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## UMP HEALTHCARE HOLDINGS LIMITED

### 聯合醫務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 722)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

The board of directors (“Board”) of UMP Healthcare Holdings Limited (the “Company” or “UMP”) is pleased to announce the interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2021 together with the comparative figures for the corresponding period in 2020.

#### INTERIM RESULTS HIGHLIGHTS

	Six months ended 31 December		Increase/ (decrease)
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)	
<b>Continuing operations</b>			
Revenue	358,210	299,221	19.7%
Profit before tax	60,155	57,083	5.4%
Depreciation and amortisation	37,603	37,970	(1.0%)
<b>Discontinued operation</b>			
Profit/(loss) for the period	1,197	(14,519)	108.2%
<b>Continuing and discontinued operations</b>			
EBITDA <sup>(1)</sup>	104,168	83,358	25.0%
Profit for the period	50,371	32,574	54.6%
<b>Revenue from continuing operations</b>			
Hong Kong & Macau Corporate Healthcare Solution Services	123,517	121,615	1.6%
Hong Kong & Macau Clinical Healthcare Services	211,988	160,122	32.4%
Mainland China Clinical Healthcare Business	22,705	17,484	29.9%
	<u>358,210</u>	<u>299,221</u>	19.7%

(1) EBITDA represents earnings before interest (including interest expenses on lease liabilities), tax, depreciation (including depreciation on right-of-use assets) and amortisation.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Six months ended 31 December 2021*

		<b>Six months ended 31 December</b>	
	<i>Notes</i>	<b>2021</b>	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
			<b>(Restated)</b>
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	5	<b>358,210</b>	299,221
Other income and gains	5	<b>4,278</b>	3,832
Professional services expenses		<b>(127,297)</b>	(109,674)
Employee benefit expense		<b>(83,890)</b>	(51,972)
Property rental and related expenses		<b>(4,637)</b>	(3,913)
Cost of inventories consumed		<b>(19,946)</b>	(14,801)
Depreciation and amortisation		<b>(37,603)</b>	(37,970)
Other expenses, net		<b>(29,245)</b>	(27,018)
Finance cost		<b>(1,834)</b>	(1,804)
Share of profits of:			
Joint ventures		<b>618</b>	–
Associates		<b>1,501</b>	1,182
		<hr/>	<hr/>
<b>PROFIT BEFORE TAX</b>	6	<b>60,155</b>	57,083
Income tax expense	7	<b>(10,981)</b>	(9,990)
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>49,174</b>	47,093
		<hr/> <hr/>	<hr/> <hr/>
<b>Discontinued operation</b>			
Profit/(loss) for the period from discontinued operation	8	<b>1,197</b>	(14,519)
		<hr/>	<hr/>
<b>PROFIT FOR THE PERIOD</b>		<b>50,371</b>	32,574
		<hr/>	<hr/>
Attributable to:			
Owners of the Company			
From continuing operations		<b>44,661</b>	42,694
From discontinued operation		<b>1,666</b>	(11,615)
		<hr/>	<hr/>
		<b>46,327</b>	31,079
Non-controlling interests		<b>4,044</b>	1,495
		<hr/>	<hr/>
		<b>50,371</b>	32,574
		<hr/> <hr/>	<hr/> <hr/>
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
	10		
Basic and diluted			
– Continuing operations		<b>HK5.835 cents</b>	HK5.640 cents
– Discontinued operation		<b>HK0.218 cents</b>	HK(1.535) cents
		<hr/>	<hr/>
Total – included discontinued operation		<b>HK6.053 cents</b>	HK4.105 cents
		<hr/> <hr/>	<hr/> <hr/>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31 December 2021

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
<b>PROFIT FOR THE PERIOD</b>	<u>50,371</u>	<u>32,574</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	707	2,494
Release of reserve upon disposal of subsidiaries	<u>(1,786)</u>	<u>1,279</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>(1,079)</u>	<u>3,773</u>
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	<u>3,717</u>	<u>(2,411)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u>2,638</u>	<u>1,362</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><u>53,009</u></u>	<u><u>33,936</u></u>
Attributable to:		
Owners of the Company	48,965	32,441
Non-controlling interests	<u>4,044</u>	<u>1,495</u>
	<u><u>53,009</u></u>	<u><u>33,936</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

		31 December 2021 <i>HK\$'000</i> (Unaudited)	30 June 2021 <i>HK\$'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		102,453	99,430
Right-of-use assets		87,765	73,666
Goodwill		164,768	164,768
Other intangible assets		60,767	61,681
Investments in joint ventures		8,589	7,970
Investments in associates		12,588	4,501
Financial assets at amortised cost	11	6,385	19,025
Investments at fair value through other comprehensive income	12	26,967	23,603
Deferred tax assets		1,389	1,417
Deposits		19,175	20,544
Total non-current assets		490,846	476,605
<b>CURRENT ASSETS</b>			
Inventories		10,479	9,198
Trade receivables	13	96,872	83,364
Prepayments, other receivables and other assets		30,478	18,088
Financial assets at fair value through profit or loss		31,807	27,115
Financial assets at amortised cost	11	26,613	14,046
Amounts due from associates		17,885	3,730
Amount due from a joint venture		2,151	451
Amounts due from related companies		1,894	1,220
Tax recoverable		69	551
Pledged deposits		2,393	1,893
Cash and cash equivalents		259,410	293,974
		480,051	453,630
Assets of disposal groups classified as held for sale		–	39,742
Total current assets		480,051	493,372

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

31 December 2021

	<i>Notes</i>	<b>31 December 2021 HK\$'000 (Unaudited)</b>	30 June 2021 HK\$'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade payables	14	44,243	62,185
Other payables and accruals		86,352	64,376
Amounts due to associates		117	–
Amounts due to related companies		2,269	5,618
Amount due to a joint venture		875	561
Lease liabilities		44,368	38,731
Tax payable		22,088	26,848
		<u>200,312</u>	<u>198,319</u>
Liabilities associated with the disposal groups classified as held for sale		–	24,441
		<u>200,312</u>	<u>222,760</u>
<b>NET CURRENT ASSETS</b>		<u>279,739</u>	<u>270,612</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>770,585</u>	<u>747,217</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		46,767	39,296
Deferred tax liabilities		12,045	12,238
Provision		2,631	2,627
		<u>61,443</u>	<u>54,161</u>
Total non-current liabilities		<u>61,443</u>	<u>54,161</u>
Net assets		<u>709,142</u>	<u>693,056</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	15	775	775
Reserves		668,834	638,723
		<u>669,609</u>	<u>639,498</u>
Non-controlling interests		<u>39,533</u>	<u>53,558</u>
Total equity		<u>709,142</u>	<u>693,056</u>

## NOTES

### 1. CORPORATE AND GROUP INFORMATION

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

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

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

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

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2021 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, except for equity investments, debt investments and a contingent consideration receivable which have been measured at fair value. The unaudited condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 June 2021.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2021 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual period beginning on 1 July 2021.

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

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

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

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

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

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

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

#### **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, health check-up and other auxiliary services in Hong Kong and Macau; and
- (c) Mainland China Clinical Healthcare Business segment engages in the provision of health check-up service and selected outpatient services in Mainland China.

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

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

**(a) Revenue and results**

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

	Continuing Operations					Total HK\$'000 (Restated)
	Hong Kong and Macau		Mainland China	Continuing Operations	Discontinued Operation	
	Healthcare Solution Services HK\$'000 (Restated)	Clinical Healthcare Services HK\$'000 (Restated)	Clinical Healthcare Business HK\$'000 (Restated)	Sub-total HK\$'000 (Restated)		
<b>Six months ended</b>						
<b>31 December 2020 (unaudited)</b>						
<b>Segment revenue:</b>						
External sales	121,615	160,122	17,484	299,221	2,922	302,143
Inter-segment sales	660	52,932	–	53,592	–	53,592
	122,275	213,054	17,484	352,813	2,922	355,735
<i>Reconciliation:</i>						
Elimination of inter-segment sales				(53,592)	–	(53,592)
Revenue				299,221	2,922	302,143
<b>Segment results</b>	32,956	38,910	(8,229)	63,637	(14,519)	49,118
<i>Reconciliation:</i>						
Interest income						1,545
Other income and gains						2,268
Share of profits and losses of:						
Joint ventures						–
Associates						1,182
Corporate and other unallocated expenses, net						(11,549)
Profit before tax						42,564
Income tax expense						(9,990)
Profit for the period						32,574

(b) **Information about major customers**

Revenue from a major customer which accounted for 10% or more of the Group's revenue from the Corporate Healthcare Solution Services to Contract Customers segment is set out below:

	<b>Six months ended 31 December</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Customer A	<b>20,409</b>	20,654
Customer B	<b>20,099</b>	19,247

**5. REVENUE, OTHER INCOME AND GAINS**

An analysis of revenue from continuing operations is as follows:

**Disaggregated revenue information from continuing operations**

**Six months ended 31 December 2021**

	<b>Six months ended 31 December</b>		Increase/(decrease)
	<b>2021</b>	2020	
	<b>HK\$'000</b>	HK\$'000	
	<b>(Unaudited)</b>	(Unaudited)	
		(Restated)	
<b>Provision of corporate healthcare solution services in Hong Kong and Macau</b>	<b>123,517</b>	121,615	1.6%
Medical	<b>112,435</b>	109,815	2.4%
Dental	<b>11,082</b>	11,800	(6.1%)
<b>Provision of clinical healthcare services in Hong Kong and Macau</b>	<b>211,988</b>	160,122	32.4%
Medical	<b>181,567</b>	132,666	36.9%
Dental	<b>30,421</b>	27,456	10.8%
<b>Mainland China Clinical Healthcare Business</b>	<b>22,705</b>	17,484	29.9%
<b>TOTAL</b>	<b>358,210</b>	299,221	19.7%

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

	<b>Six months ended 31 December</b>	
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Administrative support fees	<b>317</b>	341
Bank interest income	<b>49</b>	12
Interest income on financial assets at amortised cost	<b>928</b>	1,345
Interest income on investments at fair value through other comprehensive income	–	189
Dividend income from investments at fair value through other comprehensive income	<b>2,188</b>	–
Dividend income from financial assets at fair value through profit or loss	<b>70</b>	61
Gain on disposal of subsidiaries	<b>459</b>	–
Others	<b>267</b>	1,884
	<b>4,278</b>	3,832

## 6. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Amortisation of intangible assets	1,155	1,203
Depreciation of property, plant and equipment	9,097	11,344
Depreciation of right-of-use assets	27,351	25,423
Equity-settled share-based payment expense (including employees and professional consultants)	2,622	709
Fair value (gain)/loss on financial assets at fair value through profit or loss	1,547	(197)
Foreign exchange differences, net	79	(103)
(Gain)/Loss on disposal of subsidiaries	(459)	452*
Write-off of items of property, plant and equipment	47	–
Impairment of other assets	–	4,082
Impairment of deposit	–	4,146
	<u>10,981</u>	<u>9,990</u>

\* The loss on disposal of subsidiaries above is excluded in note 5 “Revenue, other income and gains”.

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates.

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

	Six months ended 31 December	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited) (Restated)
Current – Hong Kong		
Charge for the period	10,619	10,231
Current – Mainland China/Macau		
Charge for the period	567	263
Deferred	(205)	(504)
	<u>10,981</u>	<u>9,990</u>

## 8. DISCONTINUED OPERATION

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

The results of these discontinued operation for the six month period ended 31 December 2021 and 2020 are set out below:

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>REVENUE</b>	<b>6,099</b>	2,922
Other income and gains	5,379	16
Professional services expenses	(3,571)	(1,091)
Employee benefit expense	(9,374)	(8,073)
Property rental and related expenses	–	(216)
Cost of inventories consumed	(362)	(206)
Depreciation and amortisation	(4,212)	(2,462)
Other expenses, net	(8,025)	(5,234)
Finance cost	(149)	(172)
	<hr/>	<hr/>
<b>LOSS BEFORE TAX</b>	<b>(14,215)</b>	(14,516)
Income tax expense	–	(3)
	<hr/>	<hr/>
	(14,215)	(14,519)
Gain on disposal of discontinued operation	15,412	–
	<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATION</b>	<b>1,197</b>	(14,519)
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**Total comprehensive income from discontinued operation**

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>PROFIT/(LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATION</b>	<u><b>1,197</b></u>	<u><b>(14,519)</b></u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(692)</b>	<b>710</b>
Release of reserve upon disposal of subsidiaries	<u><b>(1,786)</b></u>	<u><b>–</b></u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<u><b>(2,478)</b></u>	<u><b>710</b></u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u><b>(1,281)</b></u></u>	<u><u><b>(13,809)</b></u></u>
Attributable to:		
Owners of the Company	<b>(812)</b>	<b>(10,905)</b>
Non-controlling interests	<u><b>(469)</b></u>	<u><b>(2,904)</b></u>
	<u><u><b>(1,281)</b></u></u>	<u><u><b>(13,809)</b></u></u>

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

	<i>HK\$'000</i> (unaudited)
Property, plant and equipment	15,342
Right-of-use assets	5,534
Investments at fair value through other comprehensive income	494
Deposits	2,101
Inventories	167
Trade receivables	1,585
Prepayments, other receivables and other assets	1,272
Cash and cash equivalents	24,349
Trade payables	(2,191)
Other payables and accruals	(4,962)
Lease liabilities	(6,121)
Amounts due to related companies	(17,143)
Non-controlling interest	(4,086)
	<u>16,341</u>
Gain on disposal	15,412
Release of reserve upon disposal	(1,786)
	<u>29,967</u>
Represented by:	
Cash consideration received	22,000
Fair value of the Group's existing shareholding	7,967
	<u>29,967</u>
Analysis of net outflow of cash and cash equivalents in respect of the disposal of subsidiaries as at 31 December 2021, the disposal date were as follows:	
Satisfied by:	
Cash consideration received	22,000
Cash and cash equivalents disposed of	(24,349)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>(2,349)</u>

## 9. DIVIDENDS

	Six months ended 31 December	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividend recognised as distribution during the period:		
Final dividend for the year ended 30 June 2021:		
HK2.80 cents (year ended 30 June 2020: HK2.65 cents) per ordinary share	<u>21,476</u>	<u>20,293</u>
Dividend proposed after the end of the reporting period:		
Interim dividend for the six months ended 31 December 2021:		
HK1.50 cent (six months ended 31 December 2020: HK1.00 cent) per ordinary share	<u>11,890</u>	<u>7,754</u>

The proposed interim dividend of HK1.50 cent per ordinary share in respect of the year ending 30 June 2022 was approved by the board of directors on 24 February 2022. The interim dividend of HK1.00 cent per ordinary share in respect of the year ended 30 June 2021 was approved by the board of directors on 25 February 2021.

The final dividend of HK2.80 cents per ordinary share, with a scrip dividend alternative, in respect of the year ended 30 June 2021 was approved by the Company's shareholders at the annual general meeting held on 26 November 2021. The final dividend of HK2.65 cents per ordinary share in respect of year ended 30 June 2020 was approved by the Company's shareholders at the annual general meeting held on 20 November 2020.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the unaudited consolidated profit for the six months ended 31 December 2021 attributable to ordinary equity holders of the Company of HK\$46,327,000 (six months ended 31 December 2020: HK\$31,079,000), and the weighted average number of ordinary shares of 765,417,711 (six months ended 31 December 2020: 757,019,355) in issue which have excluded the shares held under the share award scheme during the period.

The calculation of the diluted earnings per share amount is based on the unaudited consolidated profit for the six months ended 31 December 2021 attributable to ordinary equity holders of the Company of HK\$46,327,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 765,417,711 in issue during the period 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 nil assumed to have been issued at no consideration on the deemed exercise of all share options and shares under the share award scheme into ordinary shares.

The calculation of the diluted earnings per share amount is based on the unaudited consolidated profit for the six months ended 31 December 2020 attributable to ordinary equity holders of the Company of HK\$31,079,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 757,019,355 in issue during the period 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 102,542 assumed to have been issued at no consideration on the deemed exercise of all share options and shares under the share award scheme into ordinary shares.

## 11. FINANCIAL ASSETS AT AMORTISED COST

	<b>31 December</b>	30 June
	<b>2021</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Financial assets at amortised cost</b>	<b>32,998</b>	33,071
Analysed into:		
Non-current portion	<b>6,385</b>	19,025
Current portion	<b>26,613</b>	14,046
	<b>32,998</b>	33,071

As at 31 December 2021, the Group's financial assets at amortised cost have fixed maturity dates between 2022 and 2023 and fixed interest rates ranging from 4.25% to 8.50% per annum (30 June 2021: 4.25% to 8.50% per annum).

## 12. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>31 December</b>	30 June
	<b>2021</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Investments at fair value through other comprehensive income</b>		
Unlisted equity investments, at fair value	<b>4,901</b>	5,367
Listed equity investments, at fair value	<b>22,066</b>	18,236
	<b>26,967</b>	23,603

The above investments were designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

### 13. TRADE RECEIVABLES

	<b>31 December</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	30 June 2021 <i>HK\$'000</i> (Audited)
Trade receivables	<u><b>96,872</b></u>	<u>83,364</u>

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

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

	<b>31 December</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	30 June 2021 <i>HK\$'000</i> (Audited)
Within 1 month	<b>56,193</b>	50,580
1 to 2 months	<b>18,833</b>	13,710
2 to 3 months	<b>11,612</b>	6,230
Over 3 months	<u><b>10,234</b></u>	<u>12,844</u>
	<u><b>96,872</b></u>	<u>83,364</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:

	<b>31 December</b> <b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>	30 June 2021 <i>HK\$'000</i> (Audited)
Within 1 month	<b>29,293</b>	37,560
1 to 3 months	<b>14,671</b>	23,860
Over 3 months	<u><b>279</b></u>	<u>765</u>
	<u><b>44,243</b></u>	<u>62,185</u>

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

## 15. SHARE CAPITAL

	<b>31 December 2021 HK\$'000 (Unaudited)</b>	30 June 2021 HK\$'000 (Audited)
Authorised:		
5,000,000,000 (30 June 2021: 5,000,000,000) ordinary shares of HK\$0.001 (30 June 2021: HK\$0.001) each	<b>5,000</b>	5,000
Issued and fully paid:		
775,350,089 (30 June 2021: 775,350,089) ordinary shares of HK\$0.001 (30 June 2021: HK\$0.001) each	<b>775</b>	775

The movements in the Company's authorised and issued share capital during the period from 1 July 2020 to 31 December 2021 are as follows:

	<i>Note</i>	<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares HK\$'000</b>
Authorised:			
At 1 July 2020, at 31 December 2020, at 30 June 2021, at 1 July 2021 and at 31 December 2021		5,000,000,000	5,000
Issued and fully paid:			
At 1 July 2020		765,759,953	766
Shares issued in lieu of cash dividend	(a)	9,590,136	9
At 30 June 2021, at 1 July 2021 and at 31 December 2021		775,350,089	775

- (a) On 20 November 2020, the Company's shareholders approved at the annual general meeting a final dividend of HK2.65 cents per ordinary share payable in cash with a scrip dividend alternative ("the Scrip Dividend Scheme") for the year ended 30 June 2020 (the "2020 Final Dividend"). During the year ended 30 June 2021, 9,590,136 new shares were issued by the Company at a deemed price of HK\$1.19 per ordinary share, credited as fully paid, to shareholders of the Company who had elected to receive scrip shares in lieu of cash to settle the 2020 Final Dividend of HK\$11,412,639. The remaining balance of the 2020 Final Dividend of HK\$8,880,000 was satisfied by cash. Further details of the Scrip Dividend Scheme are set out in the Company's circular dated 14 December 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW AND OUTLOOK**

As the COVID-19 pandemic continues to exert an unprecedented impact on the whole healthcare industry and our business, our Group has demonstrated its resilience to serve our stakeholders and communities with the uninterrupted provision of professional and trusted healthcare services.

Our disciplined operating culture and the advantage of our enterprise capabilities significantly contributed to the promising results for the Group over the past six months. In addition, every corner of our organization came together to uphold our mission and do what is suitable for our patients, colleagues, and healthcare practitioners.

Despite the continued operational headwind induced by the pandemic, we remain confident in the market outlook. In July 2021, we expanded our flagship medical centre at Wing On House in Central to two floors, with a gross floor area of approximately 27,000 sq. ft.. The new medical centres comprise a full spectrum of medical and dedicated specialist services, including the Group's first cardiometabolic centre, first UMP-branded physiotherapy and rehabilitation centre, and a newly-extended specialist centre featuring elderly care, diabetes and chronic disease management, as well as preventive cardiology. This one-stop medical care ecosystem caters for the needs of the B2B as well as the up-and-coming B2B2C market, particularly in the Central district, and pushes profitability while creating value for society and ensuring sustainability is observed.

This refreshed strategic approach demonstrates our confidence in our business model and adaptability during the pandemic. We have relocated our headquarter office to a newly-leased floor. The new office space allows us to group our frontline and back office in the same building to provide immediate support to our clinical services. Further, our servicing facilities in the flagship centre have undergone expansion and renovation to ensure they meet the changing needs of the communities. As a result, clients and patients benefit from enhanced access to our services with a welcoming and contemporary space.

Besides our flagship centre, our well-established multi-specialties clinic network provides convenient, reliable, coordinated, comprehensive and affordable healthcare services. As of 31 December 2021, our network consisted of more than 1,100 self-owned and affiliated service points of medical disciplines located across Hong Kong and Macau. In addition, as part of our growth strategy, we continue to expand our offline clinical services coverage in areas with rapid population growth.

Our clinic network touches millions of lives each year by providing actionable health insights to patients and doctors. Our clinic network's quality, depth, and scope are essential to ensure trusted and affordable healthcare services to an inclusive clientele. By partnering with quality, cost-effective providers, we utilize our clinical and operational know-how derived from our medical history and expertise to gain insight into the rising needs of both our members and our providers. To support our expansion and development, we have also expanded our own professional medical team and recruited additional medical experts in specialties, such as family medicine, internal medicine, geriatric care, radiology, imaging and laboratory.

Advanced medical imaging and laboratory services continue to form an integral part of our business. Rising demand for diagnostic imaging, such as Positron Emission Tomography (PET scan), Magnetic Resonance Imaging (MRI), Computerized Tomography (CT scan), Ultrasound, Mammography and X-ray has driven significant growth for our Group stemming from the growing ageing population as well as the rising health awareness among the population.

Apart from medical and diagnostic demands, the ageing population and a greater focus on early detection and preventive medicine are anticipated to support our Group's performance in the coming years. The rise in public health consciousness has also led to the increase in average spending of the medical segment. More household budget is now allocated to health assessment and related preventive medical services.

Further, we see rapid growth of demand and offer one-stop health assessment services at our designated medical centres. We provide a full range of health assessment services holistically, including those designed specifically for different groups and common health problems to cater for different needs, along with COVID-related assessments and examinations for immigration visa requirements.

To back our growing business in the digital era, we believe technology is an essential enabler of medical services provision improvement. Leveraging digital technologies to provide efficient and affordable medical services will play a huge role in the success of our expansion. Our digital strategy, supported by a strong team of IT experts, centred around satisfying the demands of patients and our physicians.

Besides the ongoing effort to streamline and digitalize our patient journey and data management for clinic operations efficiency, we have been actively seeking collaboration with third-party service providers to augment the quality of our services and to add value to the standard of patient care. While we pursue open innovation to bring revenue streams and business lines, we insist that cybersecurity and digital inclusion for all demographics as the priorities in our digital strategy.

Due to the continued impact of the pandemic and the rise of Omicron variant infection, we expect the operating environment remains challenging in the coming future. Nevertheless, rising healthcare awareness and demand will usher in a more tech- and patient-centric healthcare industry. Alongside, we are confident that Hong Kong and Macau will continually be preferred destinations for medical-services travel in a post-pandemic era for nearby areas, with relative cost competitiveness and the availability of skilled medical professionals.

To ensure our business is more financially sustainable and future-ready, we have repositioned our presence in the PRC and reorganized our emerging business in Mainland China with the disposal of an indirectly owned subsidiary, UMP Healthcare China, in December 2021. We retain a significant strategic stake in the said business, and continue to operate conventional clinical and healthcare check-up business conducted by the clinics that we own and operate in Beijing and Shanghai. We will continue to seek growth opportunities in the Greater Bay Area in the coming future.

Overall, we maintain focus on our core business of corporate health solutions and clinical and IME services in Hong Kong, Macau and Mainland China. We actively expand our business through acquisition and opening new business units targeting new market frontiers.

Underlying our accomplishments are our dedicated team members who continue to provide outstanding and compassionate care during this extraordinary time. We will remain resolute to focus on delivering quality healthcare services and maximizing our growth potential with the mission of enabling better health for everyone.

## **OUR BUSINESS LINES AND THEIR ANALYSIS**

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

### **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 Group's Contract Customers comprise (i) insurance companies, who enter into contracts with the Group for healthcare services for their policyholders or employees of their policyholders and (ii) corporations, who 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 to design and refine corporate healthcare benefits plans, with each plan tailored to the customer's needs based on factors such as industry or occupational health-related concerns, the scope of healthcare benefits desired, employee demographic as well as their budget.

UMP aims to provide convenient, reliable, coordinated, comprehensive and affordable healthcare services through our well-established and multi-specialties UMP Network. As of 31 December 2021, the UMP Network comprises more than 1,100 points of services located across Hong Kong and Macau.

Revenue for this business line has slightly increased by 1.8% from HK\$122.3 million to HK\$124.5 million (before inter-segment elimination). However, our operating profit (operating profit before tax and before non-recurring items) has decreased by 41.2% from HK\$33.0 million to HK\$19.4 million. The result is primarily due to the patient visits last year being severely impacted by COVID-19.

### **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 16 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.

Revenue for this business line has increased by 28.1% from HK\$213.1 million to HK\$273.0 million (before inter-segment elimination) and our operating profit (operating profit before tax and before non-recurring items) has increased 33.2% from HK\$38.9 million to HK\$51.8 million. This increase is due to a general increase in the number of health check-ups and contribution from our medical imaging and laboratory business.

### **Mainland China Clinical Healthcare Business**

Our Mainland China clinical healthcare business currently consists of (i) health check-up business and (ii) selected outpatient services such as family medicine within the clinics we own and operate. Revenue for this business line has increased by 29.9% from HK\$17.5 million to HK\$22.7 million (before inter-segment elimination) due to an increase in the number of health check-ups, while our operating result has improved from operating loss (operating loss before tax and before non-recurring items) of HK\$8.2 million to operating profit (operating profit before tax and before non-recurring items) of HK\$0.5 million.

## Discontinued operation

The Group engaged in (i) corporate healthcare solutions business (online merged to offline) and (ii) provision of professional training to doctors and nurses under our GOLD™ training programme in Mainland China by the subsidiaries of UMP Healthcare China Limited (“UMP Healthcare China”), a non-wholly owned subsidiary indirectly owned as to 80% by the Company. On 31 December 2021, 55% shareholding of UMP Healthcare China was disposed of at a consideration of HK\$22 million. Subsequent to the transaction, the Group’s shareholding in UMP Healthcare China decreased from 80% to 25% and the Group ceased control over UMP Healthcare China. As a result, UMP Healthcare China and its subsidiaries have become the associates of the Group. Please refer to the announcement dated 22 December 2021 for further details.

Prior to the completion of disposal, revenue for this business line has increased by 108.7% from HK\$2.9 million to HK\$6.1 million (before inter-segment elimination) due to an increase in income from our training business and online medical services, while the operating loss (operating loss before tax and before non-recurring items) has decreased by 2.1% from HK\$14.5 million to HK\$14.2 million.

The following table sets out the revenue for our business lines for the six months ended 31 December 2021 and the corresponding period for comparison:

### Revenue by business lines

	Six months ended 31 December		Increase/ (decrease)
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	
Hong Kong & Macau Corporate Healthcare Solution Services	<b>124,490</b>	122,275	1.8%
Hong Kong & Macau Clinical Healthcare Services	<b>272,987</b>	213,054	28.1%
Mainland China Clinical Healthcare Business	<b>22,705</b>	17,484	29.9%
Total revenue from continuing operations	<b>420,182</b>	352,813	19.1%
Discontinued operation	<b>6,099</b>	2,922	108.7%
<b>TOTAL</b>	<b>426,281</b>	<b>355,735</b>	<b>19.8%</b>

(1) Business lines revenue presented above are before intersegment sales elimination.

## FINANCIAL REVIEWS

### 1HFY2022 compared to 1HFY2021

#### *Revenue from Continuing Operations*

During 1HFY2022, we primarily generated revenue from (i) the provision of corporate healthcare solutions to Contract Customers in Hong Kong and Macau; (ii) the provision of clinical healthcare services in Hong Kong and Macau and (iii) the provision of clinical healthcare services in Mainland China.

Total consolidated revenue from continuing operations increased by 19.7% from HK\$299.2 million in 1HFY2021 to HK\$358.2 million in 1HFY2022, primarily due to general increase in number of health check-ups and contribution from our medical imaging and laboratory business.

#### *Provision of corporate healthcare solution services to Contract Customers in Hong Kong and Macau*

Revenue from the provision of corporate healthcare solution services to Contract Customers in Hong Kong and Macau increased by 1.6% from HK\$121.6 million for 1HFY2021 to HK\$123.5 million for 1HFY2022.

- **Medical.** Revenue generated from the provision of Medical Services to Contract Customers increased by 2.4% from HK\$109.8 million for 1HFY2021 to HK\$112.4 million for 1HFY2022, primarily due to an increase in the number of visits from patients seeking Medical Services.
- **Dental.** Revenue generated from the provision of Dental Services to Contract Customers decreased by 6.1% from HK\$11.8 million for 1HFY2021 to HK\$11.1 million for 1HFY2022, primarily due to a decrease in patients' average spending per visit for seeking Dental Services.

#### *Provision of clinical healthcare services in Hong Kong and Macau*

- **Medical.** Revenue generated from the provision of Medical Services to Self-paid Patients increased by 36.9% from HK\$132.7 million for 1HFY2021 to HK\$181.6 million for 1HFY2022, primarily due to general increase in number of health check-ups and contribution from our medical imaging and laboratory business.
- **Dental.** Revenue generated from the provision of Dental Services to Self-paid Patients increased by approximately 10.8% from HK\$27.5 million for 1HFY2021 to HK\$30.4 million for 1HFY2022 due to the increase in number of self-paid patient visits.

#### *Mainland China Clinical Healthcare Business*

Revenue generated from Mainland China clinical healthcare business increased by 29.9% from HK\$17.5 million for 1HFY2021 to HK\$22.7 million for 1HFY2022, primarily due to an increase in the number of health check-ups.

### **Other Income and Gains**

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

Other income and gains increased by 11.6% from HK\$3.8 million for 1HFY2021 to HK\$4.3 million for 1HFY2022.

### **Professional Services Expenses**

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

Professional services expenses increased by 16.1% from HK\$109.7 million for 1HFY2021 to HK\$127.3 million for 1HFY2022, primarily due to an increase in the cost of services rendered by doctors, dentists and other professionals.

### **Property Rental and Related Expenses**

Property rental and related expenses increased by 18.5% from HK\$3.9 million for 1HFY2021 to HK\$4.6 million for 1HFY2022, primarily due to the rental concessions granted by landlords of various premises in 1HFY2021, which did not recur in 1HFY2022.

### **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, remained stable in 1HFY2022 when compared with 1HFY2021.

### **Other Expenses, net**

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

Other expenses, net, increased by 8.2% from approximately HK\$27.0 million for 1HFY2021 to HK\$29.2 million for 1HFY2022, primarily due to increase of utilities, operation and other administrative expenses.

**Summary of operational data for 1HFY2022 with comparative figures for 1HFY2021**

*Revenue by operating segment from continuing operations*

	<b>Six months ended 31 December</b>		<b>Increase/ (decrease)</b>
	<b>2021</b>	<b>2020</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
<b>Provision of corporate healthcare solution services in Hong Kong and Macau</b>	<b>123,517</b>	121,615	1.6%
Medical	<b>112,435</b>	109,815	2.4%
Dental	<b>11,082</b>	11,800	(6.1%)
<b>Provision of clinical healthcare services in Hong Kong and Macau</b>	<b>211,988</b>	160,122	32.4%
Medical	<b>181,567</b>	132,666	36.9%
Dental	<b>30,421</b>	27,456	10.8%
<b>Mainland China Clinical Healthcare Business</b>	<b>22,705</b>	17,484	29.9%
<b>TOTAL</b>	<b>358,210</b>	299,221	19.7%

*Number of visits by operating segment from continuing operation*

	<b>Six months ended 31 December</b>		<b>Increase/ (decrease)</b>
	<b>2021</b>	<b>2020</b>	
<b>Provision of corporate healthcare solution services in Hong Kong and Macau</b>	<b>490,020</b>	408,427	20.0%
Medical	<b>476,576</b>	395,260	20.6%
Dental	<b>13,444</b>	13,167	2.1%
<b>Provision of clinical healthcare services in Hong Kong and Macau</b>	<b>137,492</b>	104,062	32.1%
Medical	<b>119,286</b>	89,647	33.1%
Dental	<b>18,206</b>	14,415	26.3%
<b>Mainland China Clinical Healthcare Business</b>	<b>17,478</b>	15,480	12.9%
<b>TOTAL</b>	<b>644,990</b>	527,969	22.2%

## **KEY FINANCIAL POSITION ITEMS**

### **Right-of-use assets**

Under HKFRS 16, right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

As at 31 December 2021, the Group's right-of-use assets amounted to HK\$87.8 million (30 June 2021: HK\$73.7 million).

### **Financial Assets at Amortised Cost**

Financial assets at amortised cost primarily represent the marketable corporate bonds issued by listed corporations with fixed interest rates from 4.25% to 8.50% per annum. The marketable debt securities which will mature within one year and more than one year are classified as current assets and non-current assets, respectively. The Group receives related interest payments semi-annually and annually.

As at 31 December 2021 and 30 June 2021, the Group's financial assets at amortised cost amounted to HK\$33.0 million (of which HK\$26.6 million is classified as current assets and HK\$6.4 million is classified as non-current assets) and HK\$33.1 million (of which HK\$14.1 million is classified as current assets and HK\$19.0 million is classified as non-current assets), respectively.

### **Lease liabilities**

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

As at 31 December 2021 and 30 June 2021, the carrying amount of lease liabilities amounted to HK\$91.1 million (of which HK\$44.4 million is classified as current liabilities and HK\$46.7 million is classified as non-current liabilities) and HK\$78.0 million (of which HK\$38.7 million is classified as current liabilities and HK\$39.3 million is non-current liabilities).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has historically funded its operations primarily by cash generated from operating activities. Upon the listing of the shares of the Company on the Hong Kong Stock Exchange, the Group intended to satisfy its liquidity requirements using a combination of cash generated from operating activities and net proceeds from the Global Offering. The Group may also seek to borrow to satisfy liquidity requirements. As of 31 December 2021, the Group had a cash and cash equivalents of HK\$259.4 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.

## **CAPITAL STRUCTURE**

There has been no significant change in the capital structure of the Company during the period ended 31 December 2021. The capital of the Company comprises ordinary shares and other reserves.

## **MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES**

On 31 December 2021, 55% shareholding of UMP Healthcare China, 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 UMP Healthcare China decreased from 80% to 25% and the Group ceased control over UMP Healthcare China. As a result, UMP Healthcare China and its subsidiaries has become the associates of the Group. A resulting gain on disposal of HK\$15.4 million was recognised in profit and loss during the year.

Save as disclosed in this announcement, there was no material acquisition or disposal of subsidiaries undertaken by the Group during 1HFY2022.

## **CAPITAL EXPENDITURE**

The capital expenditure during the period was primarily related to decoration and the acquisitions of plant and equipment for the Group's medical centres. For 1HFY2022, the Group incurred capital expenditure in an aggregate amount of approximately HK\$28.0 million (1HFY2021: HK\$15.0 million).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group continues to strengthen its current business and explore growth opportunities. The Group did not have any specific future plan for material investments or capital assets as of 31 December 2021.

## **INDEBTEDNESS**

### **Contingent Liabilities**

As at 31 December 2021, the Group did not have any material off-balance sheet arrangements.

### **Capital Commitment**

The Group has no material outstanding capital commitment as at 31 December 2021.

## **PLEDGE OF ASSETS**

As at 31 December 2021, the Group has pledged certain deposits with an aggregate carrying amount of HK\$2.4 million (30 June 2021: HK\$1.9 million) in connection with a surety bond issued by a bank in favour of an independent third party for potential damages of dental equipment and potential disruption of Medical Services, and a bank guarantee issued by a bank in favour of a landlord for leasing of a medical centre of the Group.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2021, the Group had a total of 476 (30 June 2021: 519) full-time employees. For 1HFY2022, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately HK\$83.9 million (1HFY2021: HK\$52.0 million).

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

In addition, the Company also adopted the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, where eligible employees and consultants are entitled to subscribe for the Shares for their contribution to the Group. As at 31 December 2021, 27,008,000 options remained outstanding under the Pre-IPO Share Option Scheme and none of the share options under the Pre-IPO Share Option Scheme have been exercised during 1HFY2022. As at 31 December 2021, 36,286,000 options granted under the Post-IPO Share Option Scheme and none of the share options under the Post-IPO Share Option Scheme have been exercised during 1HFY2022.

The Company has also adopted the Share Award Scheme to provide an incentive and reward to selected participants for their contribution to the Group. No Shares have been purchased or granted under the Share Award Scheme during 1HFY2022.

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

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK1.50 cent per ordinary share for the six months ended 31 December 2021 (FY2021 interim dividend: HK1.00 cent). The interim dividend will be payable to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 16 March 2022. It is expected that the interim dividend will be paid on or about Friday, 8 April 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Monday, 14 March 2022 to Wednesday, 16 March 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 11 March 2022.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining high standards of corporate governance and transparency. The Company confirms that it has complied with the code provisions of the Corporate Governance Code during the six months ended 31 December 2021, 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 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 arrangements when the Board considers appropriate.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

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

Having made specific enquiry with all Directors, the Company confirmed that the Directors have complied with the Model Code during the six months ended 31 December 2021.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with the Code of Conduct for Securities Transactions by employees on terms of which are no less exacting than those set out in the Model Code. To the best knowledge of the Company, there was no incident of non-compliance of the Code of Conduct for Securities Transactions by employees during the six months ended 31 December 2021.

## **REVIEW OF INTERIM RESULTS**

The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Lee Luen Wai, John *BBS JP* (chairman), Dr. Li Kwok Tung, Donald *SBS JP* and Mr. Yeung Wing Sun, Mike, has reviewed, together with the management of the Company, the unaudited interim results of the Group for the six months ended 31 December 2021 and considered that they were prepared in compliance with the relevant accounting standards, the Listing Rules and the applicable legal requirements, and that the Company has made appropriate disclosure thereof.

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

During the six months ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **EVENTS AFTER REPORTING PERIOD**

There was no material acquisition or disposal of subsidiaries undertaken by the Group after 31 December 2021 and up to the date of this announcement.

## **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is required to be published on the website of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the designated website of the Company at [www.ump.com.hk](http://www.ump.com.hk), respectively. The interim report of the Company for the six months ended 31 December 2021 will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

## **DEFINITIONS**

“1HFY2021”	the six months ended 31 December 2020;
“1HFY2022”	the six months ended 31 December 2021;
“Affiliated Clinic(s)”	clinic(s) which is/are not operated by the Group but which has entered or will enter into an agreement directly with the Group to offer Medical Services, Dental Services and/or Auxiliary Services to the Plan Members;
“Affiliated Doctor(s)”, “Affiliated Dentist(s)” or “Affiliated Auxiliary Services Provider(s)”	doctor(s)/dentist(s)/auxiliary services provider(s) who has entered or will enter into an agreement directly with the Group to provide services to Plan Members and who, in accordance with the terms of such agreement, has received or will receive an amount from the Group based on the volume of Plan Members treated;

“Audit Committee”	the audit committee of the Board;
“Auxiliary Services”	include, among others, imaging and laboratory services, physiotherapy, traditional Chinese medicine, vision care and optometry and child health assessment;
“Auxiliary Services Provider(s)”	auxiliary services provider(s) who is/are or will be engaged directly by the Group as a consultant to provide Auxiliary Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Auxiliary Service Providers;
“B2B2C”	means an e-commerce model that combines business to business (B2B) and business to consumer (B2C) for a complete product or service transaction. B2B2C is a collaboration process that, in theory, creates mutually beneficial service and product delivery channels;
“BBS”	Bronze Bauhinia Star;
“Board”	the board of Directors of the Company;
“Chairman”	the chairman of the Board;
“Chief Executive Officer”	the chief executive officer of the Company;
“Company” or “UMP”	UMP Healthcare Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the main board of the Hong Kong Stock Exchange (stock code: 722);
“Contract Customers”	collectively, insurance companies and corporations which have entered or will enter into corporate plans with the Group for healthcare benefits for Plan Members;
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules;
“COVID-19”	means coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2;

“Dental Services”	include primary dental services such as scaling and polishing and secondary dental services such as crown and bridge, orthodontics, implants and whitening;
“Dentist(s)”	dentist(s) who is/are or will be engaged directly by the Group as a consultant to provide Dental Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Dentists;
“Director(s)”	the director(s) of the Company;
“Doctor(s)”	doctor(s) who is/are or will be engaged directly by the Group as a consultant to provide Medical Services in the UMP Medical Centres in accordance with the terms of a consultancy agreement with the Group, and the Affiliated Doctors;
“FY2021”	the year ended 30 June 2021;
“general practice”	doctors trained in general practice and best suited to act as first point of contact for patients, having the required knowledge to refer patients to the appropriate specialists or services as required;
“Global Offering”	the offer of the shares of the Company to the public in Hong Kong and outside the United States of America in offshore transactions in reliance on Regulation S, the details of which are set out in “Structure of the Global Offering” of the Prospectus;
“Group”, “we”, “our” or “us”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong & Macau Clinical Healthcare Services”	provision of clinical healthcare services to Self-paid Patients;

“Hong Kong & Macau Corporate Healthcare Solution Services”	provision of corporate healthcare solutions to Contract Customers;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“JP”	Justice of the Peace;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“Mainland China” or “PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan);
“Mainland China Clinical Healthcare Business”	consists of (i) health check-up business; and (ii) selected outpatient services such as family medicine within the clinics we own and operate;
“Medical” or “Medical Services”	includes general practice and specialist practice;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules;
“Plan Members”	members of the Group’s corporate healthcare benefits plans, who typically include group medical insurance policyholders and employees of corporations and/or their dependants;
“Post-IPO Share Option Scheme”	the post-IPO share option scheme approved and adopted by the Company on 2 November 2015;
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted by the Board on 18 August 2015;
“Prospectus”	the prospectus of the Company dated 17 November 2015;
“Remuneration Committee”	the remuneration committee of the Board;
“SBS”	Silver Bauhinia Star;

“Self-paid Patients”	patients who visit a UMP Medical Centre operated by the Group and pay for services using cash or credit card;
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of the Company;
“Share Award Scheme”	the share award scheme approved and adopted by the Board on 30 June 2016;
“specialist practice” or “specialist services”	a range of specialist practice, including Family Medicine, Internal Medicine, Surgery, Paediatrics, Cardiology, Dermatology, Otorhinolaryngology, Orthopaedics, Ophthalmology, Urology, Gastroenterology and Hepatology, Radiology, Endocrinology and Diabetes. Please see <a href="http://www.ump.com.hk">www.ump.com.hk</a> for the updated list of specialist practices;
“UMP Medical Centre”	medical centre offering Medical Services, Dental Services and/or Auxiliary Services which is operated by the Group; and
“UMP Network”	consists of (i) UMP Medical Centres which are operated by the Group and (ii) Affiliated Clinics which are clinics not operated by the Group but which has entered into an agreement with the Group to offer Medical Services, Dental Services and/or Auxiliary Services to Plan Members.

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

By the order of the Board  
**UMP Healthcare Holdings Limited**  
**SUN Yiu Kwong**  
*Chairman and Chief Executive Officer*

Hong Kong, 24 February 2022

*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, Mr. YEUNG Wing Sun, Mike and Mr. CHAU, Chit Jeremy as independent non-executive directors.*