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PERFECT MEDICAL

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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021**

HIGHLIGHTS

- The Group’s revenue increased by 57.2% to HK\$801.6 million.
- Group’s earning before interest, tax, depreciation and amortisation increased by 48.9% to HK\$377.2 million.
- The Group’s net profit increased by 59.6% to HK\$216.4 million.
- The Group’s net profit margin was at 27.0%.
- Basic earnings per share increased by 46.3% to HK17.7 cents.
- The Board declared an interim dividend of HK17.7 cents per share which will be payable in cash.

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Perfect Medical Health Management Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2021. The interim results have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		Six months ended 30 September	
		2021	2020
	Note	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	801,644	509,807
Other income	5	6,501	29,406
Other gains — net	6	4,244	4,076
Cost of inventories and consumables		(15,462)	(6,314)
Employee benefit and manpower service expenses		(239,648)	(164,600)
Marketing expenses		(105,095)	(72,939)
Depreciation of property, plant and equipment		(33,342)	(29,003)
Depreciation of right-of-use assets		(69,039)	(52,708)
Rental expenses of short-term leases in respect of stores and offices		(1,255)	(544)
Other operating expenses		(73,733)	(45,489)
Operating profit		274,815	171,692
Finance expense — net	7	(7,069)	(1,603)
Profit before income tax		267,746	170,089
Income tax expense	8	(51,332)	(34,454)
Profit for the period attributable to equity holders of the Company		216,414	135,635
Earnings per share attributable to equity holders of the Company during the period	9		
— Basic		<u>HK17.7 cents</u>	<u>HK12.1 cents</u>
— Diluted		<u>HK17.7 cents</u>	<u>HK12.1 cents</u>

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders of the Company	216,414	135,635
Other comprehensive (losses)/income:		
<i>Items that have been reclassified or may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(3,154)	7,598
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value losses of financial asset at fair value through other comprehensive income	<u>(45,811)</u>	<u>(2,906)</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u>167,449</u>	<u>140,327</u>

Details of dividends payable to equity holders of the Company are set out in Note 10.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2021

		30 September 2021 <i>Note</i> HK\$'000 (Unaudited)	31 March 2021 <i>HK\$'000</i> <i>(Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	246,785	162,385
Right-of-use asset	19	322,641	251,783
Deposits and prepayments		30,429	49,448
Financial assets at fair value through other comprehensive income	12	265,432	309,077
Deferred income tax assets		53,863	53,858
		<u>919,150</u>	<u>826,551</u>
Current assets			
Inventories		4,286	2,799
Trade receivables	14	71,969	77,986
Other receivables, deposits and prepayments		61,527	40,146
Financial assets at fair value through profit or loss	13	38,373	34,097
Term deposits with initial terms of over three months	15	214	214
Pledged bank deposits	16,22	14,249	8,802
Cash and cash equivalents	17	641,270	489,773
		<u>831,888</u>	<u>653,817</u>
Total assets		<u>1,751,038</u>	<u>1,480,368</u>

		30 September 2021	31 March 2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	122,247	122,289
Reserves	18	728,130	562,558
Total equity		850,377	684,847
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		70,555	69,324
Provision for reinstatement costs		10,792	10,708
Lease liabilities	19	207,609	156,001
		288,956	236,033
Current liabilities			
Provision for reinstatement costs		3,343	2,458
Trade payables	20	1,013	729
Accruals and other payables		94,485	88,440
Lease liabilities	19	127,989	105,598
Deferred revenue		312,300	316,723
Tax payables		72,575	45,540
		611,705	559,488
Total liabilities		900,661	795,521
Total equity and liabilities		1,751,038	1,480,368

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2021*

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	359,349	341,549
Net cash used in investing activities	(121,654)	(17,818)
Net cash used in financing activities	(80,790)	(43,102)
Net increase in cash and cash equivalents	156,905	280,629
Cash and cash equivalents at the beginning of the period	489,773	563,591
Effect on foreign exchange	(5,408)	6,591
Cash and cash equivalents at the end of the period	641,270	850,811

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Perfect Medical Health Management Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of medical beauty and healthcare services in Hong Kong (“HK”), Mainland China, Macau, Australia and Singapore.

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 of Hong Kong Limited (the “Stock Exchange”) on 10 February 2012.

This condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information for the six months ended 30 September 2021 is unaudited and has been reviewed by the audit committee of the Company. This condensed consolidated interim financial information was approved for issue by the Board on 29 November 2021.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value. These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company and its major subsidiaries.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 March 2021 (“2021 Financial Statements”) which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the 2021 Financial Statements except for the adoption of new accounting policies as a result of applying the new or revised HKFRSs as set out below.

2.1 Adoption of new or revised HKFRSs and HKASs

(a) *New and amended standards adopted by the Group*

The HKICPA has issued the following new and amended standards that are first effective for the current accounting period and relevant to the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The new and amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(b) *New and amended standards issued but not yet adopted by the Group*

The followings are new standards and amendments which have been issued but are not effective and have not been early adopted. The Group plans to adopt these new standards and amendments when they become effective:

Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments ⁽²⁾
Amendments to Annual Improvements Project	Annual Improvements to IFRSs 2018–2020 ⁽²⁾
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁽³⁾
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁽¹⁾
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combination ⁽²⁾
HKFRS 17	Insurance Contracts ⁽³⁾
Amendments to HKFRS 17	Amendments to HKFRS 17 ⁽³⁾
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁽³⁾
Amendments to HKAS 8	Definition of Accounting Estimates ⁽³⁾
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction ⁽³⁾
Hong Kong Interpretation 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 ⁽³⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾

(1) Effective for the Group for annual period beginning on or after 1 April 2021

(2) Effective for the Group for annual period beginning on or after 1 January 2022

(3) Effective for the Group for annual period beginning on or after 1 January 2023

(4) Effective for the Group for annual period beginning on or after a date to be determined

The Group is in the process of assessing the impact of those new standards and amendments on the Group's accounting policies and financial statements.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk.

The interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2021.

There has been no changes in the risk management policies since the year ended 31 March 2021.

4 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 medical beauty and healthcare 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 unit, 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 six months ended 30 September 2021 and 2020, all of the Group's revenues was from contracts with customers and was recognised at a point in time.

The Group primarily operates in Hong Kong, Mainland China, Macau, Australia and Singapore (the "Regions outside Hong Kong"), and its revenue was derived from the following regions:

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong	627,522	328,333
Regions outside Hong Kong	174,122	181,474
	801,644	509,807

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

	As at	
	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	412,447	351,245
Regions outside Hong Kong	187,408	112,371
	<u>599,855</u>	<u>436,616</u>

5 OTHER INCOME

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government subsidies	4,575	27,026
Dividend income from financial assets at fair value through profit or loss	—	558
Dividend income from financial assets at fair value through other comprehensive income	1,016	736
Others	910	1,086
	<u>6,501</u>	<u>29,406</u>

6 OTHER GAINS — NET

	Six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gains/(losses) on disposal of property, plant and equipment	84	(450)
Net exchange (losses)/gains	(115)	1,788
Fair value gains on financial assets at fair value through profit or loss	4,275	2,738
Other gains — net	<u>4,244</u>	<u>4,076</u>

7 FINANCE EXPENSE — NET

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest income on bank deposits	1,085	2,345
Interest expense on lease liabilities	<u>(8,154)</u>	<u>(3,948)</u>
Finance expense — net	<u><u>(7,069)</u></u>	<u><u>(1,603)</u></u>

8 INCOME TAX EXPENSE

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% (FY2020/21 interim: 16.5%) for the period on the estimated assessable profits arising in or derived from Hong Kong. Companies established and operating in Mainland China are subject to Mainland China corporate income tax at the rate of 25% (FY2020/21 interim: 25%). Companies established 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 six months ended 30 September 2020 and 2021. Companies established and operating in Australia are subject to Australia corporate income tax at the rate of 25% (FY2020/21 interim: 26%). Companies established and operating in Singapore are subject to Singapore corporate income tax at the rate of 17%.

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current income taxation		
— Hong Kong	33,633	10,056
— Regions outside Hong Kong	<u>15,786</u>	<u>21,349</u>
Total current income taxation	49,419	31,405
Deferred taxation	<u>1,913</u>	<u>3,049</u>
	<u><u>51,332</u></u>	<u><u>34,454</u></u>

9 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 period.

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	<u>216,414</u>	<u>135,635</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share (thousand of share)	<u>1,222,956</u>	<u>1,117,286</u>
Basic earnings per share (HK cents per share)	<u>17.7</u>	<u>12.1</u>

Diluted

The calculation of the diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$216,414,000. The weighted average number of ordinary shares of 1,222,956,000 used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares.

10 DIVIDENDS

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.

At a meeting held on 29 November 2021, the Directors declared an interim dividend of HK17.7 cents (FY2020/21 interim: HK13.0 cents) per ordinary share, totaling HK\$219,474,000. The dividend is not reflected as dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 March 2022.

11 PROPERTY, PLANT AND EQUIPMENT

	Total <i>HK\$'000</i> (Unaudited)
Net book amount as at 1 April 2021	162,385
Additions	118,791
Disposal	(340)
Depreciation	(33,342)
Exchange differences	(709)
	<hr/>
Net book amount as at 30 September 2021	<u><u>246,785</u></u>
Net book amount as at 1 April 2020	142,162
Additions	31,398
Disposal	(2,354)
Depreciation	(29,003)
Exchange differences	1,008
	<hr/>
Net book amount as at 30 September 2020	<u><u>143,211</u></u>

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Non-current		
Listed equity securities		
— Hong Kong	152,312	207,314
— Overseas	31,767	42,280
Exchange traded funds listed in Overseas	81,353	59,483
	<hr/>	<hr/>
	<u><u>265,432</u></u>	<u><u>309,077</u></u>

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Unlisted fund investments, at fair value, in Hong Kong (<i>Note 22</i>)	<u>38,373</u>	<u>34,097</u>

The movements in financial assets at fair value through profit or loss are summarized as follows:

	<i>HK\$'000</i>
At 1 April 2020 (audited)	33,525
Net fair value changes	<u>572</u>
As at 31 March 2021 (audited)	34,097
Net fair value changes	<u>4,276</u>
As at 30 September 2021 (unaudited)	<u>38,373</u>

14 TRADE RECEIVABLES

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

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Less than 60 days	52,502	70,624
60 days to 90 days	9,120	—
91 days to 120 days	7,898	3,108
121 days to 180 days	<u>2,449</u>	<u>4,254</u>
	<u>71,969</u>	<u>77,986</u>

The carrying amounts of trade receivables approximate their fair values.

15 TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

As at 30 September 2021, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 0.16% (as at 31 March 2021: 0.22%).

The Group's term deposits with initial terms of over three months were denominated in the following currency:

	As at	
	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Macau Patacas	214	214
	<u>214</u>	<u>214</u>

16 PLEDGED BANK DEPOSITS

As at 30 September 2021 and 31 March 2021, some of the Group's banking facilities in respect of credit card and instalment sales arrangement was secured by pledged bank deposits as set out in Note 22. As at 30 September 2021, the weighted average effective interest rate of these pledged bank deposits is 1.79% (as at 31 March 2021: 1.90%).

17 CASH AND CASH EQUIVALENTS

	As at	
	30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Cash at banks	276,015	453,823
Cash on hand	3,073	1,355
Term deposits with initial terms of less than three months	362,182	34,595
	<u>641,270</u>	<u>489,773</u>
Denominated in:		
Hong Kong dollars	362,776	187,841
Chinese Renminbi	203,027	179,889
Macau Patacas	8,569	6,267
United States dollars	48,132	87,156
Australian dollars	13,457	24,459
Singapore dollars	5,309	4,161
	<u>641,270</u>	<u>489,773</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group's cash and bank balances denominated in RMB are deposited with banks in Hong Kong and Mainland China. The conversion of RMB-denominated balances into foreign currencies and the remittance of funds out of Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the Government of Mainland China.

18 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares '000	Ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April 2021	1,222,887	122,289	333,265	455,554
Issuance of share (<i>Note a</i>)	1,695	169	19,580	19,749
Repurchase and cancellation of shares (<i>Note b</i>)	(2,110)	(211)	(20,668)	(20,879)
At 30 September 2021	1,222,472	122,247	332,177	454,424

Notes:

- (a) During the six months ended 30 September 2021, the Company issued 1,695,000 shares of the Company for proceeds of approximately HK\$14,998,000, as a result of exercise of share options. The weighted average exercise price was approximately HK\$8.848 per share. As a result, HK\$169,000 were credited to the share capital account and HK\$14,829,000 being proceeds received net of the nominal value of the issued shares were credited to the share premium account. An amount of HK\$4,583,000 previously included in share-based compensation reserve were reclassified to the share premium account upon the issuance of share options.
- (b) During the six months ended 30 September 2021, the Company repurchased 3,110,000 of its own shares. The total amount paid to repurchase was approximately HK\$21,647,000 and was charged to share premium within Shareholders' equity. The repurchased 2,110,000 shares were cancelled during the six months ended 30 September 2021. The repurchased 1,000,000 shares were cancelled on 20 October 2021.

19 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Amounts recognised in the condensed consolidated balance sheet

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Right-of-use assets		
Properties	<u>322,641</u>	<u>251,783</u>
	<u>322,641</u>	<u>251,783</u>
	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Lease liabilities		
Non-current portion	207,609	156,001
Current portion	<u>127,989</u>	<u>105,598</u>
	<u>335,598</u>	<u>261,599</u>

(b) Amounts recognised in the condensed consolidated statement of comprehensive income

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

	Six months ended 30 September 2021 HK\$'000 (Unaudited)	Six months ended 30 September 2020 HK\$'000 (Unaudited)
Depreciation charge of right-of-use assets		
Properties	<u>69,039</u>	<u>52,708</u>
	<u>69,039</u>	<u>52,708</u>
Interest expenses on leases liabilities	8,154	3,948
Expenses related to short-term leases of stores and offices	<u>1,255</u>	<u>544</u>

(c) Amounts recognised in the condensed consolidated statement of cash flows

During the six months ended 30 September 2021, the total cash outflows for leases were analysed as below:

	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities*		
Payments for short-term leases in respect of stores and offices	<u>1,255</u>	<u>544</u>
Cash flows from financing activities		
Payment of interest element of lease liabilities	8,154	3,948
Payment of principal element of lease liabilities	<u>65,965</u>	<u>54,142</u>
The total cash outflow of leases	<u>75,374</u>	<u>58,634</u>

* 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.

20 TRADE PAYABLES

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

As at 30 September 2021, the aging analysis of trade payables based on invoice date is as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Less than 60 days	743	237
60 days to 120 days	30	116
Over 120 days	<u>240</u>	<u>376</u>
	<u>1,013</u>	<u>729</u>

The carrying amounts of trade payables approximate their fair values.

21 CAPITAL COMMITMENTS

The Group had the following capital commitments not provided for:

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Capital expenditure contracted for but not yet incurred in respect of acquisition of property, plant and equipment	<u>22,036</u>	<u>12,636</u>

22 PLEDGE OF ASSETS

During the period ended 30 September 2021, certain of the Group's assets were pledged to secure banking facilities granted to the Group. The aggregate carrying amount of the assets of the Group pledged at the end of each reporting period is as follows:

	As at 30 September 2021 <i>HK\$'000</i> (Unaudited)	31 March 2021 <i>HK\$'000</i> (Audited)
Bank deposits (<i>Note 16</i>)	14,249	8,802
Unlisted fund investments (<i>Note 13</i>)	<u>38,373</u>	<u>34,097</u>
	<u>52,622</u>	<u>42,899</u>

23 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

- (a) During the period ended 30 September 2021 and 2020, some of the Group's banking facilities in respect of credit card and instalment sales arrangement was secured by pledged bank deposits, listed equity securities and unlisted fund investments as set out in Note 13, 16 and 22.
- (b) Details of key management compensations are disclosed as below:

	Six months ended 30 September 2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Unaudited)
Salaries and other benefits	20,093	14,091
Share-based payment	<u>4,583</u>	<u>3,464</u>
	<u>24,676</u>	<u>17,555</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Perfect Medical Health Management Limited (the “Company”) together with its subsidiaries (collectively, the “Group”) is pleased to announce its interim results for the six months ended 30 September 2021 (“FY2021/22 interim”).

The outbreak of COVID-19 has posed unprecedented challenges to businesses around the world. Businesses across different industries have inevitably been affected. Social distance restrictions and other precautionary measures have resulted in different levels of business interruptions. 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 services to its customers, in order to reduce the impact of the pandemic on its business and to turn adversity into opportunities.

During the FY2021/22 interim, the Group’s revenue increased by 57.2% year-on-year to HK\$801.6 million (FY2020/21 interim: HK\$509.8 million). Profit attributable to equity holders of the Company substantially increased by 59.6% year-on-year to HK\$216.4 million (FY2020/21 interim: HK\$135.6 million). The Group maintained a stable cash position with considerable operating flexibility to address market challenges. Earnings before interest, tax, depreciation of property, plant and equipment and right-of-use assets and amortization (“EBITDA”) increased by 48.9% year-on-year to HK\$377.2 million (FY2020/21 interim: HK\$253.4 million). Basic earnings per share increased to HK17.7 cents compared with HK12.1 cents for the previous period.

Hong Kong Operation

During the FY2021/22 interim, revenue generated from the Hong Kong market increased by 91.1% year-on-year to HK\$627.5 million (FY2020/21 interim: HK\$328.3 million), accounting for 78.3% of the Group’s total revenue (FY2020/21 interim: 64.4%).

The increase in revenue was mainly due to the increased average spending per customer and the contribution from the continued strong growth of medical healthcare services. The Group has been closely examining the market trends and enriching its one-stop “Medical Beauty + Healthcare” platform to cater for different preferences of customers and enhance customers’ long term stickiness and lifetime value.

Despite a challenging business environment brought about by the pandemic and macroeconomic uncertainties, the Group believes that the domestic market has bottomed out as the pandemic situation is expected to become more stable. The Group has adopted a proactive approach towards client engagement so as to retain loyal customers. This has involved directing greater efforts towards medical beauty and healthcare services, which have been enthusiastically received by customers. As a result, the Group's business achieved a substantial growth during FY2021/22 interim.

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 medical beauty and healthcare sector. The Group will seek to boost the synergies among healthcare and medical related businesses in the Group's one-stop "Medical Beauty + Healthcare" platform.

Overseas Operation

During the FY2021/22 interim, revenue generated from Mainland China, Macau, Australia and Singapore markets recorded a slight decrease of 4.1% year-on-year to HK\$174.1 million (FY2020/21 interim: HK\$181.5 million), accounting for 21.7% of the Group's total revenue (FY2020/21 interim: 35.6%). Although it recorded a growth in the revenue from Mainland China during FY2021/22 interim, the overall revenue from overseas operation still recorded a slight decrease because the service centers' performance in Macau and Australia were severely disrupted by the lockdown and closure imposed by local governments.

Amid the challenging conditions, the Group has remained agile and attentive towards strengthening the relationships with its customers and addressing their medical beauty and healthcare needs with services that exceed customer expectations. In the coming years, the Group will continue to look for any merger and acquisition opportunities in Australia, Singapore and Mainland China apart from greenfield developments.

FINANCIAL PERFORMANCE

Revenue

The Group's revenue increased by 57.2% to HK\$801.6 million for the six months ended 30 September 2021, compared to HK\$509.8 million for the same period of last year. The Hong Kong operation was the largest geographical operating segment of the Group in the period under review, which accounted for about 78.3% of the Group's turnover (FY2020/21 interim: 64.4%). Sales from Hong Kong region increased by 91.1% to approximately HK\$627.5 million during the six months ended 30 September 2021 (FY2020/21 interim: HK\$328.3 million). Sales from Mainland China, Macau, Australia and Singapore region slightly decreased by 4.1% to approximately HK\$174.1 million during the six months ended 30 September 2021 (FY2020/21 interim: HK\$181.5 million).

Marketing Expenses

Marketing expenses increased by HK\$32.2 million or 44.2% to HK\$105.1 million (FY2020/21 interim: HK\$72.9 million). Marketing expenses as a percentage of revenue has effectively maintained at approximately 13.1% (FY2020/21 interim: 14.3%). The purpose of spending on marketing was primarily on raising our brand awareness and promoting our medical beauty and healthcare services to enhance customer engagement. Our marketing strategies have proven to be successful in regard to the impressive business performance achieved during the FY2021/22 interim.

Expenses Related to Leases of Stores and Office

These expenses related to the leased properties in Hong Kong, Mainland China, Macau, Australia and Singapore are primarily incurred for the operations of service centres and office premises. Such service centres are located in prime commercial districts for effective market penetration. Under adoption of HKFRS 16, leases amounts recognised in the consolidated statement of comprehensive income has been divided into three major elements (i) HK\$1.3 million as expenses related to short-term leases of stores and offices; (ii) HK\$69.0 million in depreciation charge; and (iii) HK\$8.2 million in finance interest expense on lease liabilities.

Operating Lease Rentals

Under previous principles of HKAS 17 "Leases", operating lease rentals increased by HK\$13.5 million, or 28.0%, from HK\$48.3 million to HK\$61.8 million (excluding the effect on the adoption of HKFRS 16) when compared with the same period of last year. The increase was due to a newly set-up Singapore service centre and also expansion of service centres in Hong Kong, Mainland China and Australia. Aiming to enhance the future growth of the Group, the Group will periodically review the expansion plan of service area to enhance customers' experience.

Profit and Profit Margin

Net profit for the period substantially increased by 59.6% to HK\$216.4 million from HK\$135.6 million in the same period of last year. The Group's net profit margin for the period was maintained at 27.0% (FY2020/21 interim: 26.6%). Basic earnings per share were HK17.7 cents (FY2020/21 interim: HK12.1 cents).

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 September 2021 was HK\$850.4 million (as at 31 March 2021: HK\$684.8 million). The Group generally finances its operation with internally generated cash flows. The Group had bank and cash balance of approximately HK\$655.7 million (as at 31 March 2021: HK\$498.8 million). The Group had no external bank borrowings as at 30 September 2021 (as at 31 March 2021: nil). As at 30 September 2021, the Group had net current assets of approximately HK\$220.2 million (as at 31 March 2021: HK\$94.3 million). The gearing ratio as at 30 September 2021 was nil (as at 31 March 2021: nil), calculated as total borrowing over shareholder's equity.

Cash generated from operations in the six months ended 30 September 2021 was approximately HK\$359.3 million (FY2020/21 interim: HK\$341.5 million). With bank and cash balances presently on hand, the Group's liquidity position remains strong and has sufficient financial resources to finance its commitments and to meet its working capital requirements.

Capital Commitments

Please refer to note 21 to the financial statements for details of capital commitments.

Contingent Liabilities

As at 30 September 2021, the Group did not have any significant contingent liabilities.

Subsequent Event

On 18 October 2021, the Company allotted and issued 18,493,507 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 7 September 2021.

Foreign Exchange Exposure

The Group principally engages its business operation in Hong Kong, Macau, Mainland China, Australia and Singapore. The Group has subsidiaries operating in Mainland China, Macau, Australia and Singapore, in which most of their transactions are denominated and settled in Chinese Renminbi (“RMB”), Macau Patacas (“MOP”), Australian dollar (“AUD”) and Singapore dollar (“SGD”). In respect of transactions settled in RMB, MOP, AUD and SGD, the Group did not have significant exposure to foreign exchange rate risk during the period 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.

Significant Acquisition

During the six months ended 30 September 2021, there was no significant acquisition by the Group.

Treasury Policy

The Group adopts a prudent approach in treasury and investment activities. The Group’s surplus funds are mainly invested in fixed and saving deposits in renowned banks, unit trusts as well as listed equity securities in Hong Kong and the United States as long-term investments. As at 30 September 2021, there was HK\$38.4 million (as at 31 March 2021: HK\$34.1 million) financial assets at fair value through profit or loss and HK\$265.4 million (as at 31 March 2021: HK\$309.1 million) financial asset at fair value through other comprehensive income of the Group.

Charges on the Group’s Assets

As at 30 September 2021, some of the Group’s banking facilities in respect of credit card and instalment sales arrangement was secured by pledged bank deposits and financial assets at fair value through profit or loss as set out in Note 22.

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 employees and recognizes the importance of retaining qualified staff to achieve continuous success. The Group had 1,414 employees as at 30 September 2021. During the period under review, total staff cost accounted for approximately 29.9% of the Group’s revenue. Based on the performance and experiences of each employee, the Group’s remuneration policy is in line with the prevailing market practices. The Group will constantly review staff remuneration package to maintain its competitiveness in the labor market.

Material Acquisition and Disposal

Save as disclosed in this announcement, there was no material acquisition and disposal processed by the Group during the period.

Future Plans for Material Investments or Capital Assets

Save as disclosed in this announcement, the Group had no other future plans for material investments or capital assets.

PROSPECTS

Almost two years after the outbreak of the coronavirus pandemic, the global economy is experiencing a recovery in 2021. During the interim FY2021/22, the Group's business outperformed and recorded a significant increase in net profit by 59.5% compared with last period. To cope with the rising awareness of healthcare and the increasing demand for reputable brands for medical beauty services, the Group has transformed itself into a one-stop "Medical Beauty + Healthcare" service provider. This new and expanding ecosystem will allow the Group to better serve its customers and create synergy between segments in medical beauty and healthcare, so as to further reinforce the Group's presence in the blue ocean market.

Hong Kong Business

Earlier this year, the Group has seized opportunity to expand three of its services centers in prime locations, namely Tsim Sha Tsui, Shatin and Central, to mega medical centers with a total size of over 47,000 ft², in preparation for the recovery of the market. On top of the Group's famous non-invasive medical beauty services, the mega centers have begun providing specialty medical services such as pain management and hair growth to capture the local market rebound. With the world-class medical and beauty equipment, these one-stop centers have provided its customers with all-round medical services, premium healthcare experience and great convenience, thus creating stronger bonding with customers. Visiting Perfect Medical's centers has become a routine for most of its customers.

With Hong Kong government's efforts in controlling the pandemic, the border with the Mainland China is expected to reopen soon. Hong Kong will be a preferred offshore destination for Mainland Chinese tourists due to the proximity, as well as the shopping and service variety and quality assurance. Leveraging the established "Perfect Medical" brand and its reputation for premium quality and reliable services, together with its extensive service network in prime locations in Hong Kong, the Group has the utmost confidence to capture the enormous market opportunity from the tourists who look for high-end medical and beauty services, particularly from the Guangdong-Hong Kong-Macao Greater Bay Area, when the border reopens.

Hong Kong has been the primary business location for the Group and the pilot base of its “Medical Beauty + Healthcare” pioneering business model. With accumulated experience and expertise in the local market, the Group is in good progress to replicate its successful model to other cities for a global expansion.

Mainland China Business

Positioned as a top-tier service provider in Mainland China, Perfect Medical is expanding the service scope of its centers to “Medical Beauty + Healthcare”, starting with Guangzhou and Shanghai. Under Mainland China’s “dual circulation” strategy, the Group is expected to benefit from the domestic consumption upgrade in pursuit of higher living standard and health consciousness. With the long-established reputation for high-end quality and safe beauty services, the expansion of service scope will create wider spectrum of values for its customers.

Recently, the Chinese government has issued new guidelines to regulate the medical aesthetic sector in various aspects. As a non-invasive medical beauty player fully comply with local laws and regulations, the Group believes that the new policies are good for the society and market as it would shut down irregular service providers that are harmful to consumers, and ultimately creating a more mature and healthy market for sustainable growth.

Overseas Business

Despite that the evolving situation of COVID-19 pandemic is expected to continue for a while in the overseas markets, the Group has been pushing forward its global expansion plan. Following the positive results from the Group’s first overseas medical beauty center in Sydney, additional service centers in Singapore and Sydney have been established. Affected by the city lockdown and pandemic control measures, additional service centers in Melbourne are still under renovation and is expected to be opened in January 2022. After the prolonged lockdown, the Group believes that the suppressed consumer power will be released and the Group is now well-positioned to capture the everlasting demand for wellness and beauty with its diversified and pioneering “Medical Beauty + Healthcare” solutions in the local communities.

Overall Outlook

Leveraging on the Group’s distinctive strategic positioning and business model, it will continue to develop its business and explore opportunities in medical beauty and healthcare areas, 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 medical beauty industry.

INTERIM DIVIDEND

The Board recommended a payment of an interim dividend of HK17.7 cents per share of the Company (the “Share”) for the six months ended 30 September 2021 to the shareholders of the Company (the “Shareholders”) whose name appear on the register of members of the Company on 17 December 2021. The proposed interim dividend will be paid on or around 10 January 2022.

OTHER INFORMATION

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Specific inquiry has been made to each of the Directors and all Directors have confirmed that they have complied with the Model Code during the six months period ended 30 September 2021.

Closure of Register of Members

The register of members of the Company will be closed from 15 December 2021 to 17 December 2021 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the interim dividend, all transfers of Shares, accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Center, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 14 December 2021.

Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under

such provisions of the SFO) or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Directors	Nature of interest	Number of ordinary shares	Number of underlying shares held pursuant to share options	Percentage of the total number of shares of the Company (Note 2)
Dr. Au-Yeung Kong	Beneficial owner	87,513,568 (L)	—	72.23%
	Interest of controlled corporation (Note 1)	795,582,328 (L)		
Ms. Au-Yeung Wai	Interest of controlled corporation (Note 1)	795,582,328 (L)	—	65.07%
Ms. Au-Yeung Hung	Beneficial owner	19,132,000 (L)	—	66.64%
	Interest of controlled corporation (Note 1)	795,582,328 (L)		

(L): Long position

Notes:

1. The 795,582,328 Shares are held by Sure Sino Investments Limited, among which 156,275,100 Shares are held through its wholly-owned subsidiary Market Event Holdings Limited and 204,578,313 Shares are held through its wholly-owned subsidiary Earlsong Holdings Limited, respectively. Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung beneficially own the entire issued share capital of Sure Sino Investments Limited. By virtue of the SFO, Dr. Au-Yeung Kong, Ms. Au-Yeung Wai and Ms. Au-Yeung Hung are deemed to be interested in the 795,582,328 Shares held by Sure Sino Investments Limited.
2. The calculation of percentage is based on the total number of shares of the Company as at 30 September 2021, which was 1,222,472,393.

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Right to Acquire Shares or Debentures

Apart from as disclosed under the sections headings "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation" above and "Share Option Scheme" below, at no time during the six months ended 30 September 2021 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Competing Interest

During the period under review and last financial year, none of the Directors, management shareholders and substantial shareholders of the Company, or their respective associate (as defined in the Listing Rules) had any interest in any business which compete or may co-operate with the business of the Group.

During the period under review and last financial year, confirmations were provided by or obtained from the Directors and the controlling shareholders to ensure that none of them was engaged in the competing business. The Directors and the controlling shareholders had participated in training or reading materials to understand their obligation with respect to the competing business. The independent non-executive Directors also reviewed the controlling shareholders' compliance with the non-competition undertakings.

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September 2021, other than the interests of certain Directors and chief executives of the Company as disclosed under the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, persons who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of issued ordinary shares held	Percentage of the total number of shares of the Company (Note 2)
Sure Sino Investments Limited	Beneficial owner	434,728,915 (L)	35.56%
	Interest of controlled corporation (Note 1)	360,853,413 (L)	29.51%
Earlson Holdings Limited (Note 1)	Beneficial owner	204,578,313 (L)	16.73%
Market Event Holdings Limited (Note 1)	Beneficial owner	156,275,100 (L)	12.78%

(L): Long position

Notes:

1. Sure Sino Investments Limited beneficially owns the entire issued share capital of Earlson Holdings Limited and Market Event Holdings Limited. By virtue of the SFO, Sure Sino Investments Limited is deemed to be interested in the 204,578,313 Shares held by Earlson Holdings Limited and 156,275,100 Shares held by Market Event Holdings Limited, respectively.
2. The calculation of percentage is based on the total number of shares of the Company as at 30 September 2021, which was 1,222,472,393.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or any other substantial Shareholders whose interests or short positions were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

The share option scheme of the Company (the “Share Option Scheme”) adopted by the Shareholders on 13 August 2021 for the purpose of providing the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

Details of the share options movements during the six months ended 30 September 2021 under the Share Option Scheme are as follows:

Name or category of grantees	Date of grant of share options	Exercise price (HK\$)	Exercise period	Number of share options						
				Balance as at 01.04.2021	Granted during the period	Exercised during the period	Lapsed during the period	Canceled during the period	Balance as at 30.09.2021	
Directors										
Dr. Au-Yeung Kong	18/08/2021 (Note 1)	HK\$7.052	18/08/2021–17/08/2024 (Note 3)	—	709,000	709,000 (Note 4)	—	—	—	
Ms. Au-Yeung Wai	08/07/2021 (Note 2)	HK\$10.140	08/07/2021–07/07/2024 (Note 3)	—	493,000	493,000 (Note 5)	—	—	—	
Ms. Au-Yeung Hung	08/07/2021 (Note 2)	HK\$10.140	08/07/2021–07/07/2024 (Note 3)	—	493,000	493,000 (Note 5)	—	—	—	
Total				—	1,695,000	1,695,000	—	—	—	

Notes:

1. The closing price of the shares immediately before 18 August 2021, on which those options were granted, was HK\$6.817.
2. The closing price of the Shares immediately before 8 July 2021, on which those options were granted, was HK\$10.633.
3. The options shall be exercisable immediately on the Date of Grant.
4. The weighted average closing price of the Shares immediately before the date on which the share options were exercised by Dr. Au-Yeung Kong was HK\$6.96.
5. The weighted average closing price of the Shares immediately before the date on which the share options were exercised by Ms. Au-Yeung Wai and Ms. Au-Yeung Hung was HK\$10.14.

The estimate fair value of the share options granted during the six months ended 30 September 2021 was approximately HK\$4,583,000. The estimated fair value of the share options granted was measured using Black-Scholes option pricing model with the fair value per share option of HK\$2.70, taking into account the terms and conditions upon which the options were granted. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of a share option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of a share option.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 September 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has complied with all the code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the “CG Code”) throughout the six months ended 30 September 2021 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 should be separate and should not be performed by the same individual. During the six months ended 30 September 2021, Dr. Au-Yeung Kong has been performed as both the chairman of the Board (the “Chairman”) and the chief executive officer of the Company (the “Chief Executive Officer”); therefore, the Group does not at present separate the roles of the Chairman and the Chief Executive Officer.

The Board considered that Dr. Au-Yeung Kong has in-depth knowledge and experience in the medical beauty and healthcare industry and is the appropriate person to manage the Group. Therefore, the roles of the Chairman and the Chief Executive Officer 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 a candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make necessary arrangements.

Audit Committee

The audit committee of the Company (the “Audit Committee”) was established on 5 December 2011 with the latest written terms of reference which were revised on 28 December 2019 in compliance with the CG Code and are 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, Ms. Cho Yi Ping and Mr. Chi Chi Hung, Kenneth. 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 financial reporting matters, including the review of the unaudited interim results for the six months ended 30 September 2021.

Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established on 5 December 2011 with written terms of reference which were revised on 20 March 2012 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration, make recommendations to the Board on the remuneration of non-executive Directors and the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, which include any compensation payable for loss or termination of their office or appointment.

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Chi Chi Hung, Kenneth, Ms. Hsu Wai Man, Helen and Ms. Cho Yi Ping and two executive Directors, namely, Dr. Au-Yeung Kong and Ms. Au-Yeung Wai. Mr. Chi Chi Hung, Kenneth is the chairman of the Remuneration Committee.

Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) was established on 5 December 2011 with the latest written terms of reference which were revised on 28 December 2019 in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board succession, assess the independence of independent non-executive Directors and review the board diversity policy and the policy for the nomination of Directors.

The Nomination Committee comprises three independent non-executive Directors, namely, Ms. Cho Yi Ping, Mr. Chi Chi Hung, Kenneth and Ms. Hsu Wai Man, Helen and two executive Directors, namely, Dr. Au-Yeung Kong and Ms. Au-Yeung Wai. Ms. Cho Yi Ping is the chairman of the Nomination Committee.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the Company's website (www.perfectmedical.com) and the Stock Exchange's website (www.hkex.com.hk). The 2021/22 Interim Report containing all the information required by the Listing Rules will be dispatched 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, 29 November 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.