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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 2020

	Year ended 30 June		Increase/ (decrease)	Notes
	2020 HK\$'000	2019 HK\$'000		
Revenue	557,484	567,377	(1.7%)	
Profit before tax	73,406	34,275	114.2%	
Depreciation and amortisation	78,269	22,701	244.8%	
EBITDA ⁽¹⁾	149,640	50,365	197.1%	
Net profit	60,310	19,549	208.5%	
<i>Revenue by business lines</i>				
Hong Kong & Macau Corporate Healthcare Solution Services	242,740	245,016	(0.9%)	
Hong Kong & Macau Clinical Healthcare Services	368,710	364,129	1.3%	
PRC Healthcare business	38,381	53,920	(28.8%)	
Total before elimination of inter-business lines sales	649,831	663,065	(2.0%)	
<i>Reconciliation:</i>				
Elimination of inter-business lines sales	(92,347)	(95,688)		
	557,484	567,377	(1.7%)	

	Year ended 30 June		Increase/ (decrease)	Notes
	2020 HK\$'000	2019 HK\$'000		
<i>Operating profit by business lines</i>				
Hong Kong & Macau Corporate Healthcare Solution Services	52,005	39,841	30.5%	
Operating profit margin	21.4%	16.3%		
Hong Kong & Macau Clinical Healthcare Services	36,337	46,144	(21.3%)	
Operating profit margin	9.9%	12.7%		
PRC Healthcare Business	(33,487)	(3,737)	796.1%	
Operating profit margin	(87.2%)	(6.9%)		
<i>Adjusted EBITDA⁽²⁾</i>				
EBITDA	149,640	50,365	197.1%	(a)
<i>Reconciliations:</i>				
Equity-settled share-based payment expense	3,912	48,301		(b)
Reversal of equity-settled share-based payment expense	(15,150)	–		(c)
Gain on disposal and deregistration of subsidiaries	(1,926)	(9,315)		(d)
Write-off/(gain on disposal) of items of property, plant and equipment	445	(520)		(e)
Impairment of items of property, plant and equipment and right-of-use assets	192	–		(f)
Fair value gain on other assets	(6,544)	(2,777)		(g)
Fair value gain on derivative financial instrument	(743)	(2,036)		(h)
Non-recurring special dividend from an equity investment	(4,200)	–		(i)
Rental expenses on leases as if under HKFRS 16 “Leases” ⁽³⁾	(51,960)	–		(j)
	73,666	84,018	(12.3%)	(k)

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

(1) EBITDA represents earnings before interest (including interest expenses on lease liabilities), tax, depreciation and amortisation.

(2) Adjusted EBITDA is adjusted for certain non-recurring items, non-cash items and rental expenses (see note (3) below), giving shareholders a proxy of operating cash flow generated by the Group’s businesses in Hong Kong, Macau and the PRC.

(3) Upon adoption of HKFRS 16 “Leases” during the year, the rental expenses of the Group’s leases are recorded as depreciation of right-of-use assets and interest expenses on lease liabilities while the prior period’s rental expenses were included in the line item “Property, rental and related expenses”. Such reconciling item was made for comparison purpose.

Operating profit by business lines and EBITDA are not standard measures under Hong Kong Financial Reporting Standards (“HKFRS”) and therefore should not be considered in isolation or constructed as substitutes for analysis of HKFRS financial measures. The consolidated results of the Company and its subsidiaries for the year ended 30 June 2020 are shown on page 14 to 17.

THE 30TH ANNIVERSARY WITH UNPRECEDENTED CHALLENGES

This year marks the 30th anniversary of UMP.

As a well-established brand in the medical and healthcare industry, UMP upholds integrity and adheres to its mission of becoming a trusted and reliable partner rendering premium and expedient, yet affordable and diverse, medical services to an inclusive clientele. We seek continuous enhancement to respond to community needs through constant innovation and improvement. In pursuing medical development over the past 30 years, UMP has gained an excellent reputation in primary and high-end healthcare in the public and private sectors alike covering the government, corporations, insurance companies and the medical and healthcare industry through its flexible, resilient and enterprising service attitude.

COVID-19 has presented unprecedented challenges to the world in 2020, making a material impact on the global economy with recovery pace still uncertain. Wearing masks and implementing social distancing have resulted in social detachment and anxiety. UMP, as a pioneering medical and healthcare industry player, remains committed to its original undertaking and upholds its people-oriented philosophy amid these challenges. By actively leveraging our expertise, we promptly launched our Virtual Care telemedicine services and preferential COVID-19 screening test services to help individuals and enterprises weather the uncertainties and achieve peace of mind.

The growth of UMP over the past three decades has been empowered by the increasing level of trust the society and our clients give to us. As such, we strive to contribute and give back to society without reserve at this difficult time out of our strong sense of responsibility and mission. On the back of the resolve and resilience of our frontline staff, our clinic network has continued to support the community with stable, orderly and timely care against the challenges of the pandemic.

The impact of the pandemic has shocked the operations of different sectors to varying extents. For the financial year ended 30 June 2020, our revenue slightly slid by 1.7% from HK\$567.4 million in FY2019 to HK\$557.5 million, mainly due to the decrease in total patient visits from 1.61 million in FY2019 to 1.35 million in FY2020 as hampered by COVID-19.

Since non-cash equity-settled share-based payment expense of the warrants was not recorded while reversal of non-cash equity-settled share-based payment expense was recorded during the year, our reported net profit increased by 208.5% from HK\$19.5 million in FY2019 to HK\$60.3 million in FY2020. Despite the macroeconomic uncertainty, we have taken measures promptly to mitigate the adverse impact of the pandemic on our operations, and the Group's financial position has remained relatively healthy. Our adjusted EBITDA decreased by 12.3% from HK\$84.0 million in FY2019 to HK\$73.7 million in FY2020, mainly due to the decrease in total patient visits and the Group's increased investment in innovative technology in response to business strategy realignment. Backed by our business and financial strength amid the challenging

business environment, the Board has recommended, subject to shareholders' approval, a final dividend of HK2.65 cents per share, taking our full year dividend to HK3.3 cents per share (FY2019 full year dividend: HK3.2 cents per share).

Trending Hong Kong medical and healthcare industry: embracing innovative technology

Primary care is among the most direct and effective ways to improve people's livelihood, and Hong Kong has a sound medical system and professional medical practitioners. For years, its medical institutions have intensively engaged in providing primary care, and they can leverage their professional edges to create value for users in the Greater Bay Area and contribute to industry growth. By cooperating with institutions in the Greater Bay Area, Hong Kong can continue to advance the development of artificial intelligence and deep learning technology applications, so that Hong Kong can further leverage its healthcare strengths and expertise and lead industry growth in the Greater Bay Area.

The medical and healthcare industry in Hong Kong should apply more advanced modern medical technology and equipment, such as virtual nursing technology and remote healthcare guidance for patients. Hong Kong should ride on the current trend and actively promote the revamping of traditional medical services, encourage the public to accept and access medical care through modern technology, and strive to develop itself into a research and development hub for medical artificial intelligence and deep learning to attract overseas talents to engage in research on medical technology application.

The outbreak of COVID-19 and measures including social distancing have meaningfully changed the patient visit landscape, and prompted us to tap into digital healthcare more speedily. With a development strategy of investing heavily in innovative technology, we ride on the trend by launching Virtual Care services and COVID-19 screening test services in the local market led by our professional team of doctors, coupled with efficient electronic services including online payment, home delivery of medicines and logistics management. We have swiftly responded to market needs with the support of our extensive offline medical clinic network and timely investment in proprietary COVID-19 screening test services in our own laboratory. As we stride forward under an innovative business model that embraces technology, we provide patients and users with a seamless healthcare service experience, both online and offline.

Trending mainland medical and healthcare industry: advocating national medical system reform

The medical and healthcare industry in Mainland China is now undergoing a critical transformation, where an aging population and the increasing prevalence of non-communicable chronic diseases (such as diabetes and hypertension) have created a huge gap in patients' healthcare needs that remains to be filled. With these industry growth drivers, Mainland China is determined to reform its healthcare system and advocate a tiered diagnosis and treatment mechanism based on community primary healthcare, under which General Practitioners (also known as family doctors in Mainland China) will step up their role in patient-centred health and disease management.

As Mainland China's medical system reform progresses and more open industry policies are introduced, we have absolute confidence in the development of the medical and healthcare industry in the mainland. Taking the Greater Bay Area as the point of entry, UMP offers Virtual Care services and online outpatient insurance products in the mainland market. We have also begun to apply artificial intelligence and deep learning to help more doctors learn efficient integrated offline and online consultation modes. We seize every opportunity to develop relevant technologies for the public at large to enjoy UMP's healthcare services more conveniently.

Strategic goal for 2025: serving 30 million online and offline patient visits

In FY2020, we have made significant progress in the strategic deployment of our core business. Given the huge potential of the medical and healthcare industry, we continuously adjust our core business strategy and actively seize every development opportunity. Our strategic goal for the next five years is to expand from serving about 1.35 million online and offline patient visits now to 30 million online and offline patient visits by 2025 through various service touch points, including 3 million online and offline patient visits in Hong Kong and Macao markets and 27 million online and offline patient visits in the mainland market.

To achieve the strategic goal for 2025, we will unswervingly provide accessible, affordable and trusted healthcare in Greater Mainland China, and establish a sustainable primary healthcare model offering all-win for payers (i.e. governments, enterprises and insurers), providers (i.e. government hospitals and clinics and private healthcare service providers), patients and users can all benefit.

1. ACCESSIBLE HEALTHCARE SERVICES

For payers:

- **Launching the first online outpatient insurance product charged on capitation to undertake outpatient treatment risks in cooperation with Hong Kong and mainland insurers**

We have cooperated with a major Hong Kong insurer to launch the first online outpatient insurance product charged on capitation based on our Virtual Care services under an innovative cooperation model. Moreover, we have reached Virtual Care service agreements with several insurers to provide their members with convenient, accessible and comprehensive healthcare on a per-visit basis. This move is aimed at strengthening our cooperation with insurers in online services to complement our robust offline healthcare clinic services.

In July 2020, we partnered with an Internet insurer to launch the first online outpatient insurance product in the mainland, covering outpatient and emergency medical treatment where General Practitioners accredited by our GOLD™ Training Programme provide round-the-clock Virtual Care services to meet the healthcare needs of families in all aspects.

Empowered by a one-stop online and offline service platform, we can undertake the outpatient treatment risks of insurers. We will actively work with other insurers to launch accessible and affordable commercial healthcare insurance products, which, coupled with our convenient medicine delivery service, will enable users to enjoy primary healthcare without leaving home, and effectively improve user experience of primary healthcare and insurance services.

– **Obtaining the Group’s first Internet hospital licence to accelerate the development of commercial healthcare insurance**

In August 2020, our UMP telemedicine centre in Hainan (Hainan UMP Internet Hospital) was granted a practising licence by the Health Commission of Hainan Province, whereby UMP will officially launch its Internet hospital business. As the only Hong Kong origin healthcare platform with such a licence, UMP can provide patients with licensed telemedicine services through its Hong Kong and overseas doctors, thus diversifying our healthcare services, creating greater value for patients, and facilitating the development of healthcare insurance products.

The offline healthcare system is becoming inadequate in coping with the increasing demand for healthcare. We believe that online services will help address the continued shortage of premium healthcare resources. In the foreseeable future, high-tech, quality, trusted and affordable commercial healthcare insurance services will be in huge demand, and we will ride on such trends while striving to provide the public with better healthcare services by upholding the philosophy of empowering primary healthcare with technology.

For providers:

– **Strengthening cooperation with Hong Kong healthcare service providers to expand business coverage**

During the year, we continued to expand our business coverage in terms of service points and scope while strengthening cooperation with industry players, in an effort to provide more accessible healthcare services. As at 30 June 2020, UMP’s network had more than 800 service points, greatly expanding its business coverage as compared with over 600 service points in the same period last year.

– **Increasing the supply of General Practitioners through our GOLD™ Training Programme**

Given the lack of high quality General Practitioners in Mainland China, we vigorously promote the training of General Practitioners. We have designed the GOLD™ Training Programme accredited by the Royal College of General Practitioners (“RCGP”) to enable community doctors to quickly improve their consultation skills, enhance public confidence in General Practitioners and public trust in the quality of community-based primary healthcare, and improve the self-confidence and social status of General Practitioners.

We have a large team of family medicine practitioner trainers in the Greater Bay Area. In October 2019, we launched our GOLD™-EN Training Programme to further empower nurses engaged in primary healthcare, so as to make a greater contribution to community-based primary healthcare.

Our GOLD™ Training Programme trained 11 local government doctors in Panyu District, Guangzhou when it was first launched in February 2018. Up to the date of this report, the GOLD™ Training Programme is training over 700 doctors and nurses from major cities in the Greater Bay Area, including Guangzhou, Shenzhen, Dongguan, Zhongshan, Zhuhai, Foshan and Panyu, and other cities such as Beijing, Shanghai and Tianjin.

In FY2020, our GOLD™ Training Programme was open for application by individual doctors to expand training coverage. We expect that the number of doctors and nurses trained will exceed 1,000 by the end of 2020.

– **Shenzhen headquarters and GOLD™ Training Base officially launched**

In the first half of 2020, our Shenzhen headquarters and GOLD™ Training Base were officially launched and commenced operation. As our trainers consist of senior General Practitioners in Hong Kong and the mainland who are well versed in Hong Kong and international family medicine training systems and familiar with mainland community practices, the convenient location of our GOLD™ Training Base adjacent to Futian Railway Station will make it easier to invite more experienced doctors from Hong Kong to carry out on-site courses for the continuous improvement of teaching quality. With the deepening connections between Guangdong and Hong Kong, healthcare experience from Hong Kong will integrate with the training resources in the mainland to create synergy.

The design of our Shenzhen GOLD™ Training Base simulates the reality of a family doctor’s office and integrates hardware resources such as teaching materials and healthcare models to improve the efficiency of interactive learning. We will focus on holding offline workshops there to comprehensively improve the medical practice of General Practitioners.

For patients and users:

- **Adding multiple service touch points in Hong Kong to improve service accessibility**

In the digital age, we embrace innovative technology and endeavour to create great value for patients and users. Based on our extensive offline network of clinics, we have developed our Virtual Care platform, COVID-19 screening tests and other value-added services to serve our patients and users through multiple service touch points, in a strategic effort to integrate our online and offline services.

We create innovative business models and enhance operational flexibility by aligning with market trends, which will help us stand out in the fast-moving medical and healthcare industry. We expect that the benefits of building a healthcare ecosystem integrating online and offline services will gradually manifest in the mid- to long-term.

- **Accelerating the expansion of public-private partnership (“PPP”) clinics to establish a huge offline healthcare network**

To promote the training of General Practitioners in Mainland China and establish a network of offline clinics, we have partnered with different local governments, especially those in the Greater Bay Area, to set up PPP clinics as an initiative to build a sustainable supply of General Practitioners for business expansion in the mainland and help local governments train their doctors.

Since we worked with Panyu to hold the first GOLD™ Training Programme and set up PPP clinics in February 2018, our philosophy and systematic training for General Practitioners have been highly recognised, attracting more local governments to cooperate with us. Up to the date of this report, our PPP network has expanded to 60 clinics, covering all major cities in the Greater Bay Area and becoming one of the largest clinic networks in the area.

Going forward, we plan to expand cooperation with local governments to open more PPP clinics. It is expected that by 1HFY2021, we will have over 100 PPP clinics.

- **Expanding the breadth and depth of healthcare services in Hong Kong through strategic cooperation**

To expand the breadth and depth of our healthcare services and continually provide comprehensive healthcare services for our patients and users in FY2020, we entered into an agreement in November 2019 to acquire 100% equity interest in Axon Scanning Centre Limited (“Axon”) for a consideration of HK\$12.5 million. Axon is engaged in the provision of magnetic resonance imaging, scanning and laboratory services in Hong Kong.

In the second half of 2020, the equipment installation of our planned Acton Digital PET-CT Scan Centre has been completed, and the centre is expected to commence operations by the end of 2020 at the soonest. Through integration of auxiliary medical services, UMP will become one of the largest private imaging laboratory operators in Hong Kong. In addition, we are seeking the Hong Kong Laboratory Accreditation Scheme (HOKLAS) accreditation for our AP Care Limited, trading as Procure Medtech which is expected to be obtained in the first quarter of 2021.

The acquisitions we completed in FY2019 have been fully integrated and generated synergy. Those acquired include SKP Medical Group Limited, a chain of physiotherapy centres, SkinCentral, a provider of dermatological services, and a general practice medical centre at a strategic location in Tai Wai, Sha Tin. We will continue to explore opportunities for strategic cooperation in the areas of healthcare with huge unmet needs, provide a wider range of healthcare services for our patients and users, and continuously enhance our market competitiveness.

2. AFFORDABLE HEALTHCARE SERVICES

For payers:

- **Adopting healthcare big data to effectively control the cost of healthcare solutions**

In today’s digital era, the healthcare field finds big data increasingly valuable. We believe that the integration and analysis of healthcare big data will play an unparalleled role in improving healthcare quality and reducing healthcare costs.

To this end, we are committed to upgrading our self-developed IT infrastructure in Hong Kong. We integrate important statistical data on the utilisation rate, ways of medical treatment and medical expenses of members of healthcare plans and conduct meaningful analysis according to the needs of corporate clients, thus enabling insurers and corporate clients to effectively manage healthcare benefits, control overall costs, provide better-priced insurance policies, and allocate resources more efficiently to provide appropriate healthcare products and benefits.

For providers:**– Digitalisation of Third Party Administrative services to reduce administrative expenses**

Dedicated to creating value for corporate clients, we actively carried out digitalisation of our Third Party Administrative services in Hong Kong and Macao markets while integrating our clinics and network systems during the year, so as to digitise and standardise medical information. Accurate medical claims processing, cost-effective solutions and cross-border settlement capabilities represent the key and unique values of our services. The upgraded service system provides a series of convenient and easy-to-use functions. The paperless electronic claims service significantly improves the operational efficiency of corporate clients and reduces their administrative expenses, creating a perfect customer experience.

– Asset-light strategy to enhance capital efficiency

We adopt an asset-light strategy to maximise capital efficiency. Specifically, we work with local governments in the Greater Bay Area to build up PPP clinics with international standards in local community health service centres in a relatively low-cost and efficient manner, in an effort to pursue quality and sustainable development.

For patients and users:**– Channelling public health thinking to preventive health management for medical cost reduction**

Good primary healthcare services provide the public with preventive healthcare and premium treatment, which are particularly important for promoting public health.

We are committed to promoting the awareness of valuing primary healthcare. To this end, we actively share healthcare knowledge on our website and new social media platforms. We will hold more health education activities to enhance understanding of UMP's one-stop healthcare solutions among our corporate clients, patients and users. Meanwhile, we will comprehensively upgrade our self-developed IT infrastructure, and make good use of healthcare resources with a focus on strengthening personal health management, so as to contribute to promoting primary healthcare services in the community.

3. TRUSTED HEALTHCARE SERVICES

For payers:

– **Increasing technology investment to provide trusted value-added services**

By increasing investment in technology, we provide corporate clients with premium value-added services and help them effectively manage their employees' healthcare benefits. Our self-developed proprietary software for corporate clients includes the central healthcare planning system CBBE, and the electronic platforms E-claims and eVoucher that can efficiently process claims.

As the first paperless medical vouchers and claims settlement system in Hong Kong's healthcare industry, eVoucher was launched in Hong Kong and Macao in July 2019, and is applied to the entire clinic network of UMP covering different service areas. It not only helps corporate clients improve their operational efficiency by streamlining the claims process, but also improves data accuracy, laying a solid foundation for our digitalised user experience, which can help strengthen our trusted value-added services for corporate clients. Up to the date of this report, our eVoucher electronic platform has been applied to approximately 500 service points.

For providers:

– **Establishing internationally recognised standards to train trusted skilled General Practitioners**

We believe that only by setting internationally recognised standards can we attract and cultivate enough excellent doctors for primary healthcare in Mainland China, where we promote our GOLD™ Training Programme to empower General Practitioners. On the one hand, we increase the overall supply of General Practitioners through systematic training on general medicine knowledge. On the other hand, we increase the trust and satisfaction of patients by improving the skills of General Practitioners based on community practice.

For online training, our GOLD™ Training Programme adopts the Hong Kong and international teaching mode and training content, with online seminars being held on a weekly basis. We also set up a new electronic training platform for the programme to provide a large pool of real consultation cases as training materials for mainland doctors, with a view to improving teaching quality.

In terms of offline training, trainers demonstrate and explain cases in workshops, and encourage and guide doctor trainees to discuss solutions together. Outstanding students will have the opportunity for internships at Hong Kong general practice clinics to learn about family doctor services and clinic operating model. While healthcare services are deeply integrated in the Greater Bay Area, the General Practitioner services in the mainland will be aligning with international standards.

- **Assisting community health service centres in Mainland China to seek international accreditation**

Through PPP clinics built in strict accordance with Hong Kong's general practice standards, we assist community health service centres in Mainland China to upgrade their standards by further integrating the general practice thinking, the principle of equality between doctors and patients, privacy protection requirements and user-friendly design into clinic design, so as to improve the services of General Practitioners and contribute more to local primary healthcare.

We also assist community health service centres to seek international accreditation. Up to the date of this report, 3 community health service centres have successfully obtained accreditation from the World Organization of Family Doctors ("WONCA") as WONCA appreciates and recognises their standardised outpatient healthcare and wide coverage of public health work.

For patients and users:

- **Comprehensively upgrading self-developed IT infrastructure to optimise user experience**

In a strive to digitise the experience of patients and users, we performed a full upgrade of our self-developed IT infrastructure in Hong Kong during the year, with a focus on the Clinic Management System for user relationship management.

We have actively deployed it to UMP's clinic network. With the management of users' medical treatment patterns plus our self-developed mobile application and website upgrade expected to be launched by the end of 2020, we are well positioned to provide one-stop health management services and deliver excellent service experience.

- **Attracting and retaining talents sharing the same values to create greater value for users**

We hope to team up with like-minded talents who share the same values and entrepreneurial spirit to tap our unlimited potential and share the benefits of creating value for our patients and users.

To keep pace with the times, we proactively recruit scientific research and big data professionals, apply artificial intelligence and deep learning, and take the opportunity to develop information technology as we provide trusted healthcare services.

– **Bringing a closer doctor-patient relationship through Virtual Care**

During the COVID-19 outbreak, restrictive measures such as social distancing accelerated the penetration of Virtual Care and cultivated the habit of teleconsultation among patients. Virtual Care is expected to remain in the post COVID-19 era. In addition to family medicine, our Virtual Care services in Hong Kong cover various specialties, traditional Chinese medicine and physiotherapy diagnosis, thereby maximising the application of the technology and providing diverse choices. The service enables patients to communicate face-to-face with doctors anytime, anywhere and obtain safe and effective healthcare guidance, and fosters a closer doctor-patient relationship, thus providing patients with a better diagnosis and treatment experience and enhancing their trust in primary healthcare institutions.

The year 2020 marks the 30th anniversary of UMP. On the back of our reputable brand name, we will leverage innovative technology effectively in the fast-moving medical and healthcare industry and operating landscape to strengthen our flexible and scalable primary healthcare operation model, aiming to become the leading technologically enabled primary healthcare platform in the world with sustainable growth.

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 2020, together with the comparative amounts for the year ended 30 June 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
REVENUE	5	557,484	567,377
Other income and gains	6	25,634	25,414
Professional services expenses		(216,653)	(229,321)
Employee benefit expense		(140,923)	(143,817)
Property rental and related expenses		(12,317)	(54,390)
Cost of inventories consumed		(30,851)	(30,624)
Depreciation and amortisation		(78,269)	(22,701)
Other expenses, net		(28,384)	(80,118)
Finance cost		(3,825)	–
Share of profits and losses of:			
A joint venture		(167)	11
Associates		1,677	2,444
PROFIT BEFORE TAX	7	73,406	34,275
Income tax expense	8	(13,096)	(14,726)
PROFIT FOR THE YEAR		60,310	19,549
Attributable to:			
Owners of the Company		58,915	12,798
Non-controlling interests		1,395	6,751
		60,310	19,549
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		HK7.79cents	HK1.71 cents
Diluted		HK7.76cents	HK1.69 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	60,310	19,549
	<u><u>60,310</u></u>	<u><u>19,549</u></u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of debt investments at fair value through other comprehensive income	(256)	48
Exchange differences on translation of foreign operations	(1,463)	(1,238)
Share of other comprehensive loss of an associate	(37)	(79)
Share of other comprehensive loss of a joint venture	(44)	(48)
	<u>(1,800)</u>	<u>(1,317)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		
Other comprehensive income/(loss) 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	(29,495)	2,979
	<u>(29,495)</u>	<u>2,979</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(31,295)	1,662
	<u>(31,295)</u>	<u>1,662</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	29,015	21,211
	<u><u>29,015</u></u>	<u><u>21,211</u></u>
Attributable to:		
Owners of the Company	27,620	14,460
Non-controlling interests	1,395	6,751
	<u>27,620</u>	<u>14,460</u>
	<u>1,395</u>	<u>6,751</u>
	<u><u>29,015</u></u>	<u><u>21,211</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		96,424	101,061
Right-of-use assets		82,152	–
Goodwill	<i>11</i>	171,264	163,711
Other intangible assets		76,972	79,378
Investments in joint ventures		–	1,158
Investments in associates		8,546	8,976
Financial assets at amortised cost	<i>12</i>	20,206	46,668
Investments at fair value through other comprehensive income	<i>13</i>	23,187	52,938
Deferred tax assets		1,691	1,300
Deposits		21,977	15,927
		<hr/>	<hr/>
Total non-current assets		502,419	471,117
CURRENT ASSETS			
Inventories		9,083	11,803
Trade receivables	<i>14</i>	74,354	104,997
Prepayments, other receivables and other assets		32,423	20,951
Financial assets at fair value through profit or loss		1,723	2,400
Financial assets at amortised cost	<i>12</i>	35,646	14,066
Due from associates		2,204	4,077
Due from related companies		1,220	3,633
Tax recoverable		210	58
Pledged deposits		1,354	1,354
Cash and cash equivalents		230,671	207,644
		<hr/>	<hr/>
Total current assets		388,888	370,983

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	15	36,370	49,589
Other payables and accruals		62,584	73,084
Due to associates		184	138
Due to related companies		2,020	620
Due to a joint venture		203	180
Derivative financial instrument		–	743
Lease liabilities		43,420	–
Tax payable		14,994	14,362
		<hr/>	<hr/>
Total current liabilities		159,775	138,716
		<hr/>	<hr/>
NET CURRENT ASSETS		229,113	232,267
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		731,532	703,384
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		43,145	–
Deferred tax liabilities		14,572	14,609
Provision		3,308	2,813
		<hr/>	<hr/>
Total non-current liabilities		61,025	17,422
		<hr/>	<hr/>
Net assets		670,507	685,962
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	766	758
Reserves		611,080	612,237
		<hr/>	<hr/>
		611,846	612,995
		<hr/>	<hr/>
Non-controlling interests		58,661	72,967
		<hr/>	<hr/>
Total equity		670,507	685,962
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1. CORPORATE AND GROUP INFORMATION

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

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

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

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

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments, debt investments, other assets and derivative financial instrument which have been measured at fair value. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3.1 CHANGES IN DISCLOSURES

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

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 July 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of office properties and medical centres. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 July 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 July 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019 and separately presented in the consolidated statement of financial position. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 July 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 July 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the leases term where the contract contains options to extend/terminate the lease
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 July 2019

Financial impact at 1 July 2019

The impact arising from the adoption of HKFRS 16 at 1 July 2019 was as follows:

	Increase/ (decrease) <i>HK\$'000</i>
Assets	
Increase in right-of-use assets	101,336
Decrease in prepayments, other receivables and other assets	<u>(1,288)</u>
Increase in total assets	<u><u>100,048</u></u>
Liabilities	
Increase in lease liabilities	103,504
Decrease in other payables and accruals	<u>(127)</u>
Increase in total liabilities	<u><u>103,377</u></u>
Equity	
Decrease in retained profits	(2,866)
Decrease in non-controlling interests	<u>(463)</u>
Decrease in total equity	<u><u>(3,329)</u></u>

The lease liabilities as at 1 July 2019 reconciled to the operating lease commitments as at 30 June 2019 are as follows:

	<i>HK\$'000</i>
Operating lease commitments as at 30 June 2019	68,605
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 30 June 2020	(570)
Add: Payments for optional extension periods not recognised as at 30 June 2019	<u>42,294</u>
	110,329
Weighted average incremental borrowing rate as at 1 July 2019	<u>3.91%</u>
Lease liabilities as at 1 July 2019	<u><u>103,504</u></u>

- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the year ended 30 June 2020, certain monthly lease payments for the leases of the Group's office properties and medical centres have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$1,987,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 30 June 2020.

- (c) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 July 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (d) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. The Group determined that the interpretation did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

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

- (a) Corporate healthcare solution services (“Corporate Healthcare Solution Services to Contract Customers”) segment engages in the provision of corporate healthcare solutions to contract customers; and
- (b) Clinical healthcare services (“Clinical Healthcare Services”) segment engages in the provision of medical and dental services, health check and other auxiliary services.

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

Segment assets exclude goodwill, investments in joint ventures and associates, financial assets at fair value through profit or loss, financial assets at amortised cost, 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.

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

Year ended 30 June 2020

	Corporate Healthcare Solution Services to Contract Customers HK\$'000	Clinical Healthcare Services HK\$'000	Total HK\$'000
Segment revenue:			
External sales	245,556	311,928	557,484
Intersegment sales	1,526	90,821	92,347
	<u>247,082</u>	<u>402,749</u>	<u>649,831</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(92,347)</u>
Revenue			<u><u>557,484</u></u>
Segment results	55,267	31,643	86,910
<i>Reconciliation:</i>			
Interest income			5,860
Other income			19,774
Share of profits and losses of:			
A joint venture			(167)
Associates			1,677
Corporate and other unallocated expenses			<u>(40,648)</u>
Profit before tax			<u><u>73,406</u></u>
Segment assets	149,406	174,179	323,585
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(24,854)
Corporate and other unallocated assets			<u>592,576</u>
Total assets			<u><u>891,307</u></u>
Segment liabilities	72,322	170,089	242,411
<i>Reconciliation:</i>			
Elimination of intersegment payables			(24,854)
Corporate and other unallocated liabilities			<u>3,243</u>
Total liabilities			<u><u>220,800</u></u>
Other segment information:			
Depreciation and amortisation (excluding right-of-use assets)	4,066	24,647	28,713
Capital expenditure*	6,118	20,429	26,547
Impairment of items of property, plant and equipment	–	135	135
Write-off of items of property, plant and equipment	–	445	445
Write-off of trade receivables	222	12	234
	<u><u>222</u></u>	<u><u>12</u></u>	<u><u>234</u></u>

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

Year ended 30 June 2019

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

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

5. REVENUE

An analysis of revenue is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers		
Provision of corporate healthcare solution services to contract customers:		
Medical services	221,079	225,483
Dental services	24,477	20,820
Provision of clinical healthcare services:		
Medical services	260,310	261,258
Dental services	51,618	59,816
	<u>557,484</u>	<u>567,377</u>

Disaggregated revenue information

For the year ended 30 June 2020

Segments

	Corporate Healthcare Solution Services to Contract Customers <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services			
Medical services	221,079	260,310	481,389
Dental services	24,477	51,618	76,095
	<u>245,556</u>	<u>311,928</u>	<u>557,484</u>
Geographical markets			
Hong Kong	223,379	275,078	498,457
Mainland China	4,125	34,256	38,381
Macau	18,052	2,594	20,646
	<u>245,556</u>	<u>311,928</u>	<u>557,484</u>

For the year ended 30 June 2019

Segments

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

6. OTHER INCOME AND GAINS

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Administrative support fees	1,330	2,667
Bank interest income	1,405	1,071
Interest income on financial assets at amortised cost	4,078	3,645
Interest income on investments at fair value through other comprehensive income	377	1,895
Rental income	13	7
Dividend income from financial assets at fair value through profit or loss	96	96
Dividend income from investments at fair value through other comprehensive income	4,747	–
Fair value gain on other assets	6,544	2,777
Fair value gain on derivative financial instrument	743	2,036
Gain on disposal of subsidiaries	1,229	9,315
Gain on deregistration of subsidiaries	697	–
Gain on disposal of items of property, plant and equipment	–	520
Reversal of impairment losses on amounts due from associates	746	–
Others	3,629	1,385
	<u>25,634</u>	<u>25,414</u>

7. PROFIT BEFORE TAX

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of services rendered	216,653	229,321
Depreciation of property, plant and equipment	20,877	21,394
Depreciation of right-of-use assets	48,135	–
Amortisation of other intangible assets	9,257	1,307
Equity-settled share-based payment expense (including employees, professional consultants and other business partner) (<i>note (i)</i>)	3,912	48,301
Reversal of equity-settled share-based payment expense (<i>note (i)</i>)	(15,150)	–
Foreign exchange differences, net	222	441
Write-off of items of property, plant and equipment	445	92
Impairment of items of property, plant and equipment	135	–
Impairment of right-of-use assets	57	–
Lease payments not included in the measurement of lease liabilities/ minimum leases payments under operating leases	5,988	47,081
Write-off of trade receivables	234	226
Impairment of investment cost in an associate	630	–
Impairment/(reversal of impairment) of amounts due from associates	(746)	695
Fair value losses on financial assets at fair value through profit or loss, net	677	27
Government subsidies (<i>note (ii)</i>)	2,944	–
	<u>2,944</u>	<u>–</u>

Notes:

- (i) The balance in the prior year included share-based payment expenses of approximately HK\$37,512,000 in connection with the issuance of warrants to a business partner of the Group, Zheng He Health and Medical Resources Limited. During the year, due to certain non-market conditions not being fulfilled upon expiration of the contractual arrangement, the corresponding equity-settled share-based payment expense of HK\$15,150,000 was reversed.
- (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.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	12,835	10,251
Overprovision in prior years	(519)	–
Current – Elsewhere		
Charge for the year	1,575	3,535
Withholding tax	69	74
Underprovision/(overprovision) in prior years	(192)	1,290
Deferred	(672)	(424)
	<u>13,096</u>	<u>14,726</u>
Total tax charge for the year	<u><u>13,096</u></u>	<u><u>14,726</u></u>

9. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final 2019 – HK2.55 cents (2018: HK2.35 cents) per ordinary share	19,324	17,795
Less: Dividend for shares held under the share award scheme	<u>(259)</u>	<u>(208)</u>
	<u>19,065</u>	<u>17,587</u>
Interim 2020 – HK0.65 cent (2019: HK0.65 cent) per ordinary share	4,985	4,926
Less: Dividend for shares held under the share award scheme	<u>(64)</u>	<u>(59)</u>
	<u>4,921</u>	<u>4,867</u>
	<u>23,986</u>	<u>22,454</u>
Dividend proposed after the end of the reporting period:		
Proposed final 2020 (with scrip option) – HK2.65 cents (2019: HK2.55 cents, with scrip option) per ordinary share	<u>20,293</u>	<u>19,324</u>

The proposed final 2020 dividend of HK2.65 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\$58,915,000 (2019: HK\$12,798,000), and the weighted average number of ordinary shares of 756,478,586 (2019: 748,386,207 (restated)) 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\$58,915,000 (2019: HK\$12,798,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 756,478,586 (2019: 748,386,207 (restated)) 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 2,596,315 (2019: 7,764,509) assumed to have been issued at no consideration on the deemed exercise of all share options and warrants (2019: share options and warrants) into ordinary shares.

The weighted average number of ordinary shares for the years ended 30 June 2020 and 2019 have been adjusted to reflect the bonus element in respect of scrip dividend distributed during the year.

11. GOODWILL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of year	163,711	58,227
Acquisitions of subsidiaries/business (<i>note 17</i>)	<u>7,553</u>	<u>105,484</u>
At end of year	<u><u>171,264</u></u>	<u><u>163,711</u></u>

12. FINANCIAL ASSETS AT AMORTISED COST

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Financial assets at amortised cost	<u><u>55,852</u></u>	<u><u>60,734</u></u>
Analysed into:		
Non-current portion	20,206	46,668
Current portion	<u>35,646</u>	<u>14,066</u>
	<u><u>55,852</u></u>	<u><u>60,734</u></u>

As at 30 June 2020, the Group's financial assets at amortised cost represented listed debt investments with fixed maturity dates between 2020 and 2023 and fixed interest rates ranging from 4.25% to 8.5% per annum (2019: 4.25% to 8.5% per annum).

13. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Investments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	4,745	17,828
Listed equity investment, at fair value	12,948	29,360
Listed debt investments, at fair value	5,494	5,750
	<u>23,187</u>	<u>52,938</u>

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\$4,200,000 (30 June 2019: Nil) and HK\$547,000 (30 June 2019: Nil) 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	54,404	71,823
1 to 2 months	6,235	12,350
2 to 3 months	6,861	12,531
Over 3 months	6,854	8,293
	<u>74,354</u>	<u>104,997</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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	23,861	30,609
1 to 3 months	11,392	18,587
Over 3 months	<u>1,117</u>	<u>393</u>
	<u>36,370</u>	<u>49,589</u>

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

16. SHARE CAPITAL

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2019: 5,000,000,000) ordinary shares of HK\$0.001 (2019: HK\$0.001) each	<u>5,000</u>	<u>5,000</u>
Issued and fully paid:		
765,759,953 (2019: 757,818,000) ordinary shares of HK\$0.001 (2019: HK\$0.001) each	<u>766</u>	<u>758</u>

The movements in the Company's authorised and issued share capital during the years ended 30 June 2020 and 2019 are as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised:			
At 1 July 2018, at 30 June 2019, at 1 July 2019 and at 30 June 2020		5,000,000,000	5,000
Issued and fully paid:			
At 1 July 2018		753,405,000	753
Exercise of share options	<i>(a)</i>	<u>4,413,000</u>	<u>5</u>
At 30 June 2019 and at 1 July 2019		757,818,000	758
Shares issued in lieu of cash dividend	<i>(b)</i>	<u>7,941,953</u>	<u>8</u>
At 30 June 2020		<u>765,759,953</u>	<u>766</u>

(a) The subscription rights attaching to (i) 3,200,000 share options were exercised at the subscription price of HK\$1.2228 per share, resulting in the issue of 3,200,000 ordinary shares of HK\$0.001 each for a total cash consideration, before expenses, of HK\$3,913,000; and (ii) 1,213,000 share options were exercised at the subscription price of HK\$1.27 per share, resulting in the issue of 1,213,000 ordinary shares of HK\$0.001 each for a total cash consideration, before expenses, of HK\$1,541,000. An aggregate amount of HK\$1,693,000 was transferred from the share-based payment reserve to the share premium account upon the exercise of the share options.

(b) On 20 November 2019, the Company's shareholders approved at the annual general meeting a final dividend of HK2.55 cents per ordinary share payable in cash with a scrip dividend alternative ("the Scrip Dividend Scheme") for the year ended 30 June 2019 (the "2019 Final Dividend"). During the year ended 30 June 2020, 7,941,953 new shares were issued by the Company at a deemed price of HK\$1.32 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 2019 Final Dividend of HK\$10,483,000. The remaining balance of the 2019 Final Dividend of HK\$8,841,000 was satisfied by cash. Further details of the Scrip Dividend Scheme are set out in the Company's circular dated 20 December 2019.

17. BUSINESS COMBINATIONS

In order to develop the Group's corporate healthcare solution and clinical healthcare businesses and to continually provide comprehensive and integrated healthcare services for the benefit of the patients, the Group entered into the following transactions during the years ended 30 June 2019 and 2020:

- (a) On 24 July 2018, the Group acquired a 70% equity interest in a group of companies (the "Physiotherapy Centre Chain") from an independent third party for a consideration of HK\$28.5 million. The Physiotherapy Centre Chain is engaged in the provision of medical physiotherapy services in Hong Kong.
- (b) On 2 October 2018, the Group acquired a 55% equity interest in a medical clinic business (the "Medical Clinic Business") from an independent third party for a consideration of HK\$15.1 million.
- (c) On 23 January 2019, the Group acquired a 60% equity interest in SkinCentral Limited ("SkinCentral") from an independent third party for a consideration of HK\$100 million. SkinCentral is engaged in the provision of dermatological services in Hong Kong.
- (d) On 1 November 2019, the Group acquired 100% equity interest in Axon Scanning Centre Limited ("Axon") from several independent third parties for a consideration of HK\$12.5 million. Axon is engaged in the provision of magnetic resonance imaging, scanning and laboratory service in Hong Kong.

As part of the acquisitions in the prior years ended 30 June 2018 and 2019, the considerations for an imaging business, Physiotherapy Centre Chain, Medical Clinic Business and SkinCentral (collectively, the "Acquired Businesses") are subject to potential adjustments, which are dependent on the future performance of respective Acquired Businesses as stipulated in the respective sales and purchase agreements. In addition, the sales and purchase agreements of the Physiotherapy Centre Chain, Medical Clinic Business and SkinCentral include either a call option in which a seller has discretion to repurchase the equity interest sold to the Group or a put option in which sellers have discretion to require the Group to purchase the remaining equity interest in these acquired businesses held by the sellers, subject to certain terms and conditions within designated periods of time.

During the year, the Group has recognised identifiable net assets of HK\$4,956,000 and goodwill of HK\$7,553,000 in connection with the acquisition of Axon in accordance with HKFRS 3 (Revised) *Business Combinations*.

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 recent extension of Third Party Administration (“TPA”) service to our insurance company clients enriched UMP's corporate healthcare solutions scope. 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 2020, the UMP Network comprises more than 800 points of services located across Hong Kong and Macau.

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

2. Hong Kong & Macau Clinical Healthcare Services

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

3. PRC Healthcare Business

Our PRC Healthcare Business currently consists of (i) health check-up business, (ii) corporate healthcare solutions business, (iii) within the clinics we own and operate, revenue from selected outpatient services such as family medicine and paediatric services and (iv) provision of professional training to doctors and nurses under our GOLD™ training programme. As our corporate healthcare solutions business is still at a development stage, the revenue and operating profit for this business segment is primarily contributed by our health check-up business. Our current focus is on the development of our PRC Healthcare Business in Beijing, Shanghai, Guangzhou, Shenzhen and the Greater Bay Area.

BUSINESS LINES ANALYSIS

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line has marginally decreased by 0.9% from HK\$245.0 million to HK\$242.7 million (before intersegment elimination) due to a general decrease in patient visits, while our operating profit (operating profit before tax and before non-recurring items) has increased by approximately 30.5% from HK\$39.8 million to HK\$52.0 million. During the year, we have adopted various measures and policies such as streamlining workflow, automating work process by digitalisation technology, to have better cost management.

Hong Kong & Macau Clinical Healthcare Services

Revenue for this business line has slightly increased by 1.3% from HK\$364.1 million to HK\$368.7 million (before intersegment elimination) due to a general increase in average spending per visit, while our operating profit (operating profit before tax and before non-recurring items) has decreased by 21.3% from HK\$46.1 million to HK\$36.3 million. The relatively stable revenue is due to the negative impact of coronavirus in 2HFY2020 is offset by the increase in revenue in 1HFY2020 because of the full period recognition of financial results of previously acquired clinical healthcare businesses in FY2019. However, our operating profit is still negatively affected because the operation overheads were fixed while the patient visits were dropped in 2HFY2020.

PRC Healthcare Business

Revenue for this business line has dramatically decreased by 28.8% from HK\$53.9 million to HK\$38.4 million (before intersegment elimination) primarily due to the decrease in the patient visits, while our operating loss (operating loss before tax and before non-recurring items) has increased 796.1% from HK\$3.7 million to HK\$33.5 million. The impact of the coronavirus outbreak has been disastrous in our PRC Healthcare Business as there were months that our clinics in PRC were required to shut down in battling against the outbreak. Nevertheless, the crises made us more determined in leveraging technology to safeguard the health of our patients and members. We have been investing in online tele-consultation services as well as expanding the coverage and scope of our GOLD™ programme. We believe the investment is important for our future success.

The following table sets out the revenue and operating profit for our business lines for FY2020 and FY2019 for comparison:

Revenue by business lines

	Year ended 30 June		Increase/ (decrease)
	2020	2019	
	HK\$'000	HK\$'000	
Hong Kong & Macau Corporate Healthcare Solution Services	242,740	245,016	(0.9%)
Hong Kong & Macau Clinical Healthcare Services	368,710	364,129	1.3%
PRC Healthcare Business	38,381	53,920	(28.8%)
Total before elimination of inter-business lines sales	649,831	663,065	(2.0%)
<i>Reconciliation:</i>			
Elimination of inter-business lines sales	(92,347)	(95,688)	
TOTAL	557,484	567,377	(1.7%)

Operating profit by business lines

	Year ended 30 June		Increase/ (decrease)
	2020	2019	
	HK\$'000	HK\$'000	
Hong Kong & Macau Corporate Healthcare Solution Services	52,005	39,841	30.5%
<i>Operating profit margin</i>	<i>21.4%</i>	<i>16.3%</i>	
Hong Kong & Macau Clinical Healthcare Services	36,337	46,144	(21.3%)
<i>Operating profit margin</i>	<i>9.9%</i>	<i>12.7%</i>	
PRC Healthcare Business	(33,487)	(3,737)	796.1%
<i>Operating profit margin</i>	<i>(87.2%)</i>	<i>(6.9%)</i>	
Total operation profit by business lines	54,855	82,248	
<i>Reconciliation:</i>			
Other income and gains	25,634	25,414	
Share of profits and losses of:			
Associates	1,677	2,444	
Corporate and other unallocated expenses	(8,760)	(75,831)	
Profit before tax	73,406	34,275	

- (1) Business lines revenue presented above are before intersegment sales elimination.
- (2) Operating profit by business lines represent operating profit before tax for each business line and excluding non-recurring items.

FINANCIAL REVIEWS

FY2020 compared to FY2019

Revenue

During FY2020, we primarily generated revenue from (i) the provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau, (ii) the provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau and (iii) the provision of healthcare services in the PRC.

Total consolidated revenue decreased by 1.7% from HK\$567.4 million in FY2019 to HK\$557.5 million in FY2020, primarily due to a decrease in revenue from HK\$53.9 million to HK\$38.4 million from the provision of healthcare services in the PRC.

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 decreased by 0.9% from HK\$243.7 million in FY2019 to HK\$241.4 million in FY2020.

- **Medical.** Revenue generated from the provision of Medical Services to Contract Customers decreased by 2.7% from HK\$222.9 million for FY2019 to HK\$216.9 million for FY2020, primarily due to a decrease in patient visits in FY2020.
- **Dental.** Revenue generated from the provision of Dental Services to Contract Customers increased by 17.8% from HK\$20.8 million for FY2019 to HK\$24.5 million in FY2020, primarily due to an increase in the average price per patient visit in FY2020.

Provision of clinical healthcare services in Hong Kong and Macau

- **Medical.** Revenue generated from the provision of Medical Services to Self-paid Patients increased by 7.7% from HK\$210.0 million for FY2019 to HK\$226.1 million for FY2020, primarily due to an increase in the average price per patient visit in FY2020.
- **Dental.** Revenue generated from the provision of Dental Services to Self-paid Patients decreased by 13.7% from HK\$59.8 million for FY2019 to HK\$51.6 million for FY2020, primarily due to a decrease in the patient visits in FY2020.

PRC Healthcare Business

Revenue contribution from the PRC Healthcare Business decreased by 28.8% from HK\$53.9 million in FY2019 to HK\$38.4 million in FY2020, primarily due to a decrease in the patient visit.

Professional Services Expenses

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

Professional services expenses decreased by 5.5% from HK\$229.3 million for FY2019 to HK\$216.7 million for FY2020, primarily due to the dual effect of the decrease in number of patient visits and the decrease of cost of services rendered by doctors, dentists and other professionals. The decreased percentage is generally in line with the decrease in the Group's consolidated revenue in FY2020.

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 decreased by 2.0% from HK\$143.8 million for FY2019 to HK\$140.9 million for FY2020. Employee benefit expense decreased primarily due to the decrease in non-cash equity-settled share-based payment expense, partly offset by the general increase in staff costs.

Property Rental and Related Expenses

Property rental and related expenses decreased by 77.4% from HK\$54.4 million for FY2019 to HK\$12.3 million for FY2020, primarily due to certain rental expenses were reflected as depreciation of right-of-use and interest expense on lease liabilities upon the adoption of HKFRS 16.

Depreciation and Amortisation

Depreciation and amortisation significantly increased by 244.9% from HK\$22.7 million for FY2019 to HK\$78.3 million for FY2020, primarily due to the adoption of HKFRS16 which led to the depreciation of the right-of-use-assets recognised at the adoption date on 1 July 2019 or the commencement date of the lease, on a straight-line basis over the shorter of the estimated useful life and the lease term.

Other Expenses, Net

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

Other expenses, net, decreased by 64.5% from approximately HK\$80.1 million for FY2019 to HK\$28.4 million for FY2020, primarily due to (i) a non-cash equity-settled share-based payment expense of HK\$37.5 million incurred in FY2019 in connection with the issuance of 110,411,000 Warrants of the Company to Zheng He in accordance with terms and conditions of the Warrant Instrument, which did not recur in FY2020; and (ii) during FY2020, a reversal of the non-cash equity-settled share-based payment expense of approximately HK\$15.2 million was recorded since the associated terms and conditions for the Second and Third Vesting Milestones had not been met before its expiration on 14 November 2019. Please refer to the announcements of the Company dated 27 July 2018, 30 August 2018 and 6 December 2018 and the circular of the Company dated 29 October 2018 (the "Circular") for further details.

Summary of operational data for FY2020 with comparative figures for FY2019:

Revenue by operating segment

	Year ended 30 June		Increase/ (decrease)
	2020	2019	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Provision of corporate healthcare solution services	245,556	246,303	(0.3%)
Medical	221,079	225,483	(2.0%)
Dental	24,477	20,820	17.6%
Provision of clinical healthcare services	311,928	321,074	(2.8%)
Medical	260,310	261,258	(0.4%)
Dental	51,618	59,816	(13.7%)
TOTAL	557,484	567,377	(1.7%)

Number of visits by operating segment

	Year ended 30 June		Increase/ (decrease)
	2020	2019	
Provision of corporate healthcare solution services	1,106,304	1,315,686	(15.9%)
Medical	1,082,228	1,289,200	(16.1%)
Dental	24,076	26,486	(9.1%)
Provision of clinical healthcare services	242,769	296,842	(18.2%)
Medical	211,786	253,245	(16.4%)
Dental	30,983	43,597	(28.9%)
TOTAL	1,349,073	1,612,528	(16.3%)

KEY FINANCIAL POSITION ITEMS

Right-of-use assets

Under HKFRS 16, the new accounting policy adopted in FY2020, 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 30 June 2020, the Group's right-of-use assets amounted to HK\$82.2 million (30 June 2019: Nil).

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 2020 the Group's goodwill amounted to HK\$171.3 million while as at 30 June 2019, the Group's goodwill amounted to HK\$163.7 million. The increase in goodwill is primarily due to the new business acquisition (please refer to "Business Combinations" in Note 17 to the consolidated financial statements for details) during FY2020.

Investments in joint ventures

The 50:50 joint venture, Shanghai He Dun, with a dentist group founded in late July 2016 for the purpose of establishment of a platform with dental professionals in Shanghai and to provide dental services to the Group in Shanghai, was wound up during FY2020 leading to a zero carrying amount as at 30 June 2020 (HK\$1.2 million as at 30 June 2019).

Investments at fair value through other comprehensive income

Investments at fair value through other comprehensive income primarily represent unlisted equity investments at fair value as well as listed equity and debt investments at fair value. They are designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

As at 30 June 2020, the Group's investments at fair value through other comprehensive income amounted to HK\$23.2 million (HK\$52.9 million at 30 June 2019). The decrease is primarily due to change in fair value.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has historically funded its operations primarily by cash generated from operating activities. Upon the listing of the shares of the Company on the Stock Exchange, the Group intended to satisfy its liquidity requirements using a combination of cash generated from operating activities, net proceeds from the Global Offering and the net considerations received from the series of transactions. As of 30 June 2020, the Group had cash and cash equivalents of HK\$230.7 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 2020, the Group had no net debt. The Group's gearing ratio was not applicable as at 30 June 2020.

CAPITAL STRUCTURE

Issue of unlisted warrants

The Company entered into a subscription agreement (the "Subscription Agreement") with Zheng He and Law Siu Wah, Eddie ("Mr. Law"), the ultimate beneficial owner and ultimate controller of Zheng He 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 have lapsed on 14 November 2019.

During FY2019, the subscription price of 36,803,667 Warrants were adjusted due to the distribution of the interim dividend of HK0.65 cent per Share for the six months ended 31 December 2018 resulted in the adjustment of the initial subscription price ("Initial Subscription Price") of the issued unlisted warrants of the Company from HK\$2.06 to HK\$2.0521 (the "First Adjusted ISP") in accordance with the Warrant Instrument.

In January 2020, the distribution of the final dividend of HK2.55 cents per Share for year ended 30 June 2019 by the Company resulted in the adjustment of the Initial Subscription Price from the First Adjusted ISP of HK\$2.0521 to HK\$2.0136 ("Second Adjusted ISP") in accordance with the Warrant Instrument.

In April 2020, the subscription price of 36,803,667 Warrants were further adjusted due to the distribution of the interim dividend of HK0.65 cent per Share for the six months ended 31 December 2019 resulted in the adjustment of the Initial Subscription Price from the Second Adjusted ISP of HK\$2.0136 to HK\$2.0042 in accordance with the Warrant Instrument.

Save for the above, there has been no change in the capital structure of the Company during the year ended 30 June 2020. The capital of the Company comprises ordinary shares and other reserves.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES

On 1 August 2019, the Group disposed its 60% equity interest in Hong Kong United Oncology Centre Limited (“HKUOC”) to Comprehensive Oncology Centre Limited, a 40% shareholder of HKUOC prior to the completion. Upon completion, the Group ceased to hold any interest in HKUOC and HKUOC ceased to be a subsidiary of the Company.

On 1 November 2019, the Group acquired 100% equity interest in Axon from several independent third parties in a consideration of HK\$12.5 million. Axon is engaged in the provision of magnetic resonance imaging, scanning and laboratory services in Hong Kong.

Save as aforesaid, there was no material acquisitions or disposal of subsidiaries undertaken by the Group during FY2020.

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 2020.

CAPITAL EXPENDITURE

The capital expenditure during the year was primarily related to deposits paid for and expenditures on additions of property, plant and equipment for the Group’s Medical, Dental and Auxiliary Services centres. For FY2020, the Group incurred capital expenditure in an aggregate amount of approximately HK\$26.8 million (FY2019: HK\$19.3 million).

INDEBTEDNESS

Contingent Liabilities

As at 30 June 2020, the Group did not have any material contingent liabilities.

Capital Commitment

As at 30 June 2020, the Group has material capital commitments of approximately HK\$16.5 million in relation to the acquisition of property, plant and equipment.

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 2020, the Group has pledged certain deposits with an aggregate carrying amount of HK\$1.4 million (30 June 2019: HK\$1.4 million) in connection with a surety bond issued by a bank in favour of respective independent third parties for potential damages of Dental equipment and potential disruption of Medical Services, and a bank guarantee issued by a bank in favour of a landlord for leasing of a medical centre of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2020, the Group had a total of 452 full-time employees (FY2019: 456 full-time employees). For FY2020, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK\$140.9 million (FY2019: HK\$143.8 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 2020, 27,008,000 options under the Pre-IPO Share Option Scheme remained outstanding and none of share option under the Pre-IPO Share Option Scheme have been exercised during FY2020. As at 30 June 2020, 19,270,000 options remained outstanding under the Post-IPO Share Option Scheme and none of share option under the Post-IPO Share Option Scheme have been exercised during the FY2020.

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 FY2020, 1,390,000 awarded shares have been granted under the Share Award Scheme (2019: 5,910,000 awarded shares) and 2,555,000 awarded shares have been vested (2019: 4,465,000 awarded shares).

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

FINAL DIVIDEND

The directors proposed the payment of a final dividend of HK2.65 cents per Share for FY2020 (FY2019: HK2.55 cents) and proposes that Shareholders be given the option to receive the proposed 2020 final dividend of HK2.65 cents per Share in new Shares in lieu of cash (the "Scrip Dividend Option"). The Scrip Dividend Option is subject to the approval of Shareholders at the forthcoming AGM and the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto. The proposed 2020 final dividend is expected to be distributed on Wednesday, 20 January 2021 to the Shareholders whose names appear on the Register of Members of the Company on Friday, 4 December 2020. A circular containing details of the Scrip Dividend Option will be despatched together with a form of election for scrip dividend in December 2020.

ANNUAL GENERAL MEETING

The 2020 AGM will be held on Friday, 20 November 2020 at 2:30 p.m.. A notice convening the 2020 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 2020 AGM

For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 17 November 2020 to Friday, 20 November 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the meeting, investors should lodge all transfers of shares accompanied by the relevant share certificates and transfer forms with the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 16 November 2020.

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, 3 December 2020 to Friday, 4 December 2020 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 2 December 2020.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code during FY2020, save for the deviation from code provision A.2.1 as mentioned below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry with all Directors, the Company confirmed that the Directors have complied with the Model Code during FY2020.

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 FY2020.

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

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for FY2020 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the consolidated financial statements of the Group for FY2020, and has reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

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

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

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and provided by the Snow Lake Group to the Company as of the date of this announcement, and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules during FY2020.

EVENTS AFTER REPORTING PERIOD

There were no material subsequent events undertaken by the Company or by the Group after 30 June 2020 and up to the date of this announcement.

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 3 to 13 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 FY2020 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

“1HFY2020”	the six months ended 31 December 2019;
“2HFY2020”	the six months ended 30 June 2020;
“2020 AGM”	the annual general meeting of the Company to be held on Friday, 20 November 2020;
“Affiliated Clinic(s)”	clinic(s) which is not operated by the Group but which has entered or will enter into an agreement directly with the Group to offer Medical Services, Dental Services and/or Auxiliary Services to the Plan Members;
“Affiliated Doctor”, “Affiliated Dentist”, “Affiliated Auxiliary Services Providers”	doctor(s)/dentist(s)/Auxiliary Services Provider(s) who has entered or will enter into an agreement directly with the Group to provide services to Plan Members and who, in accordance with the terms of such agreement, has received or will receive an amount from the Group based on the volume of Plan Members treated;
“Audit Committee”	the audit committee of the Board;
“Auxiliary Services”	includes imaging and laboratory services, physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment;

“Auxiliary Services Provider”	auxiliary services provider(s) who is/are or will be engaged directly by the Group as a consultant to provide Auxiliary Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Auxiliary Services Providers;
“BBS”	Bronze Bauhinia Star;
“Board”	the board of Directors;
“Chairman”	the chairman of the Board;
“Chief Executive Officer”	the chief executive officer of the Company;
“Code of Conduct for Securities Transactions by Employees”	the Code of Conduct for Securities Transactions by Employees adopted by the Company;
“Company”	UMP Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, 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;
“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;
“FY2019”	the financial year ended 30 June 2019;
“FY2020”	the financial year ended 30 June 2020;
“general practitioner”	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 PRC;
“Hong Kong & Macau Clinical Healthcare Services”	provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau;
“Hong Kong & Macau Corporate Healthcare Solution Services”	provision of corporate healthcare solutions services in Hong Kong and Macau;
“JP”	Justice of the Peace;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Macau”	the Macau Special Administrative Region of the PRC;
“Medical” or “Medical Services”	include general practice and specialist practice;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
“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 (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Board on 18 August 2015;
“Remuneration Committee”	the remuneration committee of the Board;
“RMB”	Renminbi, the lawful currency of the PRC;
“SBS”	Silver Bauhinia Star;
“Self-paid Patients”	patients who visit a UMP Medical Centre operated by the Group and pays for services using cash or credit card;
“Share Award Scheme”	the share award scheme approved and adopted by the Board on 30 June 2016;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of Share(s);

“Snow Lake Group”	based on the publicly available information so far, Snow Lake China Master Long Fund, Ltd., Snow Lake China Master Fund, Ltd., Snow Lake China Offshore Fund, Ltd. (which holds 80.93% of Snow Lake China Master Fund, Ltd.), Snow Lake Capital (HK) Limited (as investment manager of Snow Lake China Master Long Fund, Ltd. and Snow Lake China Master Fund, Ltd.);
“specialist practice” or “specialist services”	the range of specialist practice offered by UMP, including Cardiology, Dermatology, Endocrinology, Diabetes and Metabolism, Family Medicine, Gastroenterology and Hepatology, General Surgery, Internal Medicine, Nephrology, Neurology, Neurosurgery, Obstetrics and Gynaecology, Ophthalmology, Orthopaedics and Traumatology, Otorhinolaryngology (ENT), Paediatrics, Paediatrics Surgery, Radiology, Respiratory Medicine, Rheumatology and Urology, an updated list of which is available on www.ump.com.hk ;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“UMP Medical Centre(s)”	medical centre(s) offering Medical Services, Dental Services and/or Auxiliary Services which is operated by the Group;
“UMP Network”	consist of (i) UMP Medical Centres which are operated by the Group and (ii) Affiliated Clinics which are clinics not operated by the Group but which has entered into an agreement with the Group to offer Medical Services, Dental Services and/or Auxiliary services to Plan Members; 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, 24 September 2020

As at the date of this announcement, the Board comprises Dr. SUN Yiu Kwong as Chairman, Chief Executive Officer and executive director, Ms. KWOK Cheuk Kwan, Jacquen, as managing director and executive director, Mr. TSANG On Yip, Patrick, Dr. SUN Man Kin, Michael, Mr. LEE Kar Chung, Felix and Dr. LEE Pak Cheung, Patrick as executive directors, and Mr. LEE Luen Wai, John BBS JP, Dr. LI Kwok Tung, Donald SBS JP and Mr. YEUNG Wing Sun, Mike as independent non-executive directors.