Most of the new development positively influenced our business expansion, increased our competitiveness and improved our operational efficiency.

BUSINESS REVIEW

During the period under review, the Group was principally engaged in the provision of (a) Hong Kong and Macau Corporate Healthcare Solution Services; (b) Hong Kong and Macau Clinical Healthcare Services; and (c) Mainland China Clinical Healthcare Services.

(a) Hong Kong and Macau Corporate Healthcare Solution Services

Revenue (before inter-segment elimination) of our Hong Kong and Macau Corporate Healthcare Solution Services has increased by 3.3% from HK\$124.5 million in 1HFY2022 to HK\$128.6 million in 1HFY2023, and our operating profit has increased by 21.2% from HK\$19.4 million in 1HFY2022 to HK\$23.5 million in 1HFY2023. The increased operating profit is mainly attributable to improving customer base and overall profit margins from our corporate healthcare solution products.

Hong Kong and Macau Corporate Healthcare Solution Services is one of our core business units in the Group. Through our professional knowledge and extensive medical service network, we have designed, provided and administered comprehensive and cost-effective healthcare solutions for different local and international companies, insurance companies and insurance brokerage companies.

Our extensive and long-term relationship with our customers and service providers has established a strong and stable customer base. During the period under review, this business line continued its momentum and reported a positive contribution to the Group, maintaining a steady growth in revenue and profits.

(i) ***Provision of premium healthcare services in UMP+ centres at OCC***

During the period under review, our new multi-floor medical facilities “UMP+ & Pedder Health” at One Chinachem Central (“OCC”) were launched in July 2022 to provide comprehensive medical and imaging services. The six floors at the prime location in Central strengthen our provision of comprehensive, competitive and value-added healthcare solution services to our corporate customers. Such development broadens our service package and will improve our overall revenue and average gross profit margins of the Group.

(ii) ***Provision of Third Party Administration (“TPA”) service to FTLife and expand cashless treatment coverage for scheme members***

In October 2022, the Group has entered into an agreement with FTLife Insurance Company Limited (“FTLife”) in respect of the provision and administration of the medical services by the Group to the insured, policyholders and their respective family members (the “FTLife TPA Agreement”).

The FTLife TPA Agreement provides FTLife individual medical insurance scheme members with a series of cashless treatments with pre-approval by network doctors. The approved arrangements will be payment- and claims-form-free so that patients can receive timely and high-quality medical services, with comprehensive protection and less financial burden and psychological stress during treatment.

This new service agreement with FTLife is UMP’s first customised healthcare solution for individual scheme customers of an insurance company, further intensifying the collaboration model of “Medical+Insurance” and speeding up our development of healthcare solution business-to-business-to-consumer (B2B2C) market.

(iii) ***Exploring and establishing strategic alliances***

During the period under review, the Group has proactively liaised with certain reputable medical providers and established different forms of valuable strategic and commercial alliances.

These collaborations and strategic cooperations will bring in more business opportunities, which are expected to result in increased revenue momentum for our business. Such potential and established strategic alliances would also improve our service spectrum and packages, enhancing our service comprehensiveness and value. These strategic alliances will be a positive driving force and provide competitive advantage for our corporate healthcare solution business.

(b) Hong Kong and Macau Clinical Healthcare Services

Revenue (before inter-segment elimination) of Hong Kong and Macau Clinical Healthcare Services has increased by 3.0% from HK\$273.0 million in 1HFY2022 to HK\$281.3 million in 1HFY2023, and our operating profit has decreased by 42.0% from HK\$51.8 million in 1HFY2022 to HK\$30.1 million in 1HFY2023. This drop is mainly attributable to the (i) significant initial operating expenses, including rental charges, amortisation of right-of-use assets, depreciation charge from new integrated services medical centres at OCC; (ii) initial rental charges from new under-renovation sites at Tsim Sha Tsui and Bank of America Tower; (iii) increase in staff costs arisen from expansion in the clinical medical team which in line with our development plan of imaging and medical facilities; and (iv) net-off to the increase in operating profit from body health check services.

Our extensive clinical chains have been well-established for many years, which support our corporate healthcare solution service unit and, on the other hand, serve walk-in users.

Despite the significant impact of the lockdown and quarantine measures from July to December 2022, during the period under review, many business and social activities have gradually recovered from the fifth wave of the COVID-19 pandemic. The demand for specialist, dental, and body check services is not significantly affected.

Due to the increase in healthcare awareness and the aging population, together with emigration and overseas studying, the demand for our body health check services continued to increase.

(i) Commencement of business of one-stop multi-service medical centres in Central

The new multi-floor medical facilities “UMP+ & Pedder Health” at OCC started to operate in the third quarter of 2022. The six centres are operated in conjunction with Pedder Health. Together we offer a range of medical services, including oncology, day surgery, diagnostic imaging, general and specialist consultations, vaccination, physiotherapy and various preventive health check-ups.

Certain significant initial rental charge and depreciation charge during the renovation, installation and licenses application period and initial operating stage during the six months period ended 31 December 2022 amounted to approximately HK\$11.3 million. UMP+ & Pedder Health operation has been gradually ramping up and has started to provide positive revenue contribution. With increased operational efficiency, the financial performance will improve.

(ii) Business Cooperation with Humansa

In October 2022, SkinCentral, our Group’s dermatology centre, entered into a service agreement with Humansa, a New World Group healthcare brand, under which SkinCentral provides professional dermatology and aesthetics services at Humansa•Victoria Dockside Flagship in Tsim Sha Tsui.

Entering this service agreement further strengthens our strategic cooperation with other premium health and wellness brand such as Humansa and the New World Group. Humansa is focusing on building a ground-breaking health and wellness ecosystem across the Greater Bay Area, which will benefit our future business development in the same area.

(iii) Purchase of medical imaging equipment

In response to the increasing demand for health check-ups and medical imaging services due to the aging population and increased health awareness generally, the Group has been focusing on precision and preventive medicine as our core services and actively expanding our advanced medical imaging and laboratory services.

To cope with our increasing medical imaging service points, purchasing medical equipment is an important part of the capital investment in the medical imaging business development.

In August 2022, the Group has entered into a series of purchase contracts for new medical imaging equipment. The purchase covered the ordering and purchase of many advanced medical imaging equipment including but not limited to the CT machine, MRI machine, PET-CT machine and their relevant auxiliary supporting systems. The capital expenditure is in line with the Group's overall strategic development in the medical imaging business and is expected to provide a positive return to the Group.

(iv) New integrated imaging centre at 26 Nathan Road, Tsim Sha Tsui

To strengthen our imaging and laboratory capability, in September 2022, the Group has leased the 2nd floor of 26 Nathan Road, Tsim Sha Tsui, Kowloon ("**26 Nathan Road**") to operate a new integrated imaging centre to provide medical imaging services including but not limited to CT, MRI, bone DEXA scan, Mammogram and X-ray services ("**ProCare Imaging Centre - TST**").

26 Nathan Road is a multi-functional building with many medical specialties and surgical practices as tenants. ProCare Imaging Centre – TST is situated at a strategically convenient location to serve and provide quality imaging and laboratory services to such medical specialties and surgical practices in the same building and district.

The Group is optimistic about the growing demand for private imaging and laboratory services and expects that ProCare Imaging Centre - TST will soon make positive contribution to the Group and will act as one of the key driving forces to the business development of the Group.

The lease agreement at 26 Nathan Road was entered into in September 2022, while the site is under renovation and is expected to open in March 2023. The initial rental charge and amortisation of right-of-use during this renovation and installation period amounted to approximately HK\$2.0 million was charged during the six months period ended 31 December 2022.

(v) New PET-CT Imaging Centre at Bank of America Tower in Admiralty

In August 2022, the Group concluded the lease of a site at the Bank of America Tower in Admiralty to establish a new PET-CT imaging centre ("**ProCare PET-CT Imaging Centre - Admiralty**") where a brand-new digital PET-CT scanner will be installed.

PET-CT imaging is a type of nuclear medicine imaging that uses radiotracers to diagnose various types of clinical conditions accurately. This non-invasive examination is used for cancer and heart disease diagnosis and is especially important in cancer treatment. PET-CT scanning helps facilitate early cancer diagnosis, staging, and treatment response assessment. However, due to the unique requirements for installing PET-CT imaging facilities, PET-CT scanning services are not widely available in the Hong Kong market.

ProCare PET-CT Imaging Centre - Admiralty is under renovation and is pending the delivery and installation of the PET-CT imaging equipment during the period under review. The initial rental charge and amortisation of ROU during this renovation and installation period amounted to approximately HK\$1.0 million was charged during the six months period ended 31 December 2022. The new centre is expected to open in May/June 2023.

(c) Mainland China Clinical Healthcare Services

Revenue (before inter-segment elimination) for this business line has decreased by 17.3% from HK\$22.7 million in 1HFY2022 to HK\$18.8 million in 1HFY2023 primarily due to the decrease in the number of health check-ups, while our operating result has jumped from HK\$0.5 million in 1HFY2022 to HK\$6.1 million in 1HFY2023 mainly attributable to the increase in operation efficiency and effective cost control.

Our clinical healthcare services in Mainland China mainly consist of the provision of healthcare check-up services and selected outpatient family medical services in Beijing and Shanghai.

After the lockdown for about three months in Shanghai (the “**Shanghai Lockdown**”) as a result of the outbreak of the Omicron variants in Mainland China in the first half of 2022, many businesses reopened in June 2022.

Driven by a continuous demand for quality healthcare services in Mainland China, this business line has recovered and reported positive contributions to the Group during the six months ended 31 December 2022.

(d) First Innovation Centre for Healthcare Technology

UMP believes in the use of advanced technology in the healthcare industry. The Group supports the development of advanced medical application technology and the exchange of scientific research knowledge and experience among all relevant industry players. In light of this, we launched UMP Healthcare Innov Centre (“**Innov Centre**”) on 1 November 2022 at the UMP’s headquarters at Wing On House. Innov Centre is the first permanent medical technology centre in Hong Kong to showcase the latest medical technology and products.

We believe that the Innov Centre will become an attractive hotspot to display the latest advanced technology. The support of various advanced medical equipment industry players and medical technology developers will facilitate related research and development projects to be commercialised. We hope that the advanced medical devices and solutions displayed in the Innov Centre will be further applied in actual medical settings, which will benefit the industry and the public at large.

OUTLOOK

The Hong Kong Government released the “Primary Healthcare Blueprint” in December 2022 to formulate the development direction and strategies for strengthening the primary healthcare system of Hong Kong. The blueprint aims to address the challenges and substantial pressure on the public healthcare sector caused by an aging population and the increasing prevalence of chronic diseases. These proposed primary healthcare reforms will bring about more cooperation between public and private healthcare sectors and create positive business opportunities for the Group in the long run.

Looking forward, it is expected that the demand for comprehensive medical services, high-end medical imaging and health check services and other ancillary medical services will remain strong. Private medical service providers have enormous potential to expand in the field of various specialist services, advanced medical imaging, laboratory, and other ancillary medical services. The Group will continue to capitalize on such strategic opportunity to consolidate our strengths and capability and to increase our overall market share and competitiveness.

Moreover, our establishment of strategic relationships between different healthcare groups such as Human Health Group, Pedder Healthcare Group, and other private hospitals will create synergistic values and generate more business opportunities among the parties. All these new development are expected to improve the overall profitability and create value for our shareholders.

The following table sets out the revenue and operating profit for our business lines for the six months ended 31 December 2022 and the corresponding period for comparison:

Revenue by business lines

	Six months ended 31 December		Increase/ (decrease)
	2022	2021	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Hong Kong & Macau Corporate Healthcare Solution Services	128,572	124,490	3.3%
Hong Kong & Macau Clinical Healthcare Services	281,255	272,987	3.0%
Mainland China Clinical Healthcare Services	18,769	22,705	(17.3%)
Total revenue from continuing operations before elimination of inter-service unit sales	428,596	420,182	2.0%
Reconciliation: Elimination of inter-business lines sales	(63,494)	(61,972)	(2.4%)
Total revenue from continuing operations	365,102	358,210	1.9%
Discontinued Operation	–	6,099	(100.0%)
TOTAL REVENUE	365,102	364,309	0.2%

Operating profit by business lines

	Six months ended 31 December		Increase/ (decrease)
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	
Continuing operations:			
Hong Kong & Macau Corporate Healthcare Solution Services	23,498	19,386	21.2%
Hong Kong & Macau Clinical Healthcare Services	30,071	51,843	(42.0%)
Mainland China Clinical Healthcare Services	6,114	529	1,055.8%
	<hr/>	<hr/>	<hr/>
Total operating profit from continuing operations	59,683	71,758	(16.8%)
Discontinued operation	–	1,197	(100.0%)
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING RESULTS	59,683	72,955	(18.2%)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FINANCIAL REVIEWS

1HFY2023 compared to 1HFY2022

Revenue from Continuing Operations

During 1HFY2023, we primarily generated revenue from (i) the provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau; (ii) the provision of clinical healthcare services in Hong Kong and Macau; and (iii) the provision of clinical healthcare services in Mainland China.

Total consolidated revenue from continuing operations increased by 1.9% from HK\$358.2 million in 1HFY2022 to HK\$365.1 million in 1HFY2023, primarily due to general increase in revenue from our corporate healthcare solutions services and our clinical healthcare services especially the increase in body health check services.

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 3.9% from HK\$123.5 million for 1HFY2022 to HK\$128.4 million for 1HFY2023.

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. The revenue growth was mainly due to the increase in total registered members under corporate schemes.

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 2.8% from HK\$212.0 million in 1HFY2022 to HK\$218.0 million in 1HFY2023.

This revenue growth in our clinical healthcare services was mainly attributable to increase in revenue from body health check services.

Mainland China Clinical Healthcare Services

Revenue generated from Mainland China clinical healthcare services decreased by 17.3% from HK\$22.7 million for 1HFY2022 to HK\$18.8 million for 1HFY2023, primarily due to a decrease in the number of body health check-ups.

Other Income and Gains

Other income and gains primarily comprise administrative support fees (including fees derived from providing administrative support to Affiliated Doctors, Affiliated Dentists and Affiliated Auxiliary Services Providers), bank interest income, interest income from financial assets at amortised cost, dividend and interest income from investments at fair value through other comprehensive income and investments at fair value through profit or loss, gain on disposal of subsidiaries and fixed assets, and other income.

Other income and gains increased by 107.4% from HK\$4.3 million for 1HFY2022 to HK\$8.9 million for 1HFY2023, primarily due to an increase in the dividend income from investments at fair value through other comprehensive income.

Professional Services Expenses

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

Professional services expenses decreased by 3.4% from HK\$127.3 million for 1HFY2022 to HK\$123.0 million for 1HFY2023 due to decrease in the cost of services rendered by doctors, dentists and other professionals.

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 7.5% from HK\$83.9 million for 1HFY2022 to HK\$90.2 million for 1HFY2023. 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.

Depreciation and Amortisation

Depreciation and amortisation, which comprises of depreciation of the right-of-use assets and depreciation and amortisation of other non-current assets.

Depreciation and Amortisation increased by 32.7% from HK\$37.6 million for 1HFY2022 to HK\$49.9 million for 1HFY2023, which is in line with business growth.

Other Expenses, net

Other expenses, net primarily comprise provision of impairment loss, general overhead expenses such as utilities, operation and other administrative expenses such as audit fees, legal fees, repair and maintenance expenses incurred with respect to the Group's offices and medical equipment, printing expenses and bank charges, remained stable in 1HFY2023 when compared with 1HFY2022.

Summary of operational data for 1HFY2023 with comparative figures for 1HFY2022

Revenue by operating segment from continuing operations

	Six months ended 31 December		Increase/ (decrease)
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	
Provision of corporate healthcare solution services in Hong Kong and Macau	128,371	123,517	3.9%
Medical	118,499	112,435	5.4%
Dental	9,872	11,082	(10.9%)
Provision of clinical healthcare services in Hong Kong and Macau	217,962	211,988	2.8%
Medical	186,253	181,567	2.6%
Dental	31,709	30,421	4.2%
Mainland China Clinical Healthcare Services	18,769	22,705	(17.3%)
TOTAL	365,102	358,210	1.9%

Number of visits by operating segment from continuing operation

	Six months ended 31 December		Increase/ (decrease)
	2022	2021	
Provision of corporate healthcare solution services in Hong Kong and Macau	428,481	490,020	(12.6%)
Medical	416,156	476,576	(12.7%)
Dental	12,325	13,444	(8.3%)
Provision of clinical healthcare services in Hong Kong and Macau	133,411	137,492	(3.0%)
Medical	117,700	119,286	(1.3%)
Dental	15,711	18,206	(13.7%)
Mainland China Clinical Healthcare Services	14,507	17,478	(17.0%)
TOTAL	576,399	644,990	(10.6%)

KEY FINANCIAL POSITION ITEMS

Right-of-use assets

Under HKFRS 16, right-of-use assets are recognised at the commencement date of the lease. 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.

As at 31 December 2022, the Group's right-of-use assets amounted to HK\$137.1 million (30 June 2022: HK\$136.0 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 31 December 2022, the Group's goodwill amounted to HK\$164.8 million (30 June 2022: 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 31 December 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\$37.5 million, HK\$29.1 million and HK\$6.3 million (30 June 2022: HK\$31.5 million, HK\$28.5 million and HK\$18.9 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 during the period.

Lease liabilities

Under HKFRS 16, lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

As at 31 December 2022 and 30 June 2022, the carrying amount of lease liabilities amounted to HK\$153.5 million (of which HK\$66.5 million is classified as current liabilities and HK\$87.0 million is classified as non-current liabilities) and HK\$148.3 million (of which HK\$63.3 million is classified as current liabilities and HK\$85.0 million is classified as non-current liabilities) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has historically funded its operations primarily by cash generated from operating activities. Upon the listing of the shares of the Company on the Hong Kong Stock Exchange, the Group intended to satisfy its liquidity requirements using a combination of cash generated from operating activities and net proceeds from the Global Offering. The Group may also seek to borrow to satisfy liquidity requirements. As of 31 December 2022, the Group had a cash and cash equivalents of HK\$284.5 million.

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

GEARING RATIO

As at 31 December 2022, the Group had no net debt. The Group's gearing ratio was zero at 31 December 2022.

CAPITAL STRUCTURE

There has been no significant change in the capital structure of the Company during the period ended 31 December 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 31 December 2022.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

On 31 December 2021, 55% shareholding of GBA Healthcare Group, an indirect non-wholly owned subsidiary of the Company, was disposed of at a consideration of HK\$22 million. Subsequent to the transaction, the Group's shareholding in GBA Healthcare Group decreased from 80% to 25% and the Group ceased control over GBA Healthcare Group. As a result, GBA Healthcare Group and its subsidiaries have become the associates of the Group. A resulting gain on disposal of HK\$15.4 million was recognised in profit and loss during the six months ended 31 December 2021.

There was no material acquisition or disposal of subsidiaries undertaken by the Group during 1HFY2023.

CAPITAL EXPENDITURE AND COMMITMENT

The capital expenditure during the period was primarily related to decoration and the acquisitions of plant and equipment for the Group's medical centres. For 1H FY2023, the Group incurred capital expenditure in an aggregate amount of approximately HK\$28.0 million (1H FY2022: HK\$28.0 million). As at 31 December 2022, the Group's outstanding capital commitment were HK\$94.6 million (30 June 2022: HK\$22.4 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group continues to strengthen its current business and explore growth opportunities. Save as disclosed in this announcement, the Group did not have any specific future plan for material investments or capital assets as of 31 December 2022.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material off-balance sheet arrangements.

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. 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.

During the period, 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.

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 31 December 2022, the Group has pledged certain deposits with an aggregate carrying amount of HK\$2.4 million (30 June 2022: HK\$2.4 million) in connection with a surety bond issued by a bank in favour of an independent third party for potential damages of dental equipment and potential disruption of Medical Services, and a bank guarantee issued by a bank in favour of a landlord for leasing of a medical centre of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group had a total of 421 (30 June 2022: 449) full-time employees. For 1HFY2023, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK\$90.2 million (1HFY2022: HK\$83.9 million).

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

In addition, the Company also adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, where eligible employees and consultants are entitled to subscribe for the Shares for their contribution to the Group. As at 31 December 2022, there is no option remained outstanding under the Pre-IPO Share Option Scheme and none of the share options under the Pre-IPO Share Option Scheme have been exercised during 1HFY2023. As at 31 December 2022, 25,740,000 options remained outstanding under the Post-IPO Share Option Scheme and none of the share options under the Post-IPO Share Option Scheme have been granted or exercised during 1HFY2023.

The Company has also adopted the Share Award Scheme to provide an incentive and reward to selected participants for their contribution to the Group. 2,000,000 Shares have been granted under the Share Award Scheme during 1HFY2023.

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

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.70 cent per ordinary share for the six months ended 31 December 2022 (FY2022 interim dividend: HK1.50 cent). The interim dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 24 March 2023. It is expected that the interim dividend will be paid on or about Friday, 14 April 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 22 March 2023 to Friday, 24 March 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 21 March 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the six months ended 31 December 2022, save for the deviation from code provision C.2.1 as mentioned below.

According to code provision C.2.1 of the part 2 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 of the Board, was also the CEO. The Board believed that vesting the roles of both chairman and chief executive in an experienced and qualified person such as Dr. Sun Yiu Kwong provided the Company with strong and consistent leadership while allowing effective and efficient planning and implementation of business decisions and strategies. The Board considered that this structure would not impair the balance of power and authority between the Board and the management of the Group.

Dr. SUN Yiu Kwong retired from his role as the CEO of the Company with effect from 1 January 2023. With the full support and agreement of the Board, Dr. SUN Yiu Kwong remained as the Chairman and an executive Director of the Company after his retirement as the CEO. Upon Dr. SUN Yiu Kwong's retirement, the Company has complied with the code provision C.2.1 of separating the roles of the Chairman and the CEO under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers them appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry with all Directors, the Company confirmed that the Directors have complied with the Model Code during the six months ended 31 December 2022.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Code of Conduct for Securities Transactions by Employees on terms of which are no less exacting than those set out in the Model Code. To the best knowledge of the Company, there was no incident of non-compliance with the Code of Conduct for Securities Transactions by Employees during the six months ended 31 December 2022.

REVIEW OF INTERIM RESULTS

The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Lee Luen Wai, John *BBS JP* (chairman), Dr. Li Kwok Tung, Donald *SBS JP* and Mr. Yeung Wing Sun, Mike, has reviewed, together with the management of the Company, the unaudited interim results of the Group for the six months ended 31 December 2022 and considered that they were prepared in compliance with the relevant accounting standards, the Listing Rules and the applicable legal requirements, and that the Company has made appropriate disclosure thereof.

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

During the six months ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER REPORTING PERIOD

There are no material events from the end of the period to the date hereof.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is required to be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the designated website of the Company at www.ump.com.hk, respectively. The interim report of the Company for the six months ended 31 December 2022 will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

DEFINITIONS

“1HFY2022”	the six months ended 31 December 2021;
“1HFY2023”	the six months ended 31 December 2022;
“Affiliated Clinic(s)”	clinic(s) which is/are not operated by the Group but which has entered or will enter into an agreement directly with the Group to offer Medical Services, Dental Services and/or Auxiliary Services to the Plan Members;
“Affiliated Doctor(s)”, “Affiliated Dentist(s)” or “Affiliated Auxiliary Services Provider(s)”	doctor(s)/dentist(s)/auxiliary services provider(s) who has entered or will enter into an agreement directly with the Group to provide services to Plan Members and who, in accordance with the terms of such agreement, has received or will receive an amount from the Group based on the volume of Plan Members treated;
“Audit Committee”	the audit committee of the Board;
“Auxiliary Services”	include, among others, imaging and laboratory services, physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment;
“Auxiliary Services Provider(s)”	auxiliary services provider(s) who is/are or will be engaged directly by the Group as a consultant to provide Auxiliary Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Auxiliary Service Providers;
“BBS”	Bronze Bauhinia Star;
“Board”	the board of Directors of the Company;

“Chairman”	the chairman of the Board;
“Chief Executive Officer” or “CEO”	the chief executive officer of the Company;
“Code of Conduct for Securities Transactions by Employees”	the Code of Conduct for Securities Transactions by Employees as adopted by the Company;
“Company” or “UMP”	UMP Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the main board of the Hong Kong Stock Exchange (stock code: 722);
“Contract Customers”	collectively, insurance companies and corporations which have entered or will enter into corporate plans with the Group for healthcare benefits for Plan Members;
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
“COVID-19”	means coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2;
“Dental Services”	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening;
“Dentist(s)”	dentist(s) who is/are or will be engaged directly by the Group as a consultant to provide Dental Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Dentists;
“Director(s)”	the director(s) of the Company;
“Doctor(s)”	doctor(s) who is/are or will be engaged directly by the Group as a consultant to provide Medical Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Doctors;

“FY2022”	the year ended 30 June 2022;
“general practice”	doctors trained in general practice and best suited to act as first point of contact for patients, having the required knowledge to refer patients to the appropriate specialists or services as required;
“Global Offering”	the offer of the shares of the Company to the public in Hong Kong and outside the United States of America in offshore transactions in reliance on Regulation S, the details of which are set out in “Structure of the Global Offering” of the Prospectus;
“Group”, “we”, “our” or “us”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong & Macau Clinical Healthcare Services”	provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau;
“Hong Kong & Macau Corporate Healthcare Solution Services”	provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“JP”	Justice of the Peace;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“Mainland China” or “PRC”	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”	includes general practice and specialist practice;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“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;
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Board on 18 August 2015;
“Prospectus”	the prospectus of the Company dated 17 November 2015;
“Remuneration Committee”	the remuneration committee of the Board;
“SBS”	Silver Bauhinia Star;
“Self-paid Patients”	patients who visit a UMP Medical Centre operated by the Group and pay for services using cash or credit card;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of the Company;
“Share Award Scheme”	the share award scheme approved and adopted by the Board on 30 June 2016;

“specialist practice”	a range of specialist practice, including Family Medicine, Internal Medicine, Surgery, Paediatrics, Cardiology, Dermatology, Otorhinolaryngology, Orthopaedics, Ophthalmology, Urology, Gastroenterology and Hepatology, Radiology, Endocrinology and Diabetes. Please see www.ump.com.hk for the updated list of specialist practices;
“UMP Medical Centre”	medical centre offering Medical Services, Dental Services and/or Auxiliary Services which is operated by the Group; and
“UMP Network”	consists of (i) UMP Medical Centres which are operated by the Group and (ii) Affiliated Clinics which are clinics not operated by the Group but which has entered into an agreement with the Group to offer Medical Services, Dental Services and/or Auxiliary Services to Plan Members.

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

By the order of the Board
UMP Healthcare Holdings Limited
SUN Yiu Kwong
Chairman

Hong Kong, 23 February 2023

As at the date of this announcement, the Executive Directors of the Company are Dr. SUN Yiu Kwong (Chairman), Dr. SUN Man Kin, Michael (Vice Chairman and Co-Chief Executive Officer), Ms. KWOK Cheuk Kwan, Jacquen (Co-Chief Executive Officer), Mr. TSANG On Yip, Patrick, Dr. LEE Pak Cheung, Patrick and Mr. LEE Kar Chung, Felix; 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.