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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 2023

FINANCIAL HIGHLIGHTS				
	For the year ended/ As at 30 June			
	2023	2022	Increase/(decrease)	
(A) Operating results (HK\$'000)				
Continuing operations:				
Revenue	727,167	665,859	61,308	9%
EBITDA ^(note a)	170,533	167,130	3,403	2%
Profit for the year	55,735	75,231	(19,496)	(26%)
Profit attributable to				
Owners of the Company				
– From continuing operations	60,452	70,502	(10,050)	(14%)
– From discontinued operation	–	1,666	(1,666)	(100%)
Total	60,452	72,168	(11,716)	(16%)
(B) Per share data (HK cents)				
Earnings per share – basic	7.65	9.34	(1.69)	(18%)
Earnings per share – diluted	7.65	9.33	(1.68)	(18%)
Dividends per share				
– Proposed final	3.00	3.00	–	–
– Paid interim	1.70	1.50	0.20	13%
Total	4.70	4.50	0.20	4%

FINANCIAL HIGHLIGHTS

	For the year ended/ As at 30 June		Increase/(decrease)	
	2023	2022		
(C) Key ratios (%)				
EBITDA/Revenue – continuing operations	23%	25%	(2% points)	
Net profit margin	8%	11%	(3% points)	
Return on shareholders' funds	8%	10%	(2% points)	
(D) Financial Position (HK\$'000)				
Cash, bank balances and deposits	290,495	238,120	52,375	22%
Net current assets	224,413	238,336	(13,923)	(6%)
Shareholders' funds	740,547	698,653	41,894	6%

Note a: EBITDA represented profit for the year from continuing operations before interest income, finance cost, income tax expense and depreciation and amortisation.

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 2023, together with the comparative amounts for the year ended 30 June 2022, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Continuing operations			
REVENUE	5	727,167	665,859
Other income and gains	6	19,550	21,422
Professional services expenses		(255,396)	(238,035)
Employee benefit expense		(179,817)	(164,687)
Property rental and related expenses		(14,047)	(11,076)
Cost of inventories consumed		(45,247)	(37,564)
Depreciation and amortisation		(103,885)	(78,617)
Other expenses		(74,005)	(65,774)
Finance cost		(5,675)	(3,918)
Share of (losses)/profits of:			
Joint ventures		(636)	8
Associates		(3,644)	(1,638)
PROFIT BEFORE TAX	7	64,365	85,980
Income tax expense	8	(8,630)	(11,946)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		55,735	74,034
Discontinued operation			
Profit for the year from discontinued operation	16	–	1,197
PROFIT FOR THE YEAR		55,735	75,231
Attributable to:			
Owners of the Company			
– From continuing operations		60,452	70,502
– From discontinued operation		–	1,666
Non-controlling interests		60,452	72,168
		(4,717)	3,063
		55,735	75,231
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
	10		
Basic			
– Continuing operations		HK7.65 cents	HK9.12 cents
– Discontinued operation		–	HK0.22 cents
Total – included discontinued operation		HK7.65 cents	HK9.34 cents
Diluted			
– Continuing operations		HK7.65 cents	HK9.11 cents
– Discontinued operation		–	HK0.22 cents
Total – included discontinued operation		HK7.65 cents	HK9.33 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2023

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	55,735	75,231
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Release of reserve upon partial disposal of a subsidiary	–	(1,786)
Release of reserve upon deemed partial disposal of an associate	–	(223)
Exchange differences on translation of operations outside Hong Kong	<u>(1,437)</u>	<u>(316)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(1,437)	(2,325)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments designated at fair value through other comprehensive income	<u>5,905</u>	<u>10,963</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	4,468	8,638
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	60,203	83,869
Attributable to:		
Owners of the Company		
– from continuing operations	64,920	80,926
– from discontinued operation	<u>–</u>	<u>(120)</u>
	64,920	80,806
Non-controlling interests		
– from continuing operations	(4,717)	3,532
– from discontinued operation	<u>–</u>	<u>(469)</u>
	(4,717)	3,063
	60,203	83,869

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		205,543	141,501
Right-of-use assets		107,932	135,998
Goodwill		164,768	164,768
Other intangible assets		48,200	59,852
Investments in joint ventures		8,022	7,978
Investments in associates		16,719	24,782
Investments at fair value through other comprehensive income	<i>12</i>	36,844	31,517
Finance lease receivables		3,904	5,858
Deferred tax assets		9,168	5,110
Deposits		24,630	27,421
		<hr/>	<hr/>
Total non-current assets		625,730	604,785
CURRENT ASSETS			
Inventories		12,372	8,834
Trade receivables	<i>13</i>	121,095	81,414
Prepayments, other receivables and other assets		32,814	29,008
Finance lease receivables		1,954	1,578
Financial assets at fair value through profit or loss		29,447	28,529
Financial assets at amortised cost	<i>11</i>	–	18,865
Amounts due from associates		3,391	22,999
Amount due from joint ventures		50	1,119
Amounts due from related companies		1,335	1,446
Tax recoverable		2,571	904
Cash, bank balances and deposits		290,495	238,120
		<hr/>	<hr/>
Total current assets		495,524	432,816

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>14</i>	64,061	39,057
Other payables and accruals		71,941	60,836
Loans from non-controlling shareholders of subsidiaries		48,800	–
Amounts due to associates		1,131	976
Amounts due to related companies		2,122	2,254
Provision		5,593	2,347
Lease liabilities		58,483	63,272
Tax payable		18,980	25,738
		<hr/>	<hr/>
Total current liabilities		271,111	194,480
		<hr/>	<hr/>
NET CURRENT ASSETS		224,413	238,336
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TOTAL ASSETS LESS CURRENT LIABILITIES		850,143	843,121
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		64,932	85,069
Deferred tax liabilities		9,183	13,306
Provision		6,309	7,441
		<hr/>	<hr/>
Total non-current liabilities		80,424	105,816
		<hr/>	<hr/>
NET ASSETS		769,719	737,305
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>15</i>	811	793
Reserves		739,736	697,860
		<hr/>	<hr/>
		740,547	698,653
		<hr/>	<hr/>
Non-controlling interests		29,172	38,652
		<hr/>	<hr/>
TOTAL EQUITY		769,719	737,305
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NOTES

1. CORPORATE AND GROUP INFORMATION

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

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the provision of healthcare services which include:

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

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

2. BASIS OF PREPARATION

The final results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 30 June 2023 but are extracted therefrom.

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

The financial information relating to the financial years ended 30 June 2023 and 2022 included in this announcement of annual results does not constitute the Group’s statutory annual financial statements for those financial years but is derived from those financial statements.

3. CHANGES IN ACCOUNTING POLICIES

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

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

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

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

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

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

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In July 2023, the HKICPA published Accounting implications of the abolition of the mandatory provident fund (“MPF”)-long service payment (“LSP”) offsetting mechanism in Hong Kong that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

The Group is currently assessing the impact of the HKICPA guidance and expect to adopt this guidance in its annual financial statements for the year ending 30 June, 2024.

4. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of facilitating decision-making process of resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/ loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax excluding interest income, other income and gains, and share of profits and losses of joint ventures and associates as well as head office and corporate expenses.

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

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

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

Year ended 30 June 2023

	Continuing Operations					Total HK\$'000
	Hong Kong and Macau		Mainland China		Continuing Operations Sub-total HK\$'000	
	Corporate Healthcare Solution Services HK\$'000	Clinical Healthcare Services HK\$'000	Clinical Healthcare Services HK\$'000			
Segment revenue:						
External sales	244,691	437,819	44,657	727,167	-	727,167
Inter-segment sales	1,534	124,955	-	126,489	-	126,489
	<u>246,225</u>	<u>562,774</u>	<u>44,657</u>	<u>853,656</u>	<u>-</u>	<u>853,656</u>
<i>Reconciliation:</i>						
Elimination of inter-segment sales				(126,489)	-	(126,489)
Revenue				<u>727,167</u>	<u>-</u>	<u>727,167</u>
Segment results	45,004	32,037	16,793	93,834	-	93,834
<i>Reconciliation:</i>						
Interest income						3,139
Other income and gains						13,467
Share of losses of:						
Joint ventures						(636)
Associates						(3,644)
Corporate and other unallocated expenses, net						<u>(41,795)</u>
Profit before tax						64,365
Income tax expense						<u>(8,630)</u>
Profit for the year						<u>55,735</u>

Continuing Operations						
	Hong Kong and Macau		Mainland China			
	Corporate Healthcare Solution Services <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Continuing Operations Sub-total <i>HK\$'000</i>	Discontinued Operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	169,424	331,774	21,145	522,343	-	522,343
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(14,921)
Corporate and other unallocated assets						<u>613,832</u>
Total assets						<u><u>1,121,254</u></u>
Segment liabilities	94,695	255,216	10,594	360,505	-	360,505
<i>Reconciliation:</i>						
Elimination of intersegment payables						(14,921)
Corporate and other unallocated liabilities						<u>5,951</u>
Total liabilities						<u><u>351,535</u></u>
Other segment information:						
Depreciation and amortisation	12,231	87,616	4,038	103,885	-	103,885
Capital expenditure*	<u>850</u>	<u>108,208</u>	<u>276</u>	<u>109,334</u>	<u>-</u>	<u>109,334</u>

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

Year ended 30 June 2022

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

Continuing Operations

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

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

5. REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS15		
Provision of corporate healthcare solution services in		
Hong Kong and Macau	244,691	235,212
Medical	225,159	216,138
Dental	19,532	19,074
Provision of clinical healthcare services in Hong Kong and Macau		
Medical	437,819	393,058
Dental	379,273	337,435
	58,546	55,623
Mainland China Clinical Healthcare Business	<u>44,657</u>	<u>37,589</u>
TOTAL	<u><u>727,167</u></u>	<u><u>665,859</u></u>

Disaggregated revenue information from continuing operations

For the year ended 30 June 2023

Segments

	Corporate Healthcare Solution Services <i>HK\$'000</i>	Clinical Healthcare Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services			
Medical services	225,159	423,930	649,089
Dental services	<u>19,532</u>	<u>58,546</u>	<u>78,078</u>
Total revenue from contracts with customers	<u><u>244,691</u></u>	<u><u>482,476</u></u>	<u><u>727,167</u></u>
Geographical markets			
Hong Kong	231,545	435,216	666,761
Mainland China	–	44,657	44,657
Macau	<u>13,146</u>	<u>2,603</u>	<u>15,749</u>
Total revenue from contracts with customers	<u><u>244,691</u></u>	<u><u>482,476</u></u>	<u><u>727,167</u></u>

For the year ended 30 June 2022

Segments

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

6. OTHER INCOME AND GAINS

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

	2023 HK\$'000	2022 HK\$'000
Dividend income from investments		
at fair value through other comprehensive income	5,032	2,377
Rental income	4,440	540
Bank interest income	2,811	97
Fair value gain on financial assets at fair value through profit or loss, net	918	–
Administrative support fees income	583	342
Interest income on financial assets at amortised cost	328	1,211
Interest income from finance lease	252	46
Gain on deemed disposal of previously held interest in an associate	–	14,806
Gain on disposal of subsidiaries	–	39
Others	5,186	1,964
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	19,550	21,422
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7. PROFIT BEFORE TAX

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Professional services expenses	255,396	238,035
Depreciation of property, plant and equipment	32,376	22,163
Depreciation of right-of-use assets	69,681	54,625
Amortisation of other intangible assets	1,828	1,829
Equity-settled share-based payment expense (including employees, professional consultants and other business partner) (<i>note (i)</i>)	2,620	(1,247)
Foreign exchange differences, net	–	315
Write-off of items of property, plant and equipment	482	343
Loss on disposal of items of property, plant and equipment	144	–
Lease modification	(126)	(76)
Write-off of an intangible asset	9,824	–
Impairment loss of an associate	1,546	–
Write-off of inventories	502	–
Lease payments not included in the measurement of lease liabilities	1,531	2,108
Fair value (gain)/losses on financial assets at fair value through profit or loss, net (<i>note (ii)</i>)	(918)	4,825
Expected credit loss of financial asset at amortised cost	–	6,240
Government subsidies (<i>note (iii)</i>)	(2,422)	(4,176)
	<u>255,396</u>	<u>238,035</u>

Notes:

- (i) The amount in the year ended 30 June 2022 represented a reversal of equity-settled share based payment expense of HK\$6,222,000 which was credited to the line item of “Employee benefit expense” in the consolidated statement of profit or loss due to the lapse of unvested share option in the share option scheme.
- (ii) The net fair value gain was credited in the line item of “other income and gains” in the consolidated statement of profit or loss. The net fair value loss was debited in the line item of “other expenses” in the consolidated statement of profit or loss.
- (iii) 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 subsidies.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	17,383	15,116
Over-provision in prior years	(364)	(984)
Current – Elsewhere		
Charge for the year	1,454	518
Withholding tax	54	(85)
(Over)/under-provision in prior years	(1,716)	6
Deferred	(8,181)	(2,625)
	<hr/>	<hr/>
Total tax charge for the year	8,630	11,946
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9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend recognised as distribution during the year:		
Final 2022 – HK3.00 cents (2021: HK2.80 cents) per ordinary share	23,780	21,710
Less: Dividend for shares held under the share award scheme	<u>(299)</u>	<u>(272)</u>
	<u>23,481</u>	<u>21,438</u>
Interim 2023 – HK1.70 cent (2022: HK1.50 cent) per ordinary share	13,786	11,890
Less: Dividend for shares held under the share award scheme	<u>(193)</u>	<u>(151)</u>
	<u>13,593</u>	<u>11,739</u>
	<u>37,074</u>	<u>33,177</u>
Dividend proposed after the end of the reporting period:		
Proposed final 2023 – HK3.00 cents (2022: HK3.00 cents, with scrip option) per ordinary share	<u>24,329</u>	<u>23,780</u>

The proposed final 2023 dividend of HK3.00 cents per ordinary share for the year, 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\$60,452,000 (2022: HK\$72,168,000), and the weighted average number of ordinary shares of 789,955,284 (2022: 772,787,744) 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\$60,452,000 (2022: HK\$72,168,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 789,955,284 (2022: 772,787,744) 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 3,633 (2022: 366,353) assumed to have been issued at no consideration on the deemed exercise of all share options (2022: share options and warrants) into ordinary shares.

The weighted average number of ordinary shares for the years ended 30 June 2023 and 2022 have been adjusted to reflect the bonus element in respect of scrip dividend during the year.

11. FINANCIAL ASSETS AT AMORTISED COST

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Financial assets at amortised cost	6,240	25,105
Impairment	<u>(6,240)</u>	<u>(6,240)</u>
	<u>–</u>	<u>18,865</u>
Analysed into:		
Non-current portion	–	–
Current portion	<u>–</u>	<u>18,865</u>
	<u>–</u>	<u>18,865</u>

As at 30 June 2023, the balance after the provision of impairment is nil (2022: HK\$18,865,000).

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

12. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Investments at fair value through other comprehensive income		
Unlisted equity investments, at fair value	5,167	3,885
Listed equity investment, at fair value	<u>31,677</u>	<u>27,632</u>
	<u>36,844</u>	<u>31,517</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\$30,000 (2022: HK\$90,000) and HK\$5,002,000 (2022: HK\$2,287,000) from an unlisted equity investment and a listed equity investment, respectively.

13. 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	75,143	54,110
1 to 2 months	20,972	11,546
2 to 3 months	12,308	10,456
Over 3 months	12,672	5,302
	<u>121,095</u>	<u>81,414</u>

14. TRADE PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	36,925	27,604
1 to 3 months	26,157	11,089
Over 3 months	979	364
	<u>64,061</u>	<u>39,057</u>

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

15. SHARE CAPITAL

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Authorised:		
5,000,000,000 (2022: 5,000,000,000) ordinary shares of HK\$0.001 (2022: HK\$0.001) each	<u>5,000</u>	<u>5,000</u>
Issued and fully paid:		
810,955,244 (2022: 792,666,555) ordinary shares of HK\$0.001 (2022: HK\$0.001) each	<u>811</u>	<u>793</u>

The movements in the Company's authorised and issued share capital during the years ended 30 June 2023 and 2022 are as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised:			
At 1 July 2021, at 30 June 2022, at 1 July 2022 and at 30 June 2023		<u>5,000,000,000</u>	<u>5,000</u>
Issued and fully paid:			
At 1 July 2021		775,350,089	775
Shares issued in lieu of cash dividend	(a)	<u>17,316,466</u>	<u>18</u>
At 30 June 2022 and at 1 July 2022		792,666,555	793
Shares issued in lieu of cash dividend	(b)	<u>18,288,689</u>	<u>18</u>
At 30 June 2023		<u>810,955,244</u>	<u>811</u>

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

- (b) On 25 November 2022, the Company's shareholders approved at the annual general meeting a final dividend of HK3.00 cents per ordinary share payable in cash with a scrip dividend alternative (the "Scrip Dividend Scheme 2022") for the year ended 30 June 2022 (the "2022 Final Dividend"). During the year ended 30 June 2023, 18,288,689 new shares were issued by the Company at a deemed price of \$0.78 per ordinary share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash to settle the 2022 Final Dividend of HK\$14,265,000. The remaining balance of the 2022 Final Dividend of HK\$9,515,000 was satisfied by cash. Further details of the Scrip Dividend Scheme 2022 are set out in the Company's circular dated 23 December 2022.

16. DISCONTINUED OPERATION

On 31 December 2021, 55% shareholding of The GBA Healthcare Group Limited ("GBA Healthcare Group"), previously known as UMP Healthcare China Limited, an indirect non-wholly owned subsidiary of the Company, was disposed of at a consideration of HK\$22 million. Subsequent to the transaction, the Group's shareholding in GBA Healthcare Group decreased from 80% to 25% and the Group ceased control over GBA Healthcare Group. As a result, GBA Healthcare Group and its subsidiaries have become the associates of the Group. As the disposed business is considered as a major line of business, the corresponding operation had been classified as a discontinued operation as a result of the completion of disposal.

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

	2022 HK\$'000
REVENUE	6,099
Other income and gains	5,379
Professional services expenses	(3,571)
Employee benefit expense	(9,374)
Cost of inventories consumed	(362)
Depreciation and amortisation	(4,212)
Other expenses, net	(8,025)
Finance cost	(149)
LOSS BEFORE TAX	(14,215)
Income tax expense	—
	(14,215)
Gain on disposal of discontinued operation	15,412
PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION	<u>1,197</u>

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BUSINESS

UMP's business scope consists of the following business lines:

1. **Hong Kong & Macau Corporate Healthcare Solution Services**

UMP provides corporate healthcare solutions through the design and administration of tailored healthcare benefits plans for its Contract Customers. The extension of third party administration service to our insurance company clients is an important offering among UMP's corporate healthcare solutions. UMP aims to provide convenient, reliable, coordinated, comprehensive and affordable healthcare services through the well-established and multi-specialties UMP Network. As at 30 June 2023, the UMP Network comprises over 1,000 points of services located across Hong Kong and Macau.

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

2. **Hong Kong & Macau Clinical Healthcare Services**

UMP provides medical and dental services, medical imaging and laboratory services and other auxiliary medical 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 20 different specialties. For dental services, UMP provides both primary dental care and secondary dental care such as dental implants.

Medical imaging and laboratory services are an integral part of medical and healthcare. UMP, through its ProCare medical group, provides one-stop and comprehensive imaging and laboratory services. Equipped with many advanced imaging equipment and testing facilities including PET-CT, MRI, CT Scan, ultrasound, mammography and X-ray, we provide extensive and reliable medical diagnosis and laboratory services. UMP can provide a wide range of imaging and laboratory services at our own laboratory, including haematology, immunology, microbiology, molecular biology, cytology, and histology, as well as urinalysis, stool analysis, allergy test and drug test. As at 30 June 2023, the Group invests and/or operates a total of 12 advanced imaging and laboratory centres, including its own registered laboratory, in Hong Kong.

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

3. Mainland China Clinical Healthcare Services

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

BUSINESS REVIEW

During FY2023, following the increase in vaccination coverage, the changes in people's lifestyles and the gradual lifting of pandemic control measures in Hong Kong, Macau and Mainland China, many businesses and social activities have gradually recovered. During the year under review, our Group strived to focus on our principal businesses to maintain stability in our performance. Meanwhile, we continued to refine our business and development strategies to boost our competitive strength and improve our operational efficiency.

Hong Kong & Macau Corporate Healthcare Solution Services

Revenue for this business line marginally increased by 3.9% from HK\$237.0 million for FY2022 to HK\$246.2 million for FY2023 (before inter-segment elimination) and our operating profit for this business line increased by 27.5% from HK\$35.3 million for FY2022 to HK\$45.0 million for FY2023. The increase was mainly attributable to improving customer base and overall profit margins from our corporate healthcare solution products.

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

Our extensive and long-term relationship with our customers and service providers has established a strong and stable customer base. During FY2023, this business line continued its momentum and reported a positive contribution to the Group, maintaining a steady growth in revenue and profits.

To reinforce the Group's development in Hong Kong and Macau Corporate Healthcare Solution Services, we have been making effort on the following during the year under review:

(i) Provision of premium healthcare services in UMP+ centres in Central

In July 2022, our new multi-floor medical facilities "UMP+ & Pedder Health" at One Chinachem Central ("OCC") in Central were launched to provide comprehensive medical and imaging services. Such development strengthens our provision of comprehensive, competitive and value-added healthcare solution services to our corporate customers. Moreover, it broadens our service package and will improve our overall revenue and gross profit margins of the Group.

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

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

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

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

For further details, please refer to the Company’s announcements dated 1 October 2022, 7 October 2022 and 16 March 2023 and circular dated 24 April 2023.

(iii) Exploring and establishing strategic alliances

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

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

Hong Kong & Macau Clinical Healthcare Services

Revenue for this business line increased by 12.5% from HK\$500.4 million for FY2022 to HK\$562.8 million for FY2023 (before inter-segment elimination), of which HK\$157.0 million was derived from our medical imaging and laboratory services for FY2023 (before inter-segment elimination) (FY2022: HK\$147.3 million). Our extensive clinical chains have been developed over the years, which support our corporate healthcare solution service unit and, on the other hand, serve walk-in patients. During FY2023, social life has gradually returned to normal following the gradual lifting of pandemic control measures in Hong Kong and Macau. The demand for our clinical healthcare services increased, resulting in an overall increase in revenue from the provision of clinical healthcare services in Hong Kong and Macau for FY2023.

Our operating profit for this business line decreased by 53.3% from HK\$68.6 million for FY2022 to HK\$32.0 million for FY2023. This is mainly attributable to the (i) significant initial operating expenses, including depreciation of right-of-use assets, depreciation of property, plant and equipment and property rental and related expenses for the new medical and imaging centres; (ii) increase in staff costs arising from expansion in the clinical medical team which was in line with our development plan of medical and imaging facilities; and (iii) partially offset by the increase in operating profit from body health check services.

During FY2023, the Group continued to seize opportunities arising from increasing demand for our health check-ups and medical imaging services resulting from the increase in healthcare awareness and the aging population, together with emigration and overseas studying. The Group made the following progress during the year under review:

(i) Commencement of business of new medical and imaging centres in Central, Tsim Sha Tsui and Admiralty

- (a) The new multi-floor medical facilities “UMP+ & Pedder Health” at OCC in Central started to operate since July 2022. The centres are operated in conjunction with Pedder Healthcare Group, a private healthcare group in Hong Kong formed by a team of professional physicians and surgeons. Together we offer a range of medical services, including oncology, day surgery, diagnostic imaging, general and specialist consultations, vaccination, physiotherapy and various preventive health check-ups.
- (b) A new integrated imaging centre at 26 Nathan Road in Tsim Sha Tsui (“**26 Nathan Road**”) started to operate in February 2023 to provide medical imaging services including but not limited to CT Scan, MRI, bone density scan, Mammogram and X-ray services (“**ProCare Imaging Centre – TST**”).

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

- (c) A new PET-CT imaging centre at the Bank of America Tower in Admiralty, with a brand-new digital PET-CT scanner installed, started to operate in June 2023.

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

For the abovementioned new centres, certain significant initial rental charge and depreciation charge during the renovation, installation and licenses application period and initial operating stage amounted to approximately HK\$31.1 million were recognised for the year ended 30 June 2023. These new centres have been gradually ramping up and have started to provide positive revenue contribution. With increased operational efficiency, we anticipate an improvement in the Group's financial performance.

The Group is optimistic about the growing demand for private imaging and laboratory services. We expect the new imaging centres will strengthen our imaging and laboratory capability and act as one of the key driving forces to the revenue growth and business development of the Group.

(ii) Business Cooperation with Humansa

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

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

(iii) Purchase of medical imaging equipment

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

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

In August 2022, the Group has entered into a series of purchase contracts for new medical imaging equipment. The purchase covered the ordering and purchase of advanced and powerful imaging machineries including but not limited to the CT machine, MRI machine, PET-CT machine and their relevant auxiliary supporting systems. The capital expenditure is in line with the Group's overall strategic development in the medical imaging business and is expected to provide a positive return to the Group. For further details, please refer to the Company's announcements dated 31 August 2022 and 6 September 2022.

(iv) New integrated imaging centre in Causeway Bay

In July 2023, the Group and a private hospital group leased the 26th floor of Lee Garden Two in Causeway Bay to operate a new one-stop multi-service medical centre. Together we offer a range of medical services, where the Group is mainly responsible for providing medical imaging services including but not limited to CT Scan, MRI, bone density scan, mammogram and X-ray services.

Due to increasing public health awareness and high demand for healthcare services by an aging population in Hong Kong, the demand for comprehensive medical services, high-end medical imaging and health check services and other ancillary medical services remain strong. The Group believes that the collaboration with the private hospital group will create synergistic effects in the operation of clinical network and drive our operating profit.

The site is under renovation and is expected to open in the first quarter of 2024.

Although some of the aforementioned developments required high initial capital investments due to the nature of the business, the Board believes that establishing these foundations will provide the Group with a solid platform for sustainable growth. Moreover, the Group's customer base will be strengthened and synergistic contributions will be created, promoting to the overall growth in the healthcare business and yielding long-term returns.

Mainland China Clinical Healthcare Services

Revenue for this business line increased by 18.8% from HK\$37.6 million for FY2022 to HK\$44.7 million for FY2023 (before inter-segment elimination) and our operating profit for this business line increased by 994.7% from HK\$1.5 million for FY2022 to HK\$16.8 million for FY2023. Such growth was primarily due to the increase in (i) number of health check-ups; and (ii) operation efficiency and effective cost control.

Medical service teams in Mainland China principally provide healthcare check-up services and selected outpatient family medical services mainly in Beijing and Shanghai. Driven by a massive demand for quality healthcare services in Mainland China, the performance of the Mainland China clinical healthcare business maintained momentum and reported an encouraging growing result for FY2023.

First Innovation Centre for Healthcare Technology

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

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

The following table sets out the revenue, operating profit and number of visits by our business lines for FY2023 and FY2022 for comparison:

Revenue by business lines

	Year ended 30 June		Increase/(decrease)	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	<i>HK\$'000</i>	%
Continuing operations:				
<i>Hong Kong & Macau:</i>				
Corporate Healthcare				
Solution Services	246,225	236,976	9,249	3.9%
Clinical Healthcare Services	562,774	500,419	62,355	12.5%
<i>Mainland China:</i>				
Clinical Healthcare Services	44,657	37,589	7,068	18.8%
Total revenue from continuing operations before elimination of inter-service units sales	853,656	774,984	78,672	10.2%
<i>Reconciliation:</i>				
Elimination of inter-business lines sales	(126,489)	(109,125)	(17,364)	15.9%
Total revenue from continuing operations	727,167	665,859	61,308	9.2%
Discontinued operation	–	6,099	(6,099)	(100.0%)
TOTAL REVENUE	727,167	671,958	55,209	8.2%

Operating profit by business lines

	Year ended 30 June		Increase/(decrease)	
	2023 HK\$'000	2022 HK\$'000	HK\$'000	%
Continuing operations:				
<i>Hong Kong & Macau:</i>				
Corporate Healthcare				
Solution Services	45,004	35,284	9,720	27.5%
Clinical Healthcare Services	32,037	68,602	(36,565)	(53.3%)
<i>Mainland China:</i>				
Clinical Healthcare Services	16,793	1,534	15,259	994.7%
Total operating profit from continuing operations	93,834	105,420	(11,586)	(11.0%)
Discontinued operation	–	1,197	(1,197)	(100.0%)
TOTAL OPERATING RESULTS	93,834	106,617	(12,783)	(12.0%)

Number of visits by business lines from continuing operations

	Year ended 30 June		Increase/ (decrease)
	2023	2022	
Provision of corporate healthcare solution services in Hong Kong and Macau	988,091	849,405	16.3%
Medical	963,928	824,315	16.9%
Dental	24,163	25,090	(3.7%)
Provision of clinical healthcare services in Hong Kong and Macau	253,528	255,609	(0.8%)
Medical	222,499	225,277	(1.2%)
Dental	31,029	30,332	2.3%
Mainland China Clinical Healthcare Services	34,558	28,640	20.7%
TOTAL	1,276,177	1,133,654	12.6%

FINANCIAL REVIEW

FY2023 compared to FY2022

Revenue from continuing operations

During FY2023, we primarily generated revenue from (i) the provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau, (ii) the provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau and (iii) the provision of clinical healthcare services in Mainland China.

Total consolidated revenue from continuing operations increased by 9.2% from HK\$665.9 million in FY2022 to 727.2 million in FY2023, primarily due to the growth in our imaging and specialist lines of business and health assessments performed, which enjoy relatively higher margin.

Professional Services Expenses

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

Professional services expenses increased by 7.3% from HK\$238.0 million for FY2022 to HK\$255.4 million for FY2023, in line with the nature of the services provided and turnover growth during the year.

Employee Benefit Expense

Employee benefit expense primarily comprise salaries and related costs, equity-settled share-based payment expense, as well as pension scheme contributions for nurses and administrative personnel, and also include those of the Directors and key management personnel.

Employee benefit expense increased by 9.2% from HK\$164.7 million for FY2022 to HK\$179.8 million for FY2023. The increase in employee benefit expense reflects the Group's talent strategy as we continue to increase the talent pool in preparation for the next phase of our development. While the employee benefit expense is not a direct variable cost, its increase is in line with business growth.

Depreciation and Amortisation

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

Depreciation and Amortisation increased by 32.1% from HK\$78.6 million for FY2022 to HK\$103.9 million for FY2023, which is in line with business growth.

Other Expenses

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

Other expenses increased by 12.5% from approximately HK\$65.8 million for FY2022 to HK\$74.0 million for FY2023, primarily due to the write-off of brand name of HK\$9.8 million during the year.

KEY FINANCIAL POSITION ITEMS

Right-of-use assets

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

As at 30 June 2023, the Group's right-of-use assets amounted to HK\$107.9 million (30 June 2022: HK\$136.0 million).

Goodwill

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

As at 30 June 2023, the Group's goodwill amounted to HK\$164.8 million (30 June 2022: HK\$164.8 million).

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

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

As at 30 June 2023, the Group's investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at amortised cost amounted to HK\$36.8 million, HK\$29.4 million and Nil (30 June 2022: HK\$31.5 million, HK\$28.5 million and HK\$18.9 million), respectively. The increase of investments at fair value through other comprehensive income is primarily due to changes in fair value. The decrease of financial assets at amortised cost is due to its redemption.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 30 June	
	2023	2022
	HK\$'000	HK\$'000
Current Assets	495,524	432,816
Current Liabilities	271,111	194,480
Net Current Assets	224,413	238,336
Current Ratio	1.83	2.23

The Group's current ratio was 1.83 as at 30 June 2023 (30 June 2022: 2.23), reflecting a strong liquidity in its financial position. Working capital position of the Group remains strong.

The Group has historically funded its operations primarily by cash generated from operating activities. Upon the listing of the shares of the Company on the Stock Exchange, the Group intended to satisfy its liquidity requirements using a combination of cash generated from operating activities, net proceeds from the Global Offering and the net considerations received from the series of transactions. As of 30 June 2023, the Group had cash and bank deposits of HK\$289.1 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

The gearing ratio expressed as a percentage of loans from non-controlling shareholders of subsidiaries divided by consolidated total equity of the Group as at 30 June 2023 as approximately 6.3% (30 June 2022: nil).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Company during the year ended 30 June 2023. The capital of the Company comprises ordinary shares and other reserves.

SIGNIFICANT INVESTMENTS HELD

Save for the Investments at fair value through other comprehensive income, financial assets at fair value through profit or loss and financial assets at amortised cost held by the Group, as elaborated in further details in the section headed “FINANCIAL REVIEW” of this announcement, the Group did not hold any significant investment as at 30 June 2023.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

Save as disclosed in this announcement, there was no material acquisition or disposal of subsidiaries undertaken by the Group during FY2023.

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 2023.

CAPITAL EXPENDITURE

The capital expenditure during the year was primarily related to deposits paid for and expenditures on additions of property, plant and equipment for the Group’s medical, dental, medical imaging and laboratory and Auxiliary Services centres. For FY2023, the Group incurred capital expenditure in an aggregate amount of approximately HK\$109.3 million (FY2022: HK\$84.5 million).

INDEBTEDNESS

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities.

Capital Commitment

As at 30 June 2023, the Group has material capital commitments of approximately HK\$50.6 million in relation to the acquisition of property, plant and equipment.

TREASURY MANAGEMENT

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

During FY2023, the Group's receipts were mainly denominated in Hong Kong dollars and Renminbi. Payments were mainly made in Hong Kong dollars and Renminbi. Cash was generally placed in short-term deposits denominated in Hong Kong dollars.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk at present as the Group did not have any bank borrowings or outstanding bank loans and did not enter into any bank loan facilities..

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 2023, the Group has pledged certain deposits with an aggregate carrying amount of HK\$1.4 million (30 June 2022: HK\$2.4 million) in connection with a surety bond issued by a bank in favour of respective independent third parties for potential disruption of Medical and Dental Services.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 508 full-time employees (30 June 2022: 449 full-time employees). For FY2023, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK\$179.8 million (FY2022: HK\$164.7 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 has adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, where eligible participants are entitled to subscribe for ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 30 June 2023, there was no option remained outstanding under the Pre-IPO Share Option Scheme. Under the Pre-IPO Share Option Scheme, 23,822,000 options were lapsed and no share options were exercised during FY2023. As at 30 June 2023, there were 25,740,000 options under the Post-IPO Share Option Scheme remained outstanding. Under the Post-IPO Share Option Scheme, 570,000 options were lapsed or forfeited and no share options were granted or exercised during FY2023.

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 FY2023, 2,000,000 awarded shares were granted and vested under the Share Award Scheme, with no awarded shares were lapsed.

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

FINAL DIVIDEND

The directors proposed the payment of a final dividend of HK3.00 cents per Share for FY2023 (FY2022: HK3.00 cents with scrip option), subject to the approval of the Shareholders at the 2023 AGM. Such proposed dividend is expected to be distributed on Friday, 5 January 2024 to the Shareholders whose names appear on the register of members of the Company on Friday, 8 December 2023.

ANNUAL GENERAL MEETING

The 2023 AGM will be held on Friday, 24 November 2023 at 2:30 p.m.. A notice convening the 2023 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 2023 AGM

For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 21 November 2023 to Friday, 24 November 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the meeting, investors should lodge all transfers of shares accompanied by the relevant share certificates and transfer forms with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 20 November 2023.

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, 7 December 2023 to Friday, 8 December 2023 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 6 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance practices and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code during FY2023, save for the deviation from code provisions C.2.1 as mentioned below.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code 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 FY2023.

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 FY2023.

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

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for FY2023 as set out in the preliminary announcement have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the consolidated financial statements of the Group for FY2023, and has reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

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

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

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company as of the date of this announcement, and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules during FY2023.

EVENTS AFTER REPORTING PERIOD

On 31 August 2023, Dr. SUN Yiu Kwong has resigned from the board of director in The GBA Healthcare Group Limited and the Group lost its significant influence over GBA Healthcare Group. As a result, the investment in GBA Healthcare Group and its subsidiaries are no longer accounted for as an associate and has been reclassified as investments at fair value through other comprehensive income from investments in associates.

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 25 to 33 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 FY2023 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

“2023 AGM”	the annual general meeting of the Company to be held on Friday, 24 November 2023;
“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;

<p>“Affiliated Doctor”, “Affiliated Dentist”, “Affiliated Auxiliary Services Providers”</p>	<p>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;</p>
<p>“Audit Committee”</p>	<p>the audit committee of the Board;</p>
<p>“Auxiliary Services”</p>	<p>includes physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment;</p>
<p>“Auxiliary Services Provider”</p>	<p>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;</p>
<p>“Board”</p>	<p>the board of Directors;</p>
<p>“Chairman”</p>	<p>the chairman of the Board;</p>
<p>“Chief Executive Officer” or “CEO”</p>	<p>the chief executive officer of the Company;</p>
<p>“Code of Conduct for Securities Transactions by Employees”</p>	<p>the Code of Conduct for Securities Transactions by Employees adopted by the Company;</p>
<p>“Company”</p>	<p>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);</p>
<p>“Contract Customers”</p>	<p>collectively, insurance companies and corporations which have entered or will enter into corporate plans with the Group for healthcare benefits for Plan Members;</p>
<p>“Corporate Governance Code”</p>	<p>the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;</p>

“CT Scan”	computed tomography scan, a medical imaging technique used in radiology to get detailed images of the body non-invasively for diagnostic purposes;
“Dental” or “Dental Services”	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening;
“Dentists”	dentists who is/are or will be engaged directly by the Group as a consultant to provide Dental Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Dentists;
“Directors”	directors of the Company;
“Doctors”	doctors who is/are or will be engaged directly by the Group as a consultant to provide Medical Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group and the Affiliated Doctors;
“FY2022”	the financial year ended 30 June 2022;
“FY2023”	the financial year ended 30 June 2023;
“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;
“Greater Bay Area”	Guangdong-Hong Kong-Macau Greater Bay Area, a geographical region of China comprising Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen, Zhaoqing, the Special Administrative Regions of Hong Kong and Macau for the purposes of this document;
“Group”, “we”, “our”, “us”, “UMP” or “UMP Healthcare Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong & Macau Clinical Healthcare Services”	provision of clinical healthcare services to Self-paid Patients in Hong Kong and Macau;
“Hong Kong & Macau Corporate Healthcare Solution Services”	provision of corporate healthcare solutions services in Hong Kong and Macau;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the People’s Republic of China;
“Mainland China”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);
“Mainland China Clinical Healthcare Services”	provision of clinical healthcare services to Self-paid Patients in Mainland China;
“Medical” or “Medical Services”	include general practice and specialist practice;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules;
“MRI”	magnetic resonance imaging, a procedure that uses magnetism, radio waves, and a computer to create images of areas inside the body;
“PET-CT”	positron emission tomography-computed tomography, a nuclear medicine technique which combines, in a single gantry, a positron emission tomography (PET) scanner and an x-ray computed tomography (CT) scanner, to acquire sequential images from both devices in the same session, which are combined into a single superposed (co-registered) image;

“Plan Members”	members of the Group’s corporate healthcare benefits plans, who typically include group medical insurance policyholders and employees of corporations and/or their dependants;
“Post-IPO Share Option Scheme”	the post-IPO share option scheme approved and adopted by the Company on 2 November 2015;
“PRC”	the People’s Republic of China;
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Board on 18 August 2015;
“Remuneration Committee”	the remuneration committee of the Board;
“Self-paid Patients”	patients who visit a UMP Medical Centre operated by the Group and pays for services using cash or credit card;
“Share Award Scheme”	the share award scheme approved and adopted by the Board on 30 June 2016;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of Share(s);
“specialist practice” or “specialist services”	the range of specialist practice offered by UMP, including Cardiology, Dermatology, Endocrinology, Diabetes and Metabolism, Family Medicine, Gastroenterology and Hepatology, General Surgery, Internal Medicine, Nephrology, Neurology, Neurosurgery, Obstetrics and Gynaecology, Ophthalmology, Orthopaedics and Traumatology, Otorhinolaryngology (ENT), Paediatrics, Paediatrics Surgery, Radiology, Respiratory Medicine, Rheumatology and Urology, an updated list of which is available on www.ump.com.hk ;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“UMP Medical Centre(s)”	medical centre(s) offering Medical Services, Dental Services and/or Auxiliary Services which is operated by the Group;

“UMP Network”	consist of (i) UMP Medical Centres which are operated by the Group and (ii) Affiliated Clinics which are clinics not operated by the Group but which has entered into an agreement with the Group to offer Medical Services, Dental Services and/or Auxiliary services to Plan Members;
“Renminbi”	the lawful currency of the PRC; and
“%”	per cent.

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

Hong Kong, 21 September 2023

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