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 2021

FINANCIAL HIGHLIGHTS

- The Group's revenue for FY2021 was approximately HK$654.7 million, representing an increase of approximately HK$201.0 million or approximately 44.3% from FY2020.

- Gross profit for FY2021 was approximately HK$376.7 million, representing an increase of approximately HK$186.9 million or approximately 98.4% from FY2020. Gross profit margin increased from approximately 41.8% for FY2020 to approximately 57.5% for FY2021.

- The Group's profits attributable to owners of the Company was approximately HK$144.5 million, representing an increase of approximately HK$184.8 million from the loss attributable to owners of the Company of approximately $40.4 million in FY2020.

- Basic earnings per share for FY2021 amounted to approximately HK38.1 cents (Basic loss per share for FY2020: approximately HK10.6 cents).

- The Board proposes declaration of final dividend of HK12 cents per share for FY2021.

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 2021 ("**FY2021**"), 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 2020 ("**FY2020**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
REVENUE	*4*	**654,712**	453,737
Cost of services rendered		**(278,023)**	(263,898)
Gross profit		**376,689**	189,839
Other income and gains	*4*	**26,915**	11,211
Administrative expenses		**(230,625)**	(208,425)
Loss on disposal of financial assets measured at amortised cost		**–**	(4,677)
Other losses		**(2,217)**	(21,124)
Finance costs	*6*	**(2,932)**	(4,693)
Share of profits/(losses) of an associate		**990**	(1,143)
PROFIT/(LOSS) BEFORE TAX	*5*	**168,820**	(39,012)
Income tax expense	*7*	**(24,367)**	(1,362)
PROFIT/(LOSS) FOR THE YEAR		**144,453**	(40,374)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		**(751)**	(2,711)
Gain on disposal of a financial asset at fair value through other comprehensive income		**6,298**	–
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**855**	(263)

	Note	2021 HK$'000	2020 HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**6,402**	(2,974)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**150,855**	(43,348)
Profit/(loss) attributable to:			
Owners of the Company		**144,453**	(40,374)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**150,855**	(43,348)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted		**HK38.1 cents**	HK(10.6) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**65,343**	103,445
Goodwill		**31,964**	31,964
Other intangible assets		**6,990**	8,601
Investment in an associate		**3,216**	1,954
Financial assets at fair value through other comprehensive income		**9,016**	13,829
Financial assets at fair value through profit or loss		**57,604**	54,970
Deposits and other receivables		**18,411**	19,527
Deferred tax assets		**3,972**	1,657
Total non-current assets		**196,516**	235,947
CURRENT ASSETS			
Inventories		**13,961**	12,099
Trade receivables	*9*	**233,486**	36,021
Prepayments, deposits and other receivables		**20,418**	18,883
Tax recoverable		**693**	381
Pledged deposits		**2,049**	2,048
Cash and cash equivalents		**145,265**	122,615
Total current assets		**415,872**	192,047
CURRENT LIABILITIES			
Trade payables	*10*	**34,191**	19,118
Other payables and accruals		**59,925**	31,698
Lease liabilities		**41,756**	52,448
Contract liabilities		**7,397**	3,595
Interest-bearing bank borrowings		**11,659**	15,553
Tax payables		**30,389**	7,306
Total current liabilities		**185,317**	129,718
NET CURRENT ASSETS		**230,555**	62,329
TOTAL ASSETS LESS CURRENT LIABILITIES		**427,071**	298,276

	2021	2020
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Other long term payables	**1,943**	3,459
Lease liabilities	**13,661**	34,166
Deferred tax liabilities	**1,336**	1,602
Total non-current liabilities	**16,940**	39,227
NET ASSETS	**410,131**	259,049
EQUITY		
Equity attributable to owners of the Company		
Share capital	**3,796**	3,796
Reserves	**406,335**	255,253
Total equity	**410,131**	259,049

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Human Health Holdings Limited 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 is principally engaged in the provision of comprehensive, one-stop and quality healthcare services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Treasure Group Global Limited, a company incorporated in the British Virgin Islands ("**BVI**").

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**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, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. 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 Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 30 June 2021. 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 parent 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 above. 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

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for current year's financial statements:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

Other than the nature and the impact as explained below regarding the Amendment to HKFRS 16, the adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs has had no material impact on the financial statements.

Amendment to HKFRS 16 − COVID-19-Related Rent Concessions *beyond 30 June 2021*

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 July 2020 and applied the practical expedient during the year ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concessions of HK$5,092,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 30 June 2021.

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 services and related medical services; and the trading of wellness related products; and

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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/loss before tax except that interest income, share of profits/losses of an associate, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude other 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	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Revenue from external customers	**468,974**	266,530	**126,184**	127,205	**59,554**	60,002	**654,712**	453,737
Intersegment sales	**3,146**	1,441	**7,208**	4,893	**38**	11	**10,392**	6,345
							665,104	460,082
Reconciliation:								
Elimination of intersegment sales							**(10,392)**	(6,345)
							654,712	453,737
Segment results	**215,387**	38,636	**(8,254)**	(5,909)	**6,824**	5,237	**213,957**	37,964
Reconciliation:								
Interest income							**293**	1,657
Corporate and unallocated income							**18,162**	2,843
Corporate and unallocated expenses							**(64,284)**	(79,772)
Finance costs							**(298)**	(561)
Share of profits/(losses) of an associate							**990**	(1,143)
Profit/(loss) before tax							**168,820**	(39,012)
Income tax expense	**(24,440)**	(577)	**(2,190)**	(698)	**2,263**	(87)	**(24,367)**	(1,362)
Profit/(loss) for the year							**144,453**	(40,374)
Segment assets	**379,562**	179,547	**62,494**	79,769	**52,296**	51,300	**494,352**	310,616
Reconciliation:								
Elimination of intersegment receivables							**(41,857)**	(51,464)
Corporate and other unallocated assets							**159,893**	168,842
Total assets							**612,388**	427,994
Segment liabilities	**116,754**	90,923	**58,625**	52,649	**20,730**	31,093	**196,109**	174,665
Reconciliation:								
Elimination of intersegment payables							**(41,857)**	(51,464)
Corporate and other unallocated liabilities							**48,005**	45,744
Total liabilities							**202,257**	168,945
Other segment information								
Depreciation	**38,331**	42,660	**12,275**	15,053	**6,516**	6,987	**57,122**	64,700
Amortisation of other intangible assets	**736**	736	**347**	347	**528**	528	**1,611**	1,611
Impairment of trade receivables, net	**92**	–	**10,563**	–	**–**	–	**10,655**	–
Loss on disposal of items of property, plant and equipment, net	**38**	105	**2,538**	(55)	**(5)**	(1)	**2,571**	49
Finance costs	**1,881**	2,819	**271**	394	**126**	281	**2,278**	3,494
Capital expenditures#	**1,320**	1,704	**1,659**	6,196	**665**	976	**3,644**	8,876

Capital expenditures consist 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.

Information about major customers

During the year ended 30 June 2021, 35.2% of the Group's total revenue was derived from a single customer. No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue during the year ended 30 June 2020.

4. REVENUE, OTHER INCOME AND GAINS

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

	2021 ***HK$'000***	2020 *HK$'000*
Revenue		
Integrated healthcare services income	**650,848**	437,385
Trading of wellness related products	**3,864**	16,352
	654,712	453,737

(i) Disaggregated revenue information

	2021 ***HK$'000***	2020 *HK$'000*
Types of goods and services		
General practice services	**468,974**	266,530
Specialties services	**122,320**	110,853
Dental services	**59,554**	60,002
Trading of wellness related products	**3,864**	16,352
	654,712	453,737

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021	2020
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Integrated healthcare services income	**1,016**	4,491

The Group's revenue are all derived from Hong Kong based on the location of services delivered.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of integrated healthcare services

The performance obligation is satisfied when the services are rendered and payment is due immediately, except for patients using medical cards, corporate customers, where the terms are generally due within 1 to 6 months.

Trading of wellness related products

The performance obligation is satisfied when the product is transferred to the customers upon sale. Payment of the transaction price is due 90 days upon the delivery of good.

The following table shows unsatisfied performance obligation resulting from the provision of integrated healthcare services and the trading of wellness related products:

	2021	2020
	HK$'000	*HK$'000*
At end of year		
Expected to be recognised within one year	**7,397**	4,542

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

	2021	2020
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**293**	936
Interest income on financial assets at fair value through profit or loss	**–**	508
Interest income on loan receivables	**–**	213
Fair value gain of financial assets at fair value through profit or loss	**4,851**	–
Government subsidies*	**16,540**	3,371
COVID-19-related concessions from lessors	**5,092**	6,156
Others	**139**	27
	26,915	11,211

* The Group recognised government subsidies of approximately HK$16,540,000 (2020: HK$3,371,000) in respect of Coronavirus Disease 2019 ("**COVID-19**") related subsidies, of which are mainly related to the Employment Support Scheme ("**ESS**") under the Anti-Epidemic Fund. Under the term of the ESS, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employee. As at the end of the reporting period, there are no unfulfilled conditions or other contingencies attaching to the government subsidies that had been recognised by the Group.

5. PROFIT/(LOSS) BEFORE TAX

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

	2021	2020
	HK$'000	*HK$'000*
Cost of pharmaceutical supplies	**74,477**	65,691
Fees payable to doctors and dentists	**159,173**	195,972
Laboratory expenses	**7,220**	1,786
Depreciation charge *(note i)*	**65,987**	73,722
Amortisation of other intangible assets *(note i)*	**1,611**	1,611
Fair value loss of financial assets at fair value through profit or loss (included in other losses)	**2,217**	21,124
Loss on disposal of items of property, plant and equipment	**2,579**	58
Auditor's remuneration	**1,344**	995
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**103,232**	92,465
Equity-settled share option expense	**111**	(46)
Pension scheme contributions (defined contribution schemes)	**4,561**	4,262
	107,904	96,681
Impairment of trade receivables, net *(note i)*	**10,655**	–
Write-down of inventories to net realisable value *(note ii)*	**110**	449

Notes:

(i) The depreciation charge, amortisation of other intangible assets and impairment of trade receivables, net for the year are included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

(ii) 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. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interest on bank loans	**298**	561
Interest on lease liabilities	**2,634**	4,132
	2,932	4,693

7. 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 Caymans Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). No provision for PRC corporate income tax has been made as the Group's PRC subsidiary had no estimated assessable profits for the year (2020: Nil).

	2021	2020
	HK$'000	*HK$'000*
Current		
Charge for the year	**26,730**	1,873
Underprovision/(Overprovision) in prior years	**217**	(77)
Deferred	**(2,580)**	(434)
Total tax charge for the year	**24,367**	1,362

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK$144,453,000 (2020: loss for the year attributable to ordinary equity holders of the Company: approximately HK$40,374,000), and the weighted average number of ordinary shares of 379,552,000 (2020: 379,552,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 30 June 2021 and 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

9. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**244,141**	36,021
Impairment	**(10,655)**	–
	233,486	36,021

Most of the patients of the medical and dental practices settle payment in cash and credit cards. Payments by patients using medical cards and corporate customers will normally be settled within 1 to 6 months. The Group allows an average credit period of 90 days to its trade customers under other business activities. The Group seeks to maintain strict control over its outstanding receivables and has personnel to monitor the implementation of measures to minimise the credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing. As at 30 June 2021, the impairment losses of HK$10,655,000 had been made (2020: Nil).

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

	2021	2020
	HK$'000	*HK$'000*
Within 2 months	**114,734**	17,476
2 to 4 months	**107,246**	4,210
4 to 6 months	**7,977**	6,276
Over 6 months	**3,529**	8,059
	233,486	36,021

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021	2020
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Impairment losses	**10,655**	–
At end of year	**10,655**	–

10. TRADE PAYABLES

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

	2021	2020
	HK$'000	*HK$'000*
Within 1 month	**27,586**	15,965
1 to 3 months	**6,515**	3,115
Over 3 months	**90**	38
	34,191	19,118

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

11. DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Proposed final dividend – HK12 cents (2020: Nil) per ordinary share	**45,546**	–

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

FINANCIAL REVIEW

Financial Performance for FY2021

Revenue

Our revenue represents the value of healthcare 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:

	2021	2020	% of
	HK$'000	*HK$'000*	change
General practice services	**468,974**	266,530	76.0%
Specialties services	**126,184**	127,205	-0.8%
Dental services	**59,554**	60,002	-0.7%
	654,712	453,737	44.3%

In FY2021, our Group recorded revenue amounted to approximately HK$654.7 million, representing an increase of approximately 44.3% as compared with that for FY2020.

Our revenue from general practice services increased by approximately HK$202.4 million or approximately 76.0% from FY2020 to approximately HK$469.0 million for FY2021. The increase was mainly attributable to the expansion of the scope of general practice services such as preventive, testing, vaccination and outreach services including the Coronavirus Disease 2019 ("**COVID-19**") related services.

Our revenue from specialties services remain stable and slightly decreased by approximately HK$1.0 million or approximately 0.8% from FY2020 to approximately HK$126.2 million for FY2021.

Our revenue from dental services remain stable and slightly decreased by approximately HK$0.4 million or approximately 0.7% from FY2020 to approximately HK$59.6 million for FY2021.

Cost of services rendered

Our cost of services rendered represents cost in relation to our healthcare services provided including fees payable to doctors and dentists, cost of pharmaceutical supplies, laboratory expenses and other direct cost. The following table sets forth the breakdown of our cost of services rendered:

	2021 ***HK$'000***	2020 *HK$'000*	% of change
Fees payable to doctors and dentists	**159,173**	195,972	-18.8%
Cost of pharmaceutical supplies	**74,477**	65,691	13.4%
Laboratory expenses	**7,220**	1,786	304.3%
Other direct cost	**37,043**	–	N/A
Write-down of inventories to net realisable value	**110**	449	-75.5%
	278,023	263,898	5.4%

Our cost of services rendered increased by approximately HK$14.1 million or approximately 5.4% to approximately HK$278.0 million for FY2021. Such increase was mainly due to the increase in other direct cost such as hiring of contract professional staff, the increase in cost of pharmaceutical supplies and the increase in laboratory expenses as a result of the increase in revenue of preventive, testing, vaccination and outreach services and offset by the decrease in fees payable to doctors and dentists.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$186.9 million or approximately 98.4% from FY2020 to approximately HK$376.7 million for FY2021 as a result of the increase in revenue and the increase in gross profit margin of general practice services and specialties services. Our gross profit margin increased from approximately 41.8% for FY2020 to approximately 57.5% for FY2021 mainly attributable to the diversification of the scope of services with different cost structures.

The following table sets forth breakdown of our gross profit and gross profit margin by service types:

	2021		2020	
	HK$'000	***Gross profit margin %***	*HK$'000*	*Gross profit margin %*
General practice services	**306,780**	**65.4%**	127,375	47.8%
Specialties services	**46,556**	**36.9%**	38,755	30.5%
Dental services	**23,353**	**39.2%**	23,709	39.5%
	376,689	**57.5%**	189,839	41.8%

Our gross profit margin for general practice services increased from approximately 47.8% for FY2020 to approximately 65.4% for FY2021 mainly as a result of the diversification of the scope of services with different cost structures.

Our gross profit margin for specialties services increased from approximately 30.5% for FY2020 to approximately 36.9% for FY2021 mainly as a result of different services mix with different cost structures.

Our gross profit margin for dental services remain stable and slightly decreased from approximately 39.5% for FY2020 to approximately 39.2% for FY2021.

Other income and gains

Our other income and gains increased by approximately HK$15.7 million from FY2020 of approximately HK$11.2 million to approximately HK$26.9 million for FY2021 which was mainly attributable to the subsidies provided by the government under the Employment Support Scheme of approximately HK$16.2 million (FY2020: HK$3.4 million) and the fair value gain of financial assets at fair value through profit or loss of approximately HK$4.9 million which was attributable to the fair value gain of the investment in New Journey Healthcare LP (the "**Limited Partnership**") (FY2020: Nil).

Administrative expenses

Our administrative expenses increased by approximately HK$22.2 million or 10.7% from approximately HK$208.4 million for FY2020 to approximately HK$230.6 million for FY2021, such increase was mainly due to (i) the increase in impairment of trade receivable of approximately HK$10.7 million for the trade receivable due to the significant impact on the business of several customers of the Group arising from the outbreak of the COVID-19 and general economic downturn in Hong Kong; (ii) the increase in salary and related expenses of approximately HK$16.2 million; and (iii) offset by the decrease in depreciation of property, plant and equipment of approximately HK$7.7 million.

Other losses

Other losses represent the fair value loss of financial assets at fair value through profit or loss of approximately HK$2.2 million, which was attributable to the fair value loss of the investment in AMORV Co., Limited.

Finance cost

Our finance cost was approximately HK$2.9 million for FY2021 (FY2020: HK$4.7 million), the decrease was mainly due to the decrease on the interest expenses on lease liabilities.

Share of profits/losses of an associate

Our share of profits of an associate was approximately HK$1.0 million which represents an increase of approximately HK$2.1 million from a share of losses of approximately HK$1.1 million for FY2020. The increase was mainly due to the increase in revenue generated from the associate.

Income tax expense

Income tax expense increased by approximately HK$23.0 million from approximately HK$1.4 million for FY2020 to approximately HK$24.4 million for FY2021. The increase was mainly due to the increase in assessable profits.

Profit/loss for the year

As a result of the foregoing, profits for FY2021 increased by approximately HK$184.8 million from loss for FY2020 of approximately HK$40.4 million to profit for FY2021 of approximately HK$144.5 million. Our net profit margin increased to approximately 22.1% for FY2021 from approximately -8.9% for FY2020.

Profit/loss attributable to owners of the Company

The Group's profit attributable to owners of the Company was approximately HK$144.5 million for FY2021 as compared to the loss attributable to the owners of the Company of approximately HK$40.4 million for FY2020. The increase in profit attributable to owners of the Company for FY2021 was primarily due to (i) the increase in revenue of general practice services due to the expansion of the scope of general practice services such as preventive, testing, vaccination and outreach services including COVID-19 related services; (ii) the increase in gross profit arising from the increase in revenue as well as the increase in gross profit margin of general practice services and specialties services due to the diversification of the scope of services and different services mix with different cost structures; and (iii) offset by the increase in income tax expenses due to the increase in assessable profits.

BUSINESS REVIEW AND OUTLOOK

Business Review for FY2021

It was a challenging year to individuals and businesses around the world under the COVID-19 pandemic in FY2021. In response to the waves of COVID-19 in Hong Kong, the Group strived to maintain a high standard service quality in the core business of healthcare profession, to cautiously grasp new opportunities as well as to minimise the adverse impact of the pandemic by adopting proactive measures, efficient risk management and cost control. Strategic agility of the Group enabled the Group to outperform competitors within the healthcare sector under the COVID-19 crises. Being one of the leading private healthcare service providers in Hong Kong, the Group delivered encouraging results under such a difficult business environment. The Group recorded a revenue of approximately HK$654.7 million for FY2021, representing an increase of approximately 44.3% as compared with FY2020, and a turnaround from loss attributable to owners of the Company of approximately HK$40.4 million for FY2020 to profit attributable to owners of the Company of approximately HK$144.5 million for FY2021.

Expansion of General Practice Services

During such a challenging time, the Group took proactive measures that identified and adopted new strategies to seize business opportunities by expanding the scope of its general practice services in order to respond to the different demands from the community, such as testing, vaccination, outreach and preventive services as well as sale of healthcare related products and services through different channels so as to increase the market share of the Group. In particular, the Group prioritised the demands of the COVID-19 related business segments and devoted more resources in enhancing the market share of the Group in these business segments.

For the provision of testing services, the Group have participated in the Enhanced Laboratory Surveillance Programme of the Centre of Health Protection at all of the Group's medical centres with general practice services in Hong Kong in the first quarter of 2020, and was one of the first few healthcare providers in the early period providing the COVID-19 screening test to the community. By the time of the third wave of the pandemic when the society was experiencing a serious shortage of testing capacity, the Group negotiated with various relevant parties to offer the testing services at competitive price and convenient testing locations as well as significantly increased the testing volume in order to ease the tight capacity for COVID-19 testing needs. The Group continuously contributed to the control of pandemic by actively participated in the Hong Kong Government 14-day COVID-19 Universal Community Testing Programme to provide testing services as well as offer different testing options to the public. To further strengthen the role of the Group as an active market player in virus testing, the Group collaborated with different organisations to provide COVID-19 testing services at various designated testing points in Hong Kong, also promptly established and introduced the mobile specimen collection vehicles and outreach team to provide more comprehensive services. These show the Group's effort in contributing to the control of pandemic and its mission to safeguard the health of the public.

For the provision of vaccination services, the Group believes that COVID-19 vaccination is crucial for fighting the pandemic and it has provided full support for the vaccination plan launched by the Hong Kong Government. All of the Group's medical centres and the community vaccination centre in Tuen Mun operated by the Group for the Hong Kong Government, participated in the COVID-19 Vaccination Programme, together with the outreach vaccination services to provide vaccination services to the public since the first quarter of year 2021. During FY2021, the Group continued to participate in the Vaccination Subsidy Scheme to provide flu vaccine to eligible individuals. In addition, the Group promoted various vaccination campaigns such as HPV vaccine, herpes zoster vaccine and osteoporosis vaccine, etc, through various social media platforms to satisfy the overwhelming demand for these kinds of services.

For the provision of preventive services, the Group noticed the rising demand from the public in the disease prevention services and was prepared for the aforesaid demand by providing health monitoring, health coaching and overall health enhancement programmes through different online and offline channels. The Group devoted to develop, introduce and explore new medical solutions and compatible services which cover disease prevention, cure and rehabilitation to the community. The Group also promoted early detection services such as dementia and stroke risk assessment and participated in the Public Private Partnership Programme and Colorectal Cancer Screening Programme and various community care related programmes at the same time to bolster the development of the Group in public-private partnership and the business cooperation with the Hong Kong Government.

For the sale of healthcare related products and services, the Group explored and developed this business through business collaborations with different organisations, professionals and the public. The Group offered various consumer goods and healthcare products and services including health check packages, vaccinations, nutrition consultations, supplements, skin care products and anti-epidemic products to its corporate clients and the general public. These include a co-branded product named "Human Health x Best Care surgical mask" and skin care own-brands "Masquée" and "Renaître".

Other than the traditional offline services provided by the Group through its medical networks, the Group also increased the market penetration through online sales and outreach services. Given that the expected significant growth in demand in e-commerce is strong, the Group launched a self-owned online shopping platform during FY2021 offering healthcare related products and services mentioned in the above paragraph to adapt the shift in customer behaviour. In order to further extend the service reach and capabilities, the Group also provided outreach services for COVID-19 related services, relevant healthcare lectures, pandemic prevention skills training and influenza vaccinations for social welfare organisations, elderly homes, schools and corporations.

As a result of the multifaceted business strategies, the Group had overcome the challenges, turned adversity into business opportunities and the revenue of its general practice services increased by approximately 76.0% from approximately HK$266.5 million for FY2020 to approximately HK$469.0 million for FY2021. Due to the diversification of the scope of services with different cost structures, the gross profit margin for general practice services increased from approximately 47.8% for FY2020 to approximately 65.4% for FY2021.

Stable Performance of Specialties and Dental Segments

Since the outbreak of COVID-19, the business of the Group has inevitably been affected. It mainly arose from the decline in patient visits due to the significant increase in public health awareness as well as mask-wearing practice, which prevent the spreading of other infectious diseases. In addition, patients have postponed or deferred medical treatment to avoid risk of infection. Our medical aesthetic business was also being affected by the operation suspension measures adopted by the Hong Kong Government. Alongside with the reduction of the number of local confirmed COVID-19 cases and the commencement of the vaccination campaign of Hong Kong during the first half year of 2021, economic activities gradually resumed and the patient visits, especially for specialties and dental services increased moderately from the trough. The revenue of both of the Group's specialties services and dental services for FY2021 remained stable as compared with that of FY2020. In particular, the gross profit margin of specialties services increased from approximately 30.5% for FY2020 to approximately 36.9% for FY2021 mainly as a result of different services mix with different cost structures.

Satisfactory Performance of PRC Business

Apart from the business operations in Hong Kong, the performance of the Shanghai Human Health Integrated Medical Centre (上海盈健門診部) – the associate of the Group remained satisfactory for FY2021 and it was attributable to the high demand of high-quality medical aesthetic services in the People's Republic of China (the "**PRC**"). It is worth mentioning that as most of the economic activities in the PRC resumed by adopting stringent pandemic control measures, the Group is optimistic on the economic recovery in the PRC and would like to capture the growing opportunities by further expanding its network in the PRC. As such, the Group reassessed the business environment and business strategies and reallocated HK$5.6 million of the unutilised net proceeds from the Listing (as defined below) to the expansion of the PRC market on 24 February 2021. Details of change of use of proceeds are set out in the announcement of the Company dated 24 February 2021.

Optimisation of Investment Strategy

In relation to the investment strategy, the Group prudently reviewed the existing investments and assessed potential investment opportunities, aiming at facilitating the development of the business of the Group and creating investment returns to its shareholders. After taking into account of the business development of the Group, the business alliance agreement entered into between the Company and Heals Healthcare (Asia) Limited ("**Heals Healthcare**") dated 11 October 2018 and the subscription agreement entered into between the Company, Actwise Limited ("**Actwise**") and Heals Healthcare dated 11 October 2018 were terminated in October 2020. The disposal arrangements of the shares of the Company held by Heals Healthcare and part of the shares of Heals Healthcare held by the Company (the "**Disposal Arrangements**") were completed following the termination of such agreements in May 2021. After the termination of the business alliance and the completion of the Disposal Arrangements, as at 30 June 2021, Actwise remained as the holder of approximately 5.47% of the issued shares of Heals Healthcare. Details of the termination of business alliance with Heals Healthcare and the Disposal Arrangements were set out in the announcements of the Company dated 7 October 2020, 23 October 2020 and 3 May 2021.

Brand Recognition

During FY2021, the Group is proud to announce that it received various awards such as the "HKIM Market Leadership Award" (市場領袖大獎) by Hong Kong Institute of Marketing, the "ERB Merit Award for Employers" (優異僱主獎) by Employees Retraining Board and the "Joyful @ Healthy Workplace Best Practices Award (Enterprise/Organisation Category) – Merit Award" (好心情@健康工作間大獎—良好機構大獎) by Occupation Safety & Health Council in recognition of the Group's past effort and contributions, reinforcing the core values and strategic development of the Group.

Professional Services Provided by the Group

As at 30 June 2021, the Group operated 58 medical centres in Hong Kong under the following brand names with 103 service points.

As a one-stop healthcare service provider, during the period of FY2021, the Group provides a series of healthcare services including but not limited to general practice services, specialties services, dental services, Chinese medicine, physiotherapy, diagnostics and imaging, medical aesthetic and wellness services as well as COVID-19 related services to cater to customers' different types of medical and wellness needs. The Group attributes its prominent market position to its experienced professional team comprised of general practitioner, specialist, dentist and others such as clinical psychologist, physiotherapist, registered nurse, pharmacist, dental hygienist and nutritionist.

During FY2021, the Group provided the following comprehensive healthcare services:

General Practice Services	Specialties Services	Dental Services
• General consultation • Diagnostic and preventive healthcare services • Minor procedures • Vaccinations • Physical check-ups • Health education activities • Occupational health advices • Work injury assessment • Chinese medicine • Telemedicine • COVID-19 related services • Outreach services • Sale of healthcare related products and services	Specialties • General surgery • Orthopaedics & traumatology • Ophthalmology • Otorhinolaryngology • Paediatrics • Obstetrics & gynaecology • Gastroenterology & hepatology • Respiratory medicine • Cardiology • Paediatric surgery • Dermatology & venereology • Psychiatry • Urology • Radiology • Nephrology • Clinical Oncology • Neurosurgery • Anaesthesiology Other Services • Physiotherapy • Clinical psychology • Medical aesthetic • Medical diagnostic • Endoscopy • Nutritionist services • Health and wellness services • Trading of wellness related products	• General Dentistry • Dental implants • 3D guided implant surgery • Crowns, bridge and dentures • Periodontal Treatment • Prosthodontics • Oral surgery • Orthodontics • Endodontics • Cosmetic dentistry • Teeth whitening • Veneers and laser dentistry • Advanced oral and maxillofacial surgery • CAD/CAM Dentistry • Panoramic radiography • Cone-beam computed tomography

Business Outlook

Although the Group's business outperformed and recorded a significant increase in profit during FY2021, the Board remains cautious as to the Group's business growth and financial performance sustainability for the coming financial year. As at the date of this announcement, the Board is still uncertain how long the pandemic will last for but it is expected that the demand in COVID-19 related services would decline gradually due to the expected alleviation of the pandemic with increasing vaccination rate. In addition, the pandemic has significantly shifted the behaviour of the general public and the mask-wearing practice is expected to continue for a certain period of time. As such, the performance of the Group's core business, particularly the general consultation services in the general practice segment may still be affected. Another challenge that the Group may face is the cost on engaging and retaining medical professionals, which constantly increases due to the shortage of and fierce competition on recruiting high-quality medical professionals in recent years.

Whilst uncertainties mentioned in the above paragraph shall certainly pose impact to the Group's business, the Group remains cautiously optimistic in its ability to leverage its market leadership position to drive additional synergies amongst business units as the Group achieved encouraging results during such challenging business environment by adopting proactive strategies. It proved that the Group's management, together with its professional team members and its employees were all equipped to adapt changes with strong mobilisation and organisational skills. Besides, it is expected that compulsory COVID-19 testing requirement would be continued to be in force for inbound and outbound travelers for business travel in Hong Kong and such demand is expected to increase gradually. In addition, since there is no statistics showing how long the COVID-19 vaccine protection will last, it is expected that additional vaccine dose would be required for those who may not have strong enough immune response. Due to the constantly changing virus and epidemiologic landscapes, there are discussions as to whether vaccination on an annual basis would be necessary. The Group believes that there would be constant and moderate demand for the vaccination services.

The Group believes the demand for healthcare and wellness services will continue increase in the private market for the following factors. In view of the increase in public health awareness due to the prolonged pandemic since the first quarter of year 2020, health consciousness of the public will no longer be limited to physical wellness, but would extend to the mental wellness and cover areas including disease prevention, cure, rehabilitation and body-mind balance and the Group expects that cross-border restrictions between PRC and Hong Kong will be relaxed in near future. Therefore, the Group is well-equipped to cater for such demand and will continue to deploy more resources in the development of specialties services through actively planning to expand and optimise current services network, and preventive healthcare and wellness services including early detection and monitoring to prepare for the increasing needs for both Hong Kong and PRC customers during the economic recovery. Moreover, the Group will continuously strengthen the cooperation with the Hong Kong Government, different institutions and organisations by participating community care related programs to cater for the specific needs in the community. Furthermore, the Group shall continue to deliver customised healthcare solutions with all-round service portfolio that fit the customers' physical and mental needs by effectively utilising big data to devise the tailor-made healthcare solutions that address the needs of its customers and promote wellness services through different means.

To adapt to the shifting of the customer preference from offline to online platform in recent years, apart from the existing products and services offered in the online platforms, the Group will explore more healthcare and wellness related products and services to be offered in the platforms so as to strengthen its online business. Moreover, the Group will keep deploy more resources in digital marketing as to promote its products and services to the Hong Kong and PRC market.

The Group will continue to implement stringent cost control measures on operations to protect margins. The Group will continue to streamline its network of medical centres and negotiate with more favorable leasing terms for tenancy renewal. It is worth to note that the Group acquired a property located at Kowloon Bay as its headquarters and the acquisition is expected to be completed in November 2021. The Board considered that it is in the interest of the Group to acquire the property in order to secure and establish a permanent headquarters.

Moreover, we understand that it is particularly crucial for the Group to engage and retain professional talent. However, since the cost of engaging and retaining professional talent remains high in recent years, the Group will keep formulating and implementing competitive and incentive scheme to attract and retain its professionals team members in order to enrich its prominent professional team.

Leveraging on the Group's distinctive strategic positioning and business model, it will continue to develop its business and explore opportunities in medical and wellness areas in Hong Kong and the PRC, so as to provide high quality services to the community, safeguard the interest of its professional team members and employees and bring long-term returns to its shareholders. The Group is always committed to expanding its market share, increasing its scale and efficiency, and consolidating its leading position in the healthcare industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had net current assets of approximately HK$230.6 million (as at 30 June 2020: approximately HK$62.3 million), which included cash and cash equivalents and pledged deposits of approximately HK$147.3 million (as at 30 June 2020: approximately HK$124.7 million) and interest-bearing bank borrowings of approximately HK$11.7 million (as at 30 June 2020: approximately HK$15.6 million) which is repayable on demand, at an interest rate of Hong Kong Interbank Offered Rate plus 2%. As at 30 June 2021, the Group had unutilised loan facility of approximately HK$38.3 million (as at 30 June 2020: approximately HK$34.4 million). The increase in net current assets was mainly due to the increase in trade receivables caused by the increase in revenue. All the interest-bearing bank borrowings was held in Hong Kong dollars and the cash and cash equivalents and pledged deposits were held in Hong Kong dollars and Renminbi.

As at 30 June 2021, the Group's gearing ratio, which is net debt (represents interest-bearing bank borrowings) divided by the adjusted capital plus net debt, is approximately 2.8% (as at 30 June 2020: approximately 5.7%), and net debt-to-equity ratio is approximately 2.8% (as at 30 June 2020: approximately 6.0%).

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during FY2021. The capital of the Company comprises ordinary shares and other reserves.

CHARGES ON GROUP ASSETS

As at 30 June 2021, a fixed deposit of approximately HK$1.0 million has been pledged to a bank to secure overdrafts of the Group (as at 30 June 2020: approximately HK$1.0 million). In addition, a fixed deposit of 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 (as at 30 June 2020: approximately HK$1.0 million).

FOREIGN EXCHANGE EXPOSURE

The Group conducts business primarily in Hong Kong and the PRC 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 or other financial instruments to hedge against the fluctuations in the 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 INVESTMENTS

On 29 May 2019, Actwise, a wholly owned subsidiary of the Company, and Inno Healthcare Limited ("**Inno Healthcare**"), the general partner of the Limited Partnership, entered into a subscription agreement (the "**LP Subscription Agreement**"), pursuant to which Actwise subscribed for partnership interests in the Limited Partnership with the capital commitment of RMB30 million. Following the acceptance of the LP Subscription Agreement by Inno Healthcare on the same day, Actwise is admitted as a limited partner to the Limited Partnership by entering into a limited partnership agreement (the "**Limited Partnership Agreement**"). As at 30 June 2021, Actwise was the holder of approximately 73.2% of the partnership interest in the Limited Partnership and the Limited Partnership was registered as the holder of 1,684,808 shares of New Journey Hospital Group Limited.

The investment objective of the Limited Partnership is to invest in New Journey Hospital Group Limited, a holding company of an integrated hospital group in the PRC which primarily engages in the operation of hospitals, primary medical care, internet medical care services, cross border medical care services, elderly care services, supply chain centres and radiotherapy services.

Details of the LP Subscription Agreement and the Limited Partnership Agreement are set out in the announcements of the Company dated 29 May 2019, 9 July 2019 and 10 January 2020.

The investment in the Limited Partnership is stated at fair value and is recorded as "Financial assets at fair value through profit or loss" in the consolidated statement of financial position. As at 30 June 2021, the fair value of the investment in the Limited Partnership amounted to approximately HK$37.3 million, which represents approximately 6.1% of the total assets of the Group as at 30 June 2021. A fair value gain of approximately HK$4.9 million was recorded as at 30 June 2021. No dividend was received from this investment by the Group for FY2021.

The investment strategy of the Group in the Limited Partnership would be enhancing investment returns for the Group by realising the capital gains of the Limited Partnership at the end of the term of the Limited Partnership as well as establishing relationship with business partners in the PRC market, connecting the PRC hospitals and exploring business opportunities so as to facilitate the development of the business of the Group in the PRC.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures during FY2021 and up to the date of this announcement.

CAPITAL COMMITMENTS

	As at 30 June	
	2021	2020
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital expenditures	**118**	337
Purchase of leasehold land and buildings	**57,420**	–
	57,538	337

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2021 (as at 30 June 2020: Nil).

EMPLOYEES

As at 30 June 2021, the Group had 450 full-time employees (as at 30 June 2020: 362) and 479 part-time employees (as at 30 June 2020: 114).

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 different remuneration packages to our employees based on their positions. Generally, we pay basic salaries 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 the Group's professional staff including physiotherapist, pharmacist, registered nurse, dental hygienist and nutritionist, 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 training programmes regularly for our employees at different levels. Details of our human resources programs, training and development will be set out in the "environmental, social and governance report" in the annual report for the year ended 30 June 2021.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the listing of the shares of the Company (the "**Shares**" and each a "**Share**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 1 April 2016 (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). On 24 February 2021, the Board resolved to reallocate the unutilised proceeds and the details of the change in use of proceeds are set out in the announcement of the Company dated 24 February 2021. For the period commencing from the Listing to 30 June 2021, the proceeds has been utilised as follows:

	Net proceeds (after reallocation on 24 February 2021) *HK$ million*	**Utilised amounts** *HK$ million*	**Unutilised amounts** *HK$ million*
Expansion of network in Hong Kong by setting up six new specialist medical centres	39.1	39.1	–
Expansion of network in Hong Kong by setting up six new general practice medical centres	5.9	5.9	–
Expansion in the PRC market	18.3	10.3	8.0
Acquisition of established medical centres in Hong Kong	2.8	2.8	–
Brand building	5.1	3.6	1.5
Enhancement of IT infrastructure	5.1	4.8	0.3
Working capital and other general corporate purposes	8.5	7.4	1.1
	84.8	73.9	10.9

Due to the reallocation of the unutilised proceeds on 24 February 2021 and the challenges posed to the business environment around the world brought by the outbreak of COVID-19, it is expected that the unutilised amounts will be used on or before 30 June 2022.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK12 cents per Share for FY2021 (FY2020: Nil) (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 Friday, 3 December 2021 (the "**AGM**"). Upon obtaining the Shareholders' approval, the Final Dividend is expected to be paid on or around Tuesday, 28 December 2021 to the Shareholders whose names appear on the register of members of the Company on Monday, 13 December 2021.

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 Tuesday, 30 November 2021 to Friday, 3 December 2021, both days inclusive, during which no transfer of Shares 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 29 November 2021.

For the purpose of ascertaining the Shareholders' entitlement to receive the Final Dividend, the register of members of the Company will be closed from Thursday, 9 December 2021 to Monday, 13 December 2021, both days inclusive, during which no transfer of Shares 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 8 December 2021.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (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 FY2021.

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, BBS, JP 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 of the Group and enables more effective and efficient overall strategic planning. In addition, since the major decisions of the Group, including but not limited to material transactions undertaken by the Group and corporate governance, will require discussion and approval by all Board members, the Board believes that the other Board members have sufficient power in scrutinising and/or monitoring the exercise of power by the chairman and chief executive officer. 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 as and when appropriate and suitable by taking into account the circumstances of the Group as a whole.

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**") 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 FY2021.

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.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 17 February 2016 (the "**Share Option Scheme**") where certain eligible persons may be granted share options to subscribe for the ordinary Shares for their contribution to, and continuing efforts to promote the interests of the Group and for such other purposes as the Board may approve from time to time. On 4 October 2016 and 28 May 2018, the Group granted share options to certain eligible persons to subscribe for 2,740,000 ordinary Shares and 460,000 ordinary Shares respectively (the "**Share Options**") pursuant to the Share Option Scheme. As at 30 June 2021, 3,200,000 Share Options had been granted and 2,490,000 Share Options remained outstanding. No Share Option has been exercised, cancelled or lapsed during FY2021.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed, with the management and the external auditor of the Company, the consolidated financial statements of the Company for FY2021, including the accounting principles and practices adopted by the Group, and discussed the internal control, going concern issues, key audit matters and financial reporting matters related to the preparation of the annual results of the Group for FY2021.

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

During FY2021, 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 FY2021 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for FY2021. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 3 December 2021. 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 FY2021 shall be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 September 2021

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

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