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**PERFECT MEDICAL HEALTH MANAGEMENT LIMITED**

**完美醫療健康管理有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1830)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

**HIGHLIGHTS**

- The Group's sales contracts decreased by 3% to HK\$1,253 million, of which a 12% increase in the second half of FY2020/21 as compared with the corresponding period last year.
- The Group's revenue decreased by 12% to HK\$1,090 million.
- The revenue from China and overseas operation increased by 25% to HK\$411 million.
- The Group's net profit decreased by 21% to HK\$285 million, of which a 10% increase in the second half over the first half of FY2020/21.
- The Group's net cash generated from operating activities decreased by 7% to HK\$598 million.
- The Group's net profit margin decreased from 29% to 26%.
- Basic earnings per share decreased by 25% to HK24.3 cents.
- Proposed final and special dividends of HK12 cents and HK13 cents per share respectively, totalling HK25 cents per share, with annual dividend of HK38 cents (2020: HK34 cents) per share and dividend payout ratio of 156%.
- The Group establishes track record of consecutive 9 years of increasing trend in the dividend distribution.
- The Company was included as constituent stock of MSCI Hong Kong Small Cap Index on 27 May 2021.

## FINAL RESULTS

The board of directors (the “Board”) of Perfect Medical Health Management Limited (the “Company”) announces the results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021 (the “FY2021”), together with the comparative figures for the year ended 31 March 2020 (the “FY2020”) as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2021*

		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Revenue	3	<b>1,089,768</b>	1,240,950
Other income		<b>56,943</b>	5,466
Other gains/(losses) – net		<b>6,077</b>	(3,062)
Cost of inventories and consumables		<b>(17,914)</b>	(14,968)
Employee benefit and manpower service expenses	4	<b>(347,162)</b>	(356,136)
Marketing expenses		<b>(153,277)</b>	(136,794)
Depreciation of property, plant and equipment		<b>(55,101)</b>	(55,436)
Depreciation of right-of-use assets	6	<b>(116,155)</b>	(99,388)
Expenses related to short-term leases of stores and offices	6	<b>(2,515)</b>	(16,092)
Other operating expenses		<b>(94,772)</b>	(108,345)
<b>Operating profit</b>		<b>365,892</b>	456,195
Finance costs – net	5	<b>(7,732)</b>	(5,617)
<b>Profit before income tax</b>		<b>358,160</b>	450,578
Income tax expenses	7	<b>(73,526)</b>	(90,421)
<b>Profit for the year attributable to equity holders of the Company</b>		<b>284,634</b>	360,157

		2021	2020
	Note	HK\$'000	HK\$'000
<b>Other comprehensive income/(losses):</b>			
<i>Item that has been reclassified or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		20,091	(14,100)
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Equity investments at fair value through other comprehensive income:			
— Fair value (losses)/gains taken to reserves		<u>(30,219)</u>	<u>1,941</u>
<b>Total other comprehensive losses for the year, net of tax</b>		<u>(10,128)</u>	<u>(12,159)</u>
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>		<u>274,506</u>	<u>347,998</u>
<b>Earnings per share attributable to equity holders of the Company for the year</b>	8		
— basic		<u>HK24.3 cents</u>	<u>HK32.2 cents</u>
— diluted		<u>HK24.3 cents</u>	<u>HK32.1 cents</u>

# **CONSOLIDATED BALANCE SHEET**

*As at 31 March 2021*

		<b>2021</b>	2020
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>162,385</b>	142,162
Right-of-use assets	6	<b>251,783</b>	246,386
Deposits and prepayments		<b>49,448</b>	33,396
Financial assets at fair value through other comprehensive income	12	<b>309,077</b>	37,232
Deferred income tax assets		<b>53,858</b>	52,213
		<hr/>	<hr/>
		<b>826,551</b>	511,389
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		<b>2,799</b>	1,783
Trade receivables	10	<b>77,986</b>	74,666
Other receivables, deposits and prepayments		<b>40,146</b>	40,313
Financial assets at fair value through profit or loss		<b>34,097</b>	33,525
Term deposits with initial terms of over three months		<b>214</b>	71,116
Pledged bank deposits		<b>8,802</b>	2,861
Cash and cash equivalents		<b>489,773</b>	563,591
		<hr/>	<hr/>
		<b>653,817</b>	787,855
		<hr/>	<hr/>
<b>Total assets</b>		<b>1,480,368</b>	1,299,244
		<hr/>	<hr/>

		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		122,289	111,552
Reserves		<u>562,558</u>	<u>567,444</u>
<b>Total equity</b>		<u>684,847</u>	<u>678,996</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		69,324	69,982
Provision for reinstatement costs		10,708	8,342
Lease liabilities	6	<u>156,001</u>	<u>158,507</u>
		<u>236,033</u>	<u>236,831</u>
<b>Current liabilities</b>			
Provision for reinstatement costs		2,458	2,769
Trade payables	11	729	736
Accruals and other payables		88,440	69,132
Lease liabilities	6	105,598	93,497
Deferred revenue		316,723	158,701
Tax payables		<u>45,540</u>	<u>58,582</u>
		<u>559,488</u>	<u>383,417</u>
<b>Total liabilities</b>		<u>795,521</u>	<u>620,248</u>
<b>Total equity and liabilities</b>		<u>1,480,368</u>	<u>1,299,244</u>

## 1 GENERAL INFORMATION

Perfect Medical Health Management Limited (formerly known as Perfect Shape Medical Limited) (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of healthcare and medical beauty services in Hong Kong (“HK”), the People’s Republic of China (the “PRC”), Macau and Australia.

The Company was incorporated in the Cayman Islands on 11 March 2011 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s shares were listed on the Main Board of the Stock Exchange on 10 February 2012.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated, and have been approved for issue by the Board of Directors on 30 June 2021.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

### *(a) New standards and amendments to existing standards adopted by the Group*

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the new standards and amendments listed above did not have material impact on the Group’s accounting policies and consolidated financial statements.

**(b) New standards and amendments to existing standards that have been issued but are not effective**

Amendments to HKFRS 16	Covid-19-Related Rent Concessions <sup>(1)</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>(2)</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>(3)</sup>
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020 <sup>(4)</sup>
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments <sup>(4)</sup>
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations <sup>(4)</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>(5)</sup>
HKFRS 17	Insurance Contracts <sup>(5)</sup>
HKFRS 17	Amendments to HKFRS 17 <sup>(5)</sup>
Hong Kong Interpretations 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan That Contains a Repayment on Demand Clause <sup>(5)</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(6)</sup>

<sup>(1)</sup> Effective for the Group for annual periods beginning on or after 1 June 2020

<sup>(2)</sup> Effective for the Group for annual periods beginning on or after 1 January 2021

<sup>(3)</sup> Effective for the Group for annual periods beginning on or after 1 April 2021

<sup>(4)</sup> Effective for the Group for annual periods beginning on or after 1 January 2022

<sup>(5)</sup> Effective for the Group for annual periods beginning on or after 1 January 2023

<sup>(6)</sup> Effective for the Group for annual periods beginning on or after a date to be determined

The Group has not early adopted the above new standards and amendments and is in the process of assessing the impact of those new standards and amendments on the Group's accounting policies and consolidated financial statements.

### 3 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. As the Group is principally engaged in the provision of healthcare and medical beauty services, which are subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific component, the Group's chief operating decision-maker considers that the performance assessment of the Group should be based on the profit before income tax of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8.

During the years ended 31 March 2021 and 2020, all of the Group's revenue is from contracts with customers and is recognised at a point in time.

The Group primarily operates in Hong Kong as well as, the PRC, Macau and Australia (the "Regions outside Hong Kong"). Its revenue was derived from the following regions:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Hong Kong	<b>679,015</b>	913,051
Regions outside Hong Kong	<b>410,753</b>	327,899
	<b><u>1,089,768</u></b>	<u>1,240,950</u>

The consolidated profit before income tax of the Group, prior to certain intra-group recharges, was attributable to the profits of the following regions:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Hong Kong	<b>143,686</b>	264,239
Regions outside Hong Kong	<b>214,474</b>	186,339
	<b><u>358,160</u></b>	<u>450,578</u>

The Group's total non-current assets other than deferred income tax assets and financial assets at fair value through other comprehensive income were located in the following regions:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Hong Kong	<b>351,245</b>	337,853
Regions outside Hong Kong	<b>112,371</b>	84,091
	<b><u>463,616</u></b>	<u>421,944</u>



The Group's capital expenditures were incurred in the following regions based on where the assets were located:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Hong Kong	<b>63,356</b>	79,437
Regions outside Hong Kong	<b>12,421</b>	18,178
	<b><u>75,777</u></b>	<u>97,615</u>

#### **4 EMPLOYEE BENEFIT AND MANPOWER SERVICE EXPENSES**

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Wages and salaries	<b>319,601</b>	328,974
Pension costs – defined contribution plans ( <i>Note a</i> )	<b>10,898</b>	12,598
Share-based payment expenses	<b>3,117</b>	1,014
Other staff welfares	<b>13,546</b>	13,411
Total employee benefit expenses (including directors' remunerations)	<b>347,162</b>	355,997
Manpower service expenses ( <i>Note b</i> )	<b>–</b>	139
	<b><u>347,162</u></b>	<u>356,136</u>

##### **(a) Pension costs – defined contribution plans**

###### *Hong Kong*

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Hong Kong subsidiaries of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The respective monthly contributions made by the Group and the employee are subject to a cap of HK\$1,500 with contributions beyond these amounts being voluntary.

###### *The PRC*

As stipulated under the relevant rules and regulations in the PRC, the subsidiaries operating in the PRC contribute to state-sponsored retirement plans for its employees. Depending on the provinces of their registered residences and their current regions of work, the employees contribute approximately 0% to 11% (2020: 0% to 11%) of their basic salaries, while the subsidiaries contribute approximately 10% to 28% (2020: 19% to 31%) of the basic salaries of its employees and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

**(b) Manpower service expenses**

During the year ended 31 March 2020, the Group entered into certain manpower service arrangements with several external manpower service organisations in the PRC. Under these arrangements, certain of the Group's manpower requirements were fulfilled by these organisations at agreed service fees whereas the human resources provided were directly employed by the relevant service organisations. The individuals providing services to the Group do not have any employment relationship with the Group.

**5 FINANCE COSTS – NET**

	<b>2021</b> <b>HK\$'000</b>	<b>2020</b> <b>HK\$'000</b>
Interest income on bank deposits	<b>5,412</b>	6,281
Interest expenses on lease liabilities	<b>(13,144)</b>	(11,898)
Finance costs – net	<b>(7,732)</b>	(5,617)

**6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

**(a) The Group's leasing activities and how these are accounted for**

The Group leases various stores and offices. Rental contracts are typically made for fixed periods of 2 to 6 years (2020: fixed periods of 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

**(b) Movement of right-of-use assets**

	<b>2021</b> <b>HK\$'000</b>	<b>2020</b> <b>HK\$'000</b>
At 1 April	<b>246,386</b>	217,909
Acquisition of leases	<b>126,671</b>	135,303
Depreciation of right-of-use assets	<b>(116,155)</b>	(99,388)
Lease modification due to rent concession	<b>(5,667)</b>	(3,756)
Early termination of leases	<b>(3,530)</b>	–
Exchange differences	<b>4,078</b>	(3,682)
At 31 March	<b>251,783</b>	246,386

(c) **Amounts recognised in the consolidated balance sheet**

The consolidated balance sheet shows the following amounts relating to leases:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Right-of-use assets</b>		
Properties	<u>251,783</u>	<u>246,386</u>
<b>Lease liabilities</b>		
Non-current	156,001	158,507
Current	<u>105,598</u>	<u>93,497</u>
	<u>261,599</u>	<u>252,004</u>

(d) **Amounts recognised in the consolidated statement of comprehensive income**

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation of right-of-use assets		
Properties	<u>116,155</u>	<u>99,388</u>
Interest expenses on lease liabilities ( <i>Note 5</i> )	<u>13,144</u>	<u>11,898</u>
Expenses related to short-term leases of stores and offices	<u>2,515</u>	<u>16,092</u>
Gain on lease modification due to rent concession	<u>(6)</u>	<u>–</u>
Gain on early termination of leases	<u>(44)</u>	<u>–</u>

- (e) During the years ended 31 March 2021 and 2020, the total cash outflows for leases were analysed as below:

	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities (Note)</b>		
Payments for short-term leases in respect of stores and offices	<u>2,515</u>	<u>16,092</u>
<b>Cash flows from financing activities</b>		
Payments of interest elements of lease liabilities	13,144	11,898
Payments of principal elements of lease liabilities	<u>109,497</u>	<u>87,796</u>
	<u>122,641</u>	<u>99,694</u>

*Note:*

Payments for short-term leases were not shown separately, but included in the line of “profit before income tax” in respect of the net cash generated from operations using the indirect method.

## 7 INCOME TAX EXPENSES

The Group is not subject to taxation in the Cayman Islands and the British Virgin Islands. Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 16.5%) for the year on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operating in the PRC are subject to PRC corporate income tax at the rate of 25% (2020: 25%). Companies incorporated and operating in Macau are subject to Macau complementary tax, under which taxable income of up to MOP600,000 is exempted from taxation with amounts beyond this amount to be taxed at a fixed rate of 12% for the years ended 31 March 2021 and 2020. Company incorporated in Australia is subject to Australian income tax at the rate of 30% (2020: 30%).

	2021 HK\$'000	2020 HK\$'000
Current income taxation		
— Hong Kong profits tax	16,944	41,652
— PRC and overseas income tax	<u>50,943</u>	<u>41,647</u>
	67,887	83,299
Under-provision in prior years		
— Hong Kong profits tax	<u>539</u>	<u>628</u>
Total current income taxation	68,426	83,927
Deferred taxation	<u>5,100</u>	<u>6,494</u>
	<u>73,526</u>	<u>90,421</u>

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the companies within the Group as follows:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before income tax	<b>358,160</b>	450,578
Tax calculated at the applicable domestic tax rates ( <i>Note a</i> )	<b>71,263</b>	83,831
Income not subject to tax	<b>(4,604)</b>	(498)
Expenses not deductible	<b>36</b>	44
Tax effect of unrecognised tax losses	<b>4,191</b>	3,032
Utilisation of tax losses previously not recognised	<b>(3,312)</b>	(3,146)
Effect of PRC withholding taxes	<b>6,130</b>	7,170
Tax credit ( <i>Note b</i> )	<b>(627)</b>	(552)
Under-provision in prior years	<b>539</b>	628
Others	<b>(90)</b>	(88)
Tax charge	<b>73,526</b>	90,421

*Notes:*

- (a) The weighted average applicable tax rate for the year ended 31 March 2021 was 19.9% (2020: 18.6%).
- (b) Pursuant to the arrangement between Mainland China and Hong Kong tax authorities on the Avoidance of Double Taxation on Income, the Group is entitled to a Hong Kong profit tax credit for the withholding income tax paid in relation to the royalty income from its PRC companies.

## 8 EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>2021</b>	2020
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<b>284,634</b>	360,157
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousands of shares)	<b>1,168,988</b>	1,116,866
Basic earnings per share ( <i>HK cents</i> )	<b>24.3</b>	32.2

## Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 March 2021 and 2020, share options were granted to the Company's executive directors.

For the year ended 31 March 2021, the calculation of diluted earnings per share was based on the profit attributable to equity holders of the Company divided by the diluted weighted average number of ordinary shares of 1,168,988,000 in issue during the year (2020: 1,121,075,000). The diluted earnings per share is HK24.3 cents (2020: HK32.1 cents).

Weighted average number of shares used as the denominator in calculating diluted earnings per share are reconciled as follows:

	<b>2021</b>	2020
	<b>Number of</b>	Number of
	<b>shares</b>	shares
	<b>(in thousand)</b>	<b>(in thousand)</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>1,168,988</b>	1,116,866
Adjustments for calculation of diluted earnings per share:		
— Effect of exercise of share options granted on 27 April 2015	—	843
— Effect of exercise of share options granted on 27 April 2017	—	1,356
— Effect of exercise of share options granted on 27 April 2018	—	2,010
	<u>1,168,988</u>	<u>1,121,075</u>
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<u><b>1,168,988</b></u>	<u>1,121,075</u>

## 9 DIVIDENDS

	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim, paid, of HK13.0 cents (2020: nil) per ordinary share (notes i and iii)	<b>159,106</b>	—
Final, proposed, of HK12.0 cents (2020: HK29.0 cents) per ordinary share (notes ii and iv)	<b>146,746</b>	324,909
Special, proposed, of HK13.0 cents (2020: HK5.0 cents) per ordinary share (notes ii and iv)	<u><b>158,975</b></u>	<u>56,019</u>
	<u><b>464,827</b></u>	<u>380,928</u>

*Notes:*

- (i) The directors did not recommend any interim dividend for the year ended 31 March 2020.
- (ii) At a board meeting held on 30 June 2020, the directors recommended the payment of a final and special dividend of HK29.0 cents and HK5.0 cents per ordinary share, totalling HK\$324,909,000 and HK\$56,019,000 respectively. The directors proposed a scrip dividend alternative to all shareholders of the Company in respect of these dividend. The Company allotted and issued 103,519,393 new ordinary shares of the Company in lieu of cash dividends pursuant to the scrip scheme set out in the circular of the Company dated 1 September 2020. The dividend, with scrip dividend alternative was reflected as an appropriation of retained earnings and share premium for the year ended 31 March 2021.
- (iii) At a board meeting held on 30 November 2020, the directors declared an interim dividend for the year ended 31 March 2021 of HK13.0 cents per ordinary share, totalling HK\$159,106,000, which was paid on 12 January 2021 and was reflected as an appropriation of retained earnings for the year ended 31 March 2021.
- (iv) At a board meeting held on 30 June 2021, the directors recommended the payment of a final and special dividend of HK12.0 cents and HK13.0 cents per ordinary share, totalling HK\$146,746,000 and HK\$158,975,000 respectively. The directors proposed a scrip dividend alternative to all shareholders of the Company in respect of these dividend. The dividend with scrip dividend alternative was not reflected as dividends payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings and share premium for the year ending 31 March 2022 respectively after receiving the shareholders' approval at the forthcoming annual general meeting and the Stock Exchange's approval for granting the listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend proposal.

## 10 TRADE RECEIVABLES

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
Trade receivables	<b><u>77,986</u></b>	<u>74,666</u>

The Group's trade receivables were denominated in the following currencies:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
HK\$	<b>74,604</b>	72,419
RMB	<b>1,816</b>	1,348
MOP	<b><u>1,566</u></b>	<u>899</u>
	<b><u>77,986</u></b>	<u>74,666</u>

There is no concentration of credit risk with respect to trade receivables as there is a dispersed number of financial institutions with high individual credit ratings through which the credit card and instalment sales arrangements are entered into.

The credit terms of the Group's trade receivables generally range from 3 days to 180 days (2020: 3 days to 180 days). The ageing analysis of trade receivables by the dates on which the relevant invoices are issued is as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Less than 60 days	<b>70,624</b>	40,253
60 days to 90 days	–	13,991
91 days to 120 days	<b>3,108</b>	11,368
121 days to 180 days	<b>4,254</b>	9,054
	<u><b>77,986</b></u>	<u>74,666</u>

As at 31 March 2021, trade receivables of approximately HK\$3,804,000 (2020: HK\$4,231,000) were past due but not impaired because they were mainly related to a number of financial institutions of high individual credit ratings with no recent history of default. The ageing analysis of these trade receivables by the days of overdue repayment is as follows:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Less than 60 days	<b>3,804</b>	4,231

The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counter-parties do not have significant defaults in the past.

As at 31 March 2021 and 2020, no collateral was received from these counterparties.

As at 31 March 2021 and 2020 and during the years then ended, no trade receivables was impaired.



## 11 TRADE PAYABLES

Payment terms with majority of the suppliers are on open account. Certain suppliers grant credit period ranging from 30 days to 180 days (2020: 30 days to 180 days).

At 31 March 2021 and 2020, the ageing analysis of trade payables based on invoice date is as follows:

	2021 HK\$'000	2020 HK\$'000
Less than 60 days	237	379
60 days to 120 days	116	8
Over 120 days	376	349
	<u>729</u>	<u>736</u>

The Group's trade payables were denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
HK\$	128	379
RMB	485	357
MOP	41	–
AUD	75	–
	<u>729</u>	<u>736</u>

## 12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK\$'000	2020 HK\$'000
Equity investments* listed in Hong Kong	207,314	37,232
Equity investments listed in the United States of America ("USA")	42,280	–
Exchange traded funds listed in the USA	59,483	–
	<u>309,077</u>	<u>37,232</u>

\* Hang Seng Index and Hang Seng China Enterprises Index constituents stocks

As at 31 March 2021 and 2020, financial assets at fair value through other comprehensive income comprise equity investments and exchange traded funds which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

During the year ended and as at 31 March 2021, certain equity investments listed in Hong Kong of HK\$55,600,000 were pledged for certain banking facilities of the Group in respect of credit card and instalment sales arrangement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Business overview**

The outbreak of COVID-19 has posed unprecedented challenges to businesses around the world. The business has inevitably been affected. The social distance restrictions and other precautionary measures have resulted in a reduction in business revenue. Against such economic situation in Hong Kong, the Group sticks to its development focus and strategies by expanding the scope of services and providing excellent medical healthcare services to the customers, in order to reduce the impact of the pandemic on its business and to turn adversity into opportunities.

The Group will continue to create sustainable value to our stakeholders. The Group continues to focus its deployment of resources in information technology, services and brands to sustain and enhance its competitive advantage as a leader in the market, and further expand its market share in worldwide.

The Group's sales contracts slightly decreased by 3% year-on-year to HK\$1,253 million, of which a 12% increase in the second half of FY2021 as compared with the corresponding period last year. During FY2021, the Group's revenue decreased by 12% year-on-year to HK\$1,090 million (FY2020: HK\$1,241 million). Profit attributable to equity holders of the Company decreased by 21% year-on-year to HK\$285 million (FY2020: HK\$360 million). The Group has continued to maintain a strong cash position and possesses considerable operating flexibility to address market challenges. Earnings before interest, tax and depreciation of property, plant and equipment and right-of-use assets decreased by 12% year-on-year to HK\$537 million (FY2020: HK\$611 million). Basic earnings per share dropped to HK24.3 cents compared with HK32.2 cents for the previous period.

### ***Hong Kong Business***

During FY2021, revenue contributions from the Hong Kong operation decreased by 26% year-on-year to HK\$679 million from HK\$913 million in FY2020. Such decrease was primarily due to the COVID-19 pandemic which severely disrupted economic activities and the imposition by the Hong Kong Government for the compulsory closure of all beauty parlors in Hong Kong for 142 business days during FY2021 (i.e. closure of 39% business days).

In the face of the recent challenges in Hong Kong, the Group has adopted a proactive approach towards client engagement so as to retain loyal local customers. This has involved directing greater efforts towards healthcare and medical beauty services, which have been enthusiastically received by customers.

In the long term, the management remains confident about the Group's business prospects owing to its exceptional management, which underpins the provision of superior quality services that are essential for tapping the high-potential healthcare and medical beauty sector. The Group will actively seek to boost the synergies among healthcare and medical related businesses in the Group, and build a one-stop "Healthcare+Medical Beauty" to enhance customers' long term stickiness and lifetime value.

### ***Overseas Business***

With "Global Expansion" being paramount and intrinsic to our development, particularly given the tremendous potential that the overseas markets hold, the Company implemented relevant strategies for growing global footprint. During FY2021, revenue generated from the Mainland China, Macau and Australia markets collectively recorded an increase of 25% year-on-year to HK\$411 million (FY2020: HK\$328 million) in FY2021, and thus accounted for 38% of the Group's total revenue (FY2020: 26%).

Amid the challenging conditions, the Group has remained agile and prudent towards strengthening relations with its customers, and to be in touch with their healthcare and medical beauty needs. Consequently, this has resulted in the provision of services that exceed their expectations. In the coming years, the Group will continue to look into any medical-related merger and acquisition opportunities in Australia, Singapore and Mainland China apart from greenfield developments.

### **Prospects**

While the COVID-19 pandemic has certainly impacted people from all walks of life, it has also created new opportunities. Since the outbreak, the public have generally become more health conscious, as well as cautious about the quality and safety of healthcare service providers; gravitating towards those with a solid reputation and proven track record. The Group is able to tick both boxes while also offering a one-stop "Healthcare+Medical Beauty" platform that allays the fears of consumers who are unwilling to visit traditional clinics due to concerns over their higher rates of infectious disease transmissions.

The one-stop “Healthcare+Medical Beauty” constitutes a new direction for the Group as it moves away from traditional beauty services. As part of this migration, the Group will expand its service scope to include the provision of medical-related services, which are aimed at building customer loyalty, increasing average spending and facilitating value creation. Such services include Pain Relief specialty, and which observes the “4P Pain Management System”, comprising (i) Chinese medical practice; (ii) medical practice; (iii) chiropractic; and (iv) physiotherapists. Moreover, the latest medical and pain management equipment have been acquired to deliver an alternative pain management treatment that “avoids medication and surgery”. In addition, Hair Growth Specialty is another service under the “Healthcare+Medical Beauty” umbrella, central of which is the Regenera Activa technology that has been accredited by the United States Food and Drug Administration.

In line with the Group’s change in scope of services, the Company’s name has been changed from “Perfect Shape Medical Limited” to “Perfect Medical Health Management Limited” with effect from 31 May 2021 as the latter more accurately reflects the current status of its development in the healthcare business, echoes its direction towards the future and enhances its corporate image. Moreover, the Group trusts that the new name is in the best interest of the Company and shareholders of the Company (the “Shareholders”) as a whole.

### ***Hong Kong Business***

In the immediate future, the Group will further expand its service network, and this will include the opening of a one-stop mega service centre in order to centralise personnel, equipment and resources, and thereby enhance sales and improve cost efficiency. Moreover, it will continue to open, expand or consolidate its service centres in core shopping districts and along major transportation hubs connecting Hong Kong, Mainland China, Australia and Singapore. In the post-epidemic era, Mainland China customers have much higher expectations of premium service providers and be much more demanding for health and wellness tourism after over a year of living with restrictions. Therefore, the Group can capture the growing number of Mainland Chinese visitors seeking medical-related service in Hong Kong. The Group will continue with its goal of not only satisfying each customer’s needs, but exceeding their expectations. Fittingly, the Group has formulated a comprehensive service centre which the service of healthcare plus medical beauty within same centre. This “Healthcare+Medical Beauty” operational model can achieve the business synergy with healthcare business among the ecosystems of the Group and to simultaneously enhance customers’ long term stickiness and lifetime value.

Following “Healthcare+Medical Beauty” operational model strategy, the Group will open three mega medical centres in Tsim Sha Tsui, Sha Tin and Central, with total size over 47,000 ft<sup>2</sup> in September 2021. These centres provide not only the medical beauty service, but also provide “Medical Pain Management”, “Hair growth specialty”, “Health Screening”, “Gynaecological medical service” and “Gynaecological cancer and health management service”. These latest opening will enable the Group to tap the high-end medical tourism segment as well as allow it to access a wider scope of customers, including those from the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”) seeking premium healthcare and medical beauty services in Hong Kong.

### ***China Business***

With government efforts to contain local COVID-19 pandemic transmission rate to near zero proving to be a success, as evidenced by GDP growth of 6.5% between October and December 2020 as well as 18.3% between January and March 2021. The nation’s post-pandemic recovery has led to a rebound in consumption, especially among the middle class who, unable to travel overseas due to restrictions, have settled for local consumption.

In particular, the Group will look to seize opportunities arising from the Greater Bay Area and will bring its world-class medical technologies from Hong Kong to this region. Furthermore, it will open flagship service centres in Mainland China that adopts the “Healthcare+Medical Beauty” operational model. Situated in a prestigious location in Guangzhou and Shanghai, the centres will open its doors in July and August 2021 respectively.

In the mid-to long-term the Group is optimistic about growth of the Mainland China market. Under Mainland China’s “dual circulation” strategy, domestic consumption will continue to drive consumer demand and the overall economy. The disposable income per capita and standard of living have been improving in recent years. Consumers in Mainland China are expected to spend more and the customer seek for the premium “Healthcare+Medical Beauty” service.

## ***Overseas Business***

Despite the challenging business environment resulting from COVID-19 pandemic, the Group views global expansion favorably given the resilient and strong worldwide demand for healthcare and medical beauty services; hence, such expansion will continue to constitute its main strategy in the near future. Having tapped the Australia market with the opening of its first medical beauty centre in February 2020, the Group is pleased by the positive feedback, which testifies to the successful implementation of its global expansion strategy. The Group plans to open additional service centres – located in Singapore, Melbourne and Sydney on or before 1 October 2021. In addition, the Group has its sights set on such countries as the United State of America and the United Kingdom, with the goal of replicating our successful “Healthcare+Medical Beauty” operational model in the cities of these mature markets.

Given the management team’s comprehensive understanding of the industry, experience in serving expatriate customers, and their thorough knowledge of both Asian and Western body characteristics and the ability to apply tailored solutions according to the different needs of customers, the management is confident that it can replicate its success in more overseas countries in the future.

## ***Overall Outlook***

To meet the tremendous demand for “Healthcare+Medical Beauty” services, the Group open 14 service centres on or before 1 October 2021. For the global expansion plan, these service centres will be strategically located at Hong Kong, Mainland China, Australia and Singapore, with total service area to be increased by 39% to over 322,000 ft<sup>2</sup>.

In terms of capital market communication, the Company has strengthened its establishment of communication system for capital market to enhance corporate transparency, and has recently been included in the MSCI Hong Kong Small Cap Index on 27 May 2021, which is expected to receive more attention from the capital market in the future.

Going forward, people will have higher health awareness. The Group will seek to provide even higher quality services and experiences for its customers, in order to consolidate its leading position in the healthcare and medical beauty services industry and facilitate its business development, leading ultimately to sustainable value creation for its shareholders.

### ***Liquidity, Financial Resources and Capital Structure***

The Group continues to maintain a strong financial position with bank and cash balance of approximately HK\$499 million as at 31 March 2021 (2020: HK\$638 million), without external bank borrowing. The total equity of the Group as at 31 March 2021 was HK\$685 million (2020: HK\$679 million). The Group generally finances its operation with internally generated cash flows. The Group's gearing ratio as at 31 March 2021 was nil (2020: nil), based on the short-term and long-term interest bearing bank borrowings and the equity attributable to equity holders of the Company. As at 31 March 2021, the Group had net current assets of approximately HK\$94 million (2020: HK\$404 million).

Net cash generated from operating activities in FY2021 was approximately HK\$598 million (FY2020: HK\$644 million). With the abundant bank and cash balances on hand, the Group's liquidity position remains strong and it has sufficient financial resources to fund its future expansion and acquisition plans but at the same time to meet its working capital requirement.

### ***Foreign Exchange Exposure***

The Group principally engages its business operation in Hong Kong, Macau, Mainland China and Australia. The Group has subsidiaries operating in Mainland China, Macau and Australia, in which most of their transactions are denominated and settled in Chinese Renminbi ("RMB"), Macau Patacas ("MOP") and Australian dollars ("AUD"). In respect of transactions settled in RMB, MOP and AUD, the Group did not have significant exposure to foreign exchange rate risk during the year due to the transactions being generally denominated in the functional currency of the respective group companies. The Group has not entered into any foreign exchange contract as hedging measures.

### ***Employees and Remuneration Policies***

The Group adheres to a strong belief that one of the most valuable assets of a corporation is its employees. The Group values its human resources and recognises the importance of attracting and retaining qualified staff for its continuing success. Maintaining the quality of service from our well-skilled professionals is crucial in strengthening our competitiveness.

The Group employed a total work force of 1,333 employees as at 31 March 2021 (2020: 1,173 employees). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of the individual. The Group has been constantly reviewing staff remuneration package to ensure it is competitive with relevant industries.

### ***Capital Commitments***

As at 31 March 2021 and 2020, the Group had the following capital commitments:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	<u><b>12,636</b></u>	<u>5,634</u>

### **Dividend**

The Directors recommended a payment of a final and special dividend equivalent to HK12.0 cents per share and HK13.0 cents per share respectively for the year ended 31 March 2021 subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on 13 August 2021 (the “AGM”) to the Shareholders whose names appear on the register of members of the Company on Tuesday, 31 August 2021. After taking into account an interim dividend of HK13.0 cents per share, a total annual dividend for the year ended 31 March 2021 will amount to HK38.0 cents per share.

The Directors proposed that the Shareholders be given the option to receive the final dividend and special dividend in new shares in lieu of cash. The scrip dividend proposal is subject to: (1) the approval of the proposed final dividend and special dividend at the AGM to be held on 13 August 2021; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant to the scrip dividend proposal.

A circular containing details of the scrip dividend proposal will be despatched to the Shareholders together with the form of election for scrip dividend on or about Tuesday, 7 September 2021. It is expected that the final dividend and special dividend warrants and share certificates for the scrip dividend will be despatched to the Shareholders on or about Friday, 15 October 2021.



## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 August 2021 to Friday, 13 August 2021 (both dates inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 9 August 2021.

The proposed final and special dividend is subject to the approval of the Shareholders at the AGM. The record date for the proposed final and special dividend is at the close of business on Tuesday, 31 August 2021. For determining the entitlement to the proposed final and special dividend, the register of members of the Company will be closed from Friday, 27 August 2021 to Tuesday, 31 August 2021 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final and special dividend, all relevant transfer document(s) and share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, 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 Thursday, 26 August 2021.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

- (a) During the year ended 31 March 2021, the Company repurchased 1,008,000 of its own shares. The total amount paid for this repurchase was HK\$4,489,000 and was charged to share premium within shareholders' equity. All of the repurchased 1,008,000 shares were cancelled during the year.

Month of repurchase	Number of ordinary Shares repurchased	Purchase price paid per Share		Aggregate consideration paid (including transaction costs) HK\$
		Highest HK\$	Lowest HK\$	
February 2021	1,008,000	4.44	4.44	4,489,000
	<u>1,008,000</u>			<u>4,489,000</u>

- (b) During the year ended 31 March 2021, the Company issued 4,860,000 (2020: 22,512,000) shares for proceeds of approximately HK\$14,988,000 (2020: HK\$29,964,000), as a result of the exercise of share options. The weighted average exercise price was approximately HK\$3.048 per share (2020: HK\$1.331 per share). As a result, HK\$486,000 (2020: HK\$2,251,000) was credited to the share capital account and HK\$14,502,000 (2020: HK\$27,713,000), being proceeds received net of the nominal value of the issued shares were credited to the share premium account. An amount of HK\$3,117,000 (2020: HK\$6,678,000) previously included in share-based compensation reserve was reclassified to the share premium account upon the issuance of share options.

Save as disclosed above, during the year ended 31 March 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **Change in board lot size from 4,000 Shares to 1,000 Shares**

The board lot size of the ordinary shares in the share capital of the Company (the "Shares") for trading on the main board of the Stock Exchange will be changed from 4,000 Shares to 1,000 Shares with effect from 9:00 a.m. on 15 July 2021.

Since the reduction in board lot size would lower the value of each board lot, the Board expects that more investors will be attracted to invest into the Shares and therefore may improve the liquidity of the Shares and broaden the shareholders' base of the Company.

For details, please refer to the Company's announcement dated 23 June 2021.

### **CORPORATE GOVERNANCE PRACTICES**

During year ended 31 March 2021, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except the issues mentioned in the following paragraphs:

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. During year ended 31 March 2021, Dr. Au-Yeung Kong is both the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO"); therefore, the Group does not at present separate the roles of the Chairman and the CEO.

The Board considered that Dr. Au-Yeung Kong has in-depth knowledge and experience in the healthcare and medical beauty industry and is the appropriate person to manage the Group. Therefore, the roles of the Chairman and the CEO performed by the same individual, Dr. Au-Yeung Kong, is beneficial to the business prospects and management of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual can provide the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. Notwithstanding the above, the Board will review the current structure from time to time. If any candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may consider to make necessary arrangements.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company 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”). Specific enquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the year ended 31 March 2021.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) was established on 5 December 2011 with written terms of reference which was revised on 20 March 2012, 15 January 2016 and 28 December 2018 in compliance with the CG Code and is available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to review the financial information of the Group, oversee the financial reporting process and risk management and internal control procedures of the Group, and oversee the relationship with the Company’s external auditor.

The Audit Committee comprises three independent non-executive directors, namely, Ms. Hsu Wai Man, Helen, Mr. Chi Chi Hung, Kenneth and Ms. Cho Yi Ping. Ms. Hsu Wai Man, Helen is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management about the risk management, internal control and financial reporting matters, including reviewing the financial statements and annual results for the year ended 31 March 2021.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the Company's website (<https://www.perfectmedical.com/>) and the Stock Exchange's website (<http://www.hkex.com.hk>). The 2021 annual report for the year ended 31 March 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the same websites in due course.

By order of the Board  
**Perfect Medical Health Management Limited**  
**Dr. Au-Yeung Kong**  
*Chairman*

Hong Kong, 30 June 2021

*As at the date of this announcement, the Board comprises Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung as executive Directors and Ms. Hsu Wai Man, Helen, Ms. Cho Yi Ping and Mr. Chi Chi Hung, Kenneth as independent non-executive Directors.*