盈健醫療
HUMAN HEALTH

Human Health Holdings Limited
盈健醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1419)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- The Group's revenue for FY2016 was approximately HK$480.3 million, representing an increase of approximately HK$50.7 million or 11.8% from FY2015.

- Gross profit for FY2016 was approximately HK$228.0 million, representing an increase of approximately HK$28.8 million or 14.5% from FY2015. Gross profit margin increased to approximately 47.5% for FY2016 from 46.4% for FY2015.

- The Group's profit attributable to owners of the Company was approximately HK$27.8 million, representing a decrease of approximately HK$5.9 million or 17.5% from FY2015. This decrease was primarily attributable to the expenses related to the Listing. Disregarding these one-off expenses related to the Listing, the Adjusted profit attributable to owners of the Company for FY2016 would be approximately HK$43.0 million, representing an increase of approximately HK$1.9 million or 4.6% from FY2015.

- The Group's Adjusted EBITDA for FY2016 was approximately HK$63.3 million, representing an increase of approximately HK$4.0 million or 6.7% from FY2015.

- Basic earnings per share for FY2016 amounted to HK9.4 cents (FY2015: HK13.3 cents).

The board (the "**Board**") of directors (the "**Directors**") of Human Health Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**our**") for the year ended 30 June 2016 ("**FY2016**"), which have been prepared in accordance with the generally accepted accounting principles in Hong Kong, together with comparative figures for the year ended 30 June 2015 ("**FY2015**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
REVENUE	*4*	**480,258**	429,538
Cost of services rendered		**(252,210)**	(230,293)
Gross profit		**228,048**	199,245
Other income and gains	*4*	**2,865**	1,815
Administrative expenses		**(174,035)**	(148,511)
Other expenses	*5*	**(15,159)**	(7,368)
Share of losses of a joint venture		**(1,604)**	–
PROFIT BEFORE TAX	*5*	**40,115**	45,181
Income tax expense	*6*	**(12,306)**	(9,463)
PROFIT FOR THE YEAR		**27,809**	35,718
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**–**	99
Reclassification adjustments for gains included in the consolidated statement of profit or loss and other comprehensive income			
– Gain on disposal		**–**	(217)
		–	(118)
Exchange differences on translation of foreign operation		**(763)**	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**(763)**	(118)

	Note	2016 HK$'000	2015 HK$'000
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(763)**	(118)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,046**	35,600
Profit attributable to:			
Owners of the Company		**27,809**	33,727
Non-controlling interests		**–**	1,991
		27,809	35,718
Total comprehensive income attributable to:			
Owners of the Company		**27,046**	33,621
Non-controlling interests		**–**	1,979
		27,046	35,600
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic and diluted		**HK9.4 cents**	HK13.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**8,317**	12,136
Goodwill		**31,964**	31,964
Other intangible assets		**15,047**	16,658
Deferred tax assets		**1,439**	1,910
Investment in a joint venture		**18,886**	–
Deposits		**16,209**	4,941
Total non-current assets		**91,862**	67,609
CURRENT ASSETS			
Inventories		**6,944**	7,295
Tax recoverable		**4,115**	955
Trade receivables	*8*	**31,996**	31,888
Prepayments, deposits and other receivables		**7,407**	13,195
Due from related parties		**1,614**	1,730
Due from a joint venture		**314**	–
Pledged deposits		**2,037**	–
Cash and cash equivalents		**167,656**	109,248
Total current assets		**222,083**	164,311
CURRENT LIABILITIES			
Trade payables	*9*	**26,196**	28,365
Other payables and accruals		**17,603**	24,215
Dividend payable		**–**	49,995
Due to related parties		**1,305**	2,305
Tax payables		**13,403**	9,258
Total current liabilities		**58,507**	114,138
NET CURRENT ASSETS		**163,576**	50,173
TOTAL ASSETS LESS CURRENT LIABILITIES		**255,438**	117,782
NON-CURRENT LIABILITIES			
Other long term payable		**3,372**	–
Deferred tax liabilities		**2,691**	2,783
Total non-current liabilities		**6,063**	2,783
Net assets		**249,375**	114,999
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,615**	2,660
Reserves		**245,760**	112,339
Total equity		**249,375**	114,999

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2016

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. During the year, the Group was principally engaged in operating medical centres for the provision of integrated healthcare services in Hong Kong.

In the opinion of the Board, the ultimate holding company of the Company is Treasure Group Global Limited, a company incorporated in the British Virgin Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 1 April 2016 (the "**Listing**") .

2.1 BASIS OF PREPARATION

These 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 ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 30 June 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There have been no new or revised HKFRSs issued by the HKICPA that became effective for the first time in the current year.

3. 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) General practice services segment engages in the provision of general medical consultation and related services;

(b) Specialties services segment engages in the provision of specialist consultation and related services; and

(c) Dental services segment which comprises the provision of dental services and related treatment.

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

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

	General practice services		**Specialties services**		**Dental services**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Revenue from external customers	**336,957**	324,668	**97,270**	90,995	**46,031**	13,875	**480,258**	429,538
Intersegment sales	**3,536**	3,464	**363**	1,154	**12**	26	**3,911**	4,644
							484,169	434,182
Reconciliation:								
Elimination of intersegment sales							**(3,911)**	(4,644)
							480,258	429,538
Segment results	**82,716**	67,697	**15,322**	16,927	**1,756**	(2,799)	**99,794**	81,825
Interest income							**96**	79
Management fee income from related parties							**1,745**	1,491
Corporate and unallocated income							**10**	21
Corporate and unallocated expenses							**(59,926)**	(38,235)
Share of losses of a joint venture							**(1,604)**	–
Profit before tax							**40,115**	45,181
Income tax expense	**(10,550)**	(8,530)	**(648)**	(933)	**(1,108)**	–	**(12,306)**	(9,463)
Profit for the year							**27,809**	35,718

	General practice services		Specialties services		Dental services		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**208,721**	178,623	**40,253**	49,028	**42,079**	34,974	**291,053**	262,625
Elimination of intersegment receivables							**(138,685)**	(66,780)
Corporate and other unallocated assets							**161,577**	36,075
Total assets							**313,945**	231,920
Segment liabilities	**89,730**	105,409	**17,671**	29,729	**42,495**	3,762	**149,896**	138,900
Elimination of intersegment payables							**(138,563)**	(66,780)
Corporate and other unallocated liabilities							**53,237**	44,801
Total liabilities							**64,570**	116,921
Other segment information:								
Depreciation	**1,651**	2,393	**2,026**	2,049	**2,249**	1,098	**5,926**	5,540
Amortisation of other intangible assets	**737**	722	**346**	–	**528**	–	**1,611**	722
Capital expenditure*	**298**	2,821	**417**	3,977	**1,166**	3,008	**1,881**	9,806

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group's major operations and markets are principally located in Hong Kong, no further geographical segment information is provided.

Major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for each of the years ended 30 June 2016 and 2015.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of integrated healthcare services rendered.

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

	2016	2015
	HK$'000	*HK$'000*
Revenue		
Integrated healthcare services income	**480,258**	429,538
Other income		
Bank interest income	**96**	79
Management fee income	**1,745**	1,491
Compensation received	**685**	–
Write back of other payable	**304**	–
Others	**35**	28
	2,865	1,598
Gains on disposal of available-for-sale investments	**–**	217
	2,865	1,815

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Cost of pharmaceutical supplies	**41,525**	38,581
Fees payable to doctors and dentists	**210,560**	191,658
Depreciation	**6,467**	6,082
Amortisation of other intangible assets*	**1,611**	722
Loss on disposal of items of property, plant and equipment	**98**	179
Minimum lease payments under operating leases:		
Land and buildings	**56,065**	49,767
Auditors' remuneration	**1,800**	1,305
Expenses related to the Listing**	**15,159**	7,368
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**76,996**	66,967
Pension scheme contributions	**3,510**	3,045
	80,506	70,012
Write-down of inventories to net realisable value#	**125**	54

* The amortisation of other intangible assets for the year is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

** Recorded as other expenses as presented in the consolidated statement of profit or loss and other comprehensive income.

The write-down of inventories to net realisable value is included in cost of services rendered in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been made at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for the People's Republic of China (the "**PRC**") corporate income tax has been made as the Group's PRC subsidiary had no estimated assessable profits for the year (2015: Nil).

	2016	2015
	HK$'000	*HK$'000*
Current		
Charge for the year	**10,744**	9,645
Underprovision in prior years	**1,183**	–
Deferred	**379**	(182)
Total tax charge for the year	**12,306**	9,463

7. 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$27,809,000 (2015: HK$33,727,000), and the weighted average number of ordinary shares of 294,616,508 (2015: 252,963,923) in issue during the year.

The Group had no potential dilutive ordinary shares in issue during the years ended 30 June 2016 and 2015.

8. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**31,996**	31,888

Most of the patients of the medical and dental practices settle in cash. Payments by patients using medical cards or corporate customers will normally be settled within 1 to 6 months. The Group allows an average credit period of 70 days to its trade customers under other business activities. The Group seeks to maintain strict control over its outstanding receivables and has a personnel to monitor the implementation of measures to minimise the credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

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

	2016	2015
	HK$'000	*HK$'000*
Within 2 months	**23,070**	20,447
2 to 4 months	**6,119**	7,520
4 to 6 months	**2,605**	3,336
Over 6 months	**202**	585
	31,996	31,888

9. TRADE PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**22,852**	17,033
1 to 3 months	**3,142**	7,564
Over 3 months	**202**	3,768
	26,196	28,365

The trade payables are non-interest bearing and are normally settled on terms of 60 days.

10. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Proposed final dividends (2016: HK3 cents per ordinary share; 2015: Nil)	**10,845**	–

The proposed final dividend for the year ended 30 June 2016 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

The Company was incorporated on 9 June 2015, no dividends were declared and paid in the year ended 30 June 2015. The dividends paid by the Company's subsidiaries to its then shareholders during the year ended 30 June 2015 were HK$49,995,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Listing in April 2016

The shares of the Company have been listed on the Main Board of the Stock Exchange since 1 April 2016 (the "**Listing Date**") and it is a great pleasure for the Board to present the first annual results announcement of the Group for FY2016.

Overall Financial Performance for FY2016

Revenue

Our revenue represents the value of medical and dental services and comprises revenue from general practice services, specialties services and dental services. The following table sets forth the breakdown of our revenue by service type:

	2016	2015	% of change
	HK$'000	*HK$'000*	
General practice services	**336,957**	324,668	3.8%
Specialties services	**97,270**	90,995	6.9%
Dental services	**46,031**	13,875	231.8%
	480,258	429,538	11.8%

In FY2016, our Group recorded revenue amounted to approximately HK$480.3 million, representing a growth of approximately 11.8% as compared with FY2015.

Our revenue from general practice services increased by approximately HK$12.3 million or 3.8% from FY2015 to HK$337.0 million for FY2016. The increase was mainly attributed to increase in average spending per visit from HK$279 for FY2015 to HK$293 for FY2016.

Our revenue from specialties services increased by approximately HK$6.3 million or 6.9% from FY2015 to HK$97.3 million for FY2016. The increase was mainly attributed to increase in average spending per visit from HK$1,889 for FY2015 to HK$1,991 for FY2016.

Our revenue from dental services increased by approximately HK$32.2 million or 231.8% from FY2015 to HK$46.0 million for FY2016. The increase was mainly attributed to (i) increase in average spending per visit from HK$634 for FY2015 to HK$1,031 for FY2016; and (ii) increase in number of patient visits from approximately 22,000 times for FY2015 to approximately 44,000 times for FY2016 due to the addition of dental centres from the acquisitions of Good Standard Limited, Laserdontics Limited and Seto & Wan Dental Centre Limited on 29 June 2015.

Cost of services rendered

Our cost of services rendered represents costs in relation to our medical services provided including fees payable to doctors and dentists, cost of pharmaceutical supplies and other related charges. The following table sets forth the breakdown of our cost of services rendered:

	2016	2015	% of change
	HK$'000	*HK$'000*	
Fees payable to doctors and dentists	**210,560**	191,658	9.9%
Cost of pharmaceutical supplies	**41,525**	38,581	7.6%
Written-down of inventories to net realisable value	**125**	54	131.5%
	252,210	230,293	9.5%

Our cost of services rendered increased by approximately HK$21.9 million or 9.5% from FY2015 to approximately HK$252.2 million for FY2016. This increase was mainly due to an increase in fees payable to doctors and dentists and cost of pharmaceutical supplies which were in line with the increase in our revenue for FY2016.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$28.8 million or 14.5% from FY2015 to approximately HK$228.0 million for FY2016 as a result of increased revenue from the increase in average spending per visit. Our gross profit margin increased to approximately 47.5% for FY2016 from approximately 46.4% for FY2015 which was mainly due to increase in gross profit margin from general practice services.

The following table sets forth the breakdown of our gross profit and gross profit margin by services type:

	Year ended 30 June			
	2016		2015	
		Gross profit		*Gross profit*
	HK$'000	***margin %***	*HK$'000*	*margin %*
General practice services	**174,497**	**51.8%**	159,009	49.0%
Specialties services	**35,198**	**36.2%**	33,890	37.2%
Dental services	**18,353**	**39.9%**	6,346	45.7%
	228,048	**47.5%**	199,245	46.4%

Our gross profit margin for general practice services increased from approximately 49.0% for FY2015 to approximately 51.8% for FY2016 mainly as a result of lower fees payable to general practitioners during FY2016 as their remuneration packages were different based on their experiences and length of services with us.

Our gross profit margin for specialties services decreased from approximately 37.2% for FY2015 to approximately 36.2% for FY2016 mainly as a result of higher fees payable to specialists during FY2016 as their remuneration packages were different based on their specialties, experiences and length of services with us.

Our gross profit margin for dental services decreased from approximately 45.7% for FY2015 to approximately 39.9% for FY2016 mainly due to higher fees payable to dentists and higher cost of pharmaceutical supplies and dental materials.

Other income and gains

Our other income and gains increased by approximately HK$1.1 million or 57.9% from FY2015 to HK$2.9 million for FY2016 which was mainly due to the (i) increase in management fee income of approximately HK$0.3 million from our related parties for sharing certain administrative expenses; and (ii) compensation received from doctors of approximately HK$0.7 million pursuant to the relevant clauses of cooperation agreements.

Administrative expenses

Our administrative expenses increased by approximately HK$25.5 million or 17.2% to approximately HK$174.0 million for FY2016 from approximately HK$148.5 million for FY2015 as a result of (i) an increase in salaries and welfare expenses and directors' remuneration of approximately HK$14.6 million mainly due to the inflation in salaries and increase in number of higher caliber managerial staff; (ii) an increase in rental expenses of approximately HK$6.3 million due to the average number of medical centres in FY2016 was higher than that of FY2015; and (iii) an increase in donation of approximately HK$1.0 million.

Income tax expense

Income tax expense increased by approximately HK$2.8 million or 30.0% to approximately HK$12.3 million for FY2016 from approximately HK$9.5 million for FY2015. The increase was mainly due to an increase in assessable income as a result of increase in revenue. Our effective tax rate increased from approximately 20.9% for FY2015 to approximately 30.7% for FY2016 as a result of (i) non-tax deductible expense of approximately HK$18.3 million such as expenses related to the Listing; and (ii) tax losses not recognised of certain subsidiaries, of approximately HK$1.9 million where no taxable profits will be available against which the losses could be utilised.

Profit for the year

As a result of the foregoing, profit for the year decreased by approximately HK$7.9 million or 22.1% to approximately HK$27.8 million for FY2016 from approximately HK$35.7 million for FY2015. Our net profit margin also decreased to approximately 5.8% for FY2016 from approximately 8.3% for FY2015.

*Profits attributable to owners of the Company, adjusted profit attributable to owners of the Company, earnings before interest, tax, depreciation and amortisation ("**EBITDA**"), adjusted EBITDA*

During FY2016, the Company incurred one-off transaction cost in connection with the expenses related to the Listing, which is not indicative of the operating performance of the business of the year. Therefore, the Company arrives at an adjusted profit attributable to owners of the Company ("**Adjusted profit attributable to owners of the Company**")* and an adjusted EBITDA ("**Adjusted EBITDA**")* by eliminating the impact of expenses related to the Listing to present a more meaningful picture of our financial performance.

* Adjusted profit attributable to owners of the Company and the Adjusted EBITDA are not measures of performance under HKFRSs. Each of the measures does not represent and should not be used as a substitute for, gross profit or profit for the year as determined in accordance with HKFRSs. In addition, the Group's definition of adjusted profit may not be comparable to other similarly titled measures used by other companies.

	For the year ended June 30	
	2016	2015
	HK$'000	*HK$'000*
Profit attributable to owners of the Company and Adjusted profit attributable to owners of the Company		
Profit attributable to owners of the Company	**27,809**	33,727
Expenses related to the Listing	**15,159**	7,368
Adjusted profit attributable to owners of the Company	**42,968**	41,095
EBITDA and Adjusted EBITDA		
Net profit for the year	**27,809**	35,718
Tax	**12,306**	9,463
Depreciation	**6,467**	6,082
Amortisation of intangible assets	**1,611**	722
Interest income	**(96)**	(79)
EBITDA	**48,097**	51,906
Expenses related to the Listing	**15,159**	7,368
Adjusted EBITDA	**63,256**	59,274

Business Review

We are a leading private integrated healthcare service provider in Hong Kong with comprehensive outpatient capabilities covering general practice services, specialties services and dental services. We operate our network of medical centres under the following brand names:

Human Health Integrated Medical Centre

18 medical centres which provide comprehensive medical services covering general practice services and/or specialties services and/or dental services

Human Health Medical Centre

29 medical centres which provide general practice services

Perfect Life

8 medical centres which mainly provide general practice services

Polyhealth Specialists

5 medical centres which provide specialties services

Poly Dental

1 medical centre which provides dental services and we also operate 4 dental centres which provide dental services under "Laserdontics " or the name of the respective dentist(s)

As at 30 June 2016, we operated 65 medical centres across all 18 districts in Hong Kong, out of which 12 medical centres are located on Hong Kong Island, 22 medical centres in Kowloon and 31 medical centres in the New Territories (including Lantau Island). Most of them are located at or near MTR stations, prime locations near public transportation hubs, shopping plazas or residential areas. Among our medical centres, we have 117 service points providing healthcare services covering multiple disciplines, which include 56 general practice service points, 44 specialties service points and 17 dental service points. Our comprehensive healthcare services include general practice services, specialties services encompassing up to 11 areas, namely general surgery, orthopaedics & traumatology, ophthalmology, otorhinolaryngology, paediatrics, obstetrics & gynaecology, gastroenterology & hepatology, respiratory medicine, cardiology, paediatric surgery and dermatology, together with our dental services covering general dentistry, specialties dentistry and cosmetic dentistry, as well as our physiotherapy services. This wide range of services enables us to position ourselves as an integrated healthcare service provider.

We attribute our prominent market position to our experienced and stable professional team which comprises general practitioners, specialists, dentists, physiotherapists, registered nurses, pharmacist and dental hygienist. Set forth below is the number of members in our professional team who work exclusively with our Group as at 30 June 2016:

General practitioners	74
Specialists	22
Dentists	16
Physiotherapists	3
Registered nurses	7
Pharmacist	1
Dental hygienist	1
Total	124

In addition to the professional team above, 22 general practitioners, 16 specialists and 2 dentists work with us on a non-exclusive basis as at 30 June 2016.

Our customers comprise individual customers and corporate customers which include medical scheme management companies, insurance companies and corporations. For FY2016, revenue generated from individual customers and corporate customers represented approximately 79.6% and 20.4% of our total revenue, respectively. Moreover, the number of our patients grew from approximately 1.69 million as at 30 June 2015 to 1.83 million as at 30 June 2016, whereas our patient visits during FY2016 were approximately 1.24 million times as compared to approximately 1.23 million times during FY2015.

Our suppliers include general practitioners, specialists, dentists, pharmaceutical drugs distributors and manufacturers as well as laboratories and imaging centres. For FY2016, costs incurred with our five largest suppliers accounted for approximately 15.3% of our total cost of services rendered compared to approximately 14.3% for FY2015. For FY2016, cost incurred with our largest supplier accounted for approximately 4.3% of our total cost of services rendered, as compared to approximately 3.3% for FY2015.

Our corporate culture follows our motto "From Our Heart • For Your Health" (仁心•稱心), which establishes us as a patient-centric and quality-focused service provider whose mission is to provide quality healthcare services through our network of medical centres. We believe our commitment in providing quality healthcare services will result in enduring doctor-patient relationships whilst we build upon our success in establishing and operating new medical centres across different regions in Hong Kong.

Business Outlook

We intend to strengthen our market position and to build upon our experience and successful track record of providing integrated healthcare services through our continued dedication to a patient-centric corporate culture, while leveraging our infrastructure, management expertise, know-how and customer base. In continuing our business growth in Hong Kong, we intend to further extend our network of general practice medical centres, as well as establish new specialist medical centres that focus on providing treatment for particular areas of medical issues, or those inter-related to such specialty areas. We also intend to expand our services to major first-tier cities in the PRC by replicating our business model in order to capture the potential opportunities made available from the rapid growth of the healthcare service industry in the PRC.

Our expansion plan in Hong Kong is to establish six new specialist medical centres and six new general practice medical centres by 2017. We will also review potential acquisition opportunities of established medical centres in Hong Kong which would increase our market share and hence our revenue base.

Moreover, with the goal to actively roll out our healthcare network expansion into the PRC, we plan to set up three integrated medical centres in Shanghai by 2017, through our joint venture with Pingan Health Internet Holdings Limited* ("**Ping An Health**") (平安健康互聯網股份有限公司), a subsidiary of Ping An Financial Technology Consulting Co., Ltd.* (深圳平安金融科技諮詢有限公司), which is in turn approximately 92.4% held by Ping An Insurance (Group) Company of China, Ltd., a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2318). In addition to setting up integrated medical centres in Shanghai through our joint venture company Pingan Yingjian Medical Management (Shanghai) Limited* (平安盈健醫療管理(上海)有限公司), we intend to set up four integrated medical centres (or make equity investment in local company(ies)) in other first-tier cities in the PRC in 2018, which provide general practice services, specialties services and dental services to our customers.

Coherent to our mission of endeavoring to provide the best services to our customers, we will continue to enhance existing medical centres in our healthcare network to provide better customer service experience.

* *For identification purpose only*

Our expansion plans in the near future are further elaborated below:

Expansion on Integrated Medical Services

To broaden our healthcare network, one new integrated medical centre providing general practice services, specialties services and dental services is expected to be established in November 2016.

Expansion on Specialties Services

As part of our expansion strategy in leveraging our existing customer base, four new specialist medical centres, two of which provide paediatrics and obstetrics & gynaecology specialties services respectively and the third of which provides multi-discipline specialties services are expected to commence operation in October 2016; the fourth one that provides gastroenterology & hepatology specialties service is expected to commence operation by the end of 2016.

New Services

We pursue to extend our scope of services from time to time to meet the arising health needs by the patients. A medical aesthetic and laser centre is expected to be launched in October 2016 as well as mental health related services provided by psychiatrist and clinical psychologist are expected to be offered in October 2016.

Expansion in the PRC

To implement our expansion into the PRC market, the establishment of the first medical centre in Shanghai providing healthcare services to mid-to-high-end customers is expected to be completed in November 2016. We would enhance our IT infrastructure to facilitate patient referrals from Ping An Health's clients and its well-established online platform "Ping An Hao Yi Sheng" (平安好醫生). In addition, we expect that such interface will further strengthen our edge as a leading healthcare service provider in Hong Kong by connecting Hong Kong medical services to the PRC customers.

We believe that through our expansion strategies we can devise and provide healthcare services that are in line with prevailing market needs which will help us develop our business with higher growth potential and profitability.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a good financial position during FY2016. As at 30 June 2016, the Group had net current assets of approximately HK$163.6 million (as at 30 June 2015: HK$50.2 million) and cash and cash equivalents and pledged deposits of approximately HK$169.7 million (as at 30 June 2015: HK$109.2 million).

CAPITAL STRUCTURE

On the Listing Date, 84,000,000 new shares of the Company of HK$0.01 each were allotted and issued by the Company. On 21 April 2016, pursuant to the full exercise of the over-allotment option, 11,502,000 new shares of the Company of HK$0.01 each were allotted and issued by the Company. There has been no change in the capital structure of the Company since then. The capital of the Company comprises ordinary shares and other reserves.

CHARGES ON GROUP ASSETS

As at 30 June 2016, fixed deposits of approximately HK$1.0 million has been pledged to a bank to secure overdrafts of the Group. In addition, approximately HK$1.0 million has been pledged to a bank as collateral security for banking facilities granted to the extent of HK$1.0 million.

FOREIGN EXCHANGE EXPOSURE

The Group conducts business primarily in Hong Kong and Mainland China with most of the transactions denominated and settled in Hong Kong dollars and Renminbi. Currently, the Group has not entered into any foreign exchange contracts to hedge against the fluctuations in exchange rate between Renminbi and Hong Kong dollars. However, the Group monitors foreign exchange exposure regularly and would consider if there is a need to hedge against significant foreign currency exposure when necessary.

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

There were no significant acquisition and disposal of assets during FY2016 and up to the date of this announcement.

CAPITAL COMMITMENTS

	As at 30 June	
	2016	2015
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital contributions payable to a joint venture	**–**	22,500
IT equipment	**629**	–

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2016.

EMPLOYEES

As at 30 June 2016, the Group had 414 full-time employees (as at 30 June 2015: 411) and 79 part-time employees (as at 30 June 2015: 86).

We recruit personnel from the open market and we formulate our recruitment policy based on market conditions, our business demand and expansion plans. We offer to our employees different remuneration packages based on their position. Generally, we pay basic salary and incentives (based on years of service) to all of our employees. To enhance the quality of our services, we adopt prudent assessment criteria when selecting our Group's professional team members including physiotherapists, pharmacist, registered nurses and dental hygienist, and take into account a number of factors such as experience, skills and competencies. We assess their credentials and suitability through interviews and aptitude tests as appropriate. We also provide regular training for our employees in the operations department.

USE OF NET PROCEEDS FROM THE LISTING

Net proceeds from the Listing amounted to approximately HK$84.8 million (including the net proceeds from the full exercise of the over-allotment option which took place on 21 April 2016), and such proceeds are intended to be applied in the manner consistent with that set out in the prospectus of the Company dated 17 March 2016. For the period from the Listing Date to 30 June 2016 (the "**Relevant Period**"), a total of HK$10.3 million had been applied to the Company's expansion in the PRC market.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share (2015: Nil) for FY2016 (the "**Final Dividend**"). The payment of the Final Dividend is subject to approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting to be held on Tuesday, 29 November 2016 (the "**AGM**"). Upon obtaining the Shareholders' approval, the Final Dividend is expected to be paid on or around Tuesday, 20 December 2016 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 6 December 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 25 November 2016 to Tuesday, 29 November 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 November 2016.

For the purpose of ascertaining the Shareholders' entitlement to receive the Final Dividend, the register of members of the Company will be closed from Monday, 5 December 2016 to Tuesday, 6 December 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for receiving the Final Dividend, all duly completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 December 2016.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own corporate governance framework.

The Board has reviewed the Company's corporate governance practices to ensure its continuous compliance with the CG Code. Save for the deviations from code provision A.2.1 as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code during the Relevant Period.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Chan Kin Ping as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership with the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. In response to a specific enquiry made by the Company, all Directors have confirmed their compliance with the Model Code during the Relevant Period.

Directors of the subsidiaries of the Company and relevant employees (as defined in the Listing Rules) are also requested to comply with the Model Code in respect of their dealings in the Company's securities.

REVIEW OF ANNUAL RESULTS

The Board has established the audit committee on 28 January 2016 which comprises three independent non-executive Directors, namely Mr. Sin Kar Tim (Chairman), Mr. Chan Yue Kwong Michael and Dr. Lui Sun Wing (the "**Audit Committee**"). The terms of reference of the Audit Committee has been adopted which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee has reviewed, with the management and the external auditor of the Company, the consolidated financial statements of the Company for FY2016, including the accounting principles and practices adopted by the Group, and discussed the internal control and financial reporting matters related to the preparation of the annual results of the Group for FY2016.

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

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

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2016 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong

Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 29 November 2016. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.humanhealth.com.hk. The annual report of the Company for FY2016 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board of
Human Health Holdings Limited
Chan Kin Ping
Chairman

Hong Kong, 27 September 2016

As at the date of this announcement, the Board comprises Mr. Chan Kin Ping, Dr. Pang Lai Sheung, Ms. Sat Chui Wan and Mr. Poon Chun Pong as executive Directors and Mr. Sin Kar Tim, Mr. Chan Yue Kwong Michael and Dr. Lui Sun Wing as independent non-executive Directors.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.