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**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 2022**

**AND**

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**AND**

**ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**

**FINANCIAL HIGHLIGHTS**

- The Group's revenue for FY2022 was approximately HK\$1,121.8 million, representing an increase of approximately 71.3% as compared with that for FY2021.
- Gross profit for FY2022 was approximately HK\$659.7 million, representing an increase of approximately 75.1% from FY2021. Gross profit margin slightly increased from approximately 57.5% for FY2021 to 58.8% for FY2022.
- The Group's profit attributable to owners of the Company for FY2022 was approximately HK\$375.3 million, representing an increase of approximately HK\$230.9 million or approximately 159.8% as compared to approximately HK\$144.5 million for FY2021.
- Basic earnings per share for FY2022 amounted to approximately HK98.9 cents (FY2021: approximately HK38.1 cents).
- The Board proposed declaration of final dividend of HK30 cents for FY2022 (FY2021: HK12 cents).

The board (the “**Board**”) of directors (the “**Directors**”) of Human Health Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the year ended 30 June 2022 (“**FY2022**”), 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 2021 (“**FY2021**”) as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*Year ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>REVENUE</b>	4	<b>1,121,793</b>	654,712
Cost of services rendered		<u>(462,108)</u>	<u>(278,023)</u>
Gross profit		<b>659,685</b>	376,689
Other income and gains	4	<b>32,321</b>	26,915
Administrative expenses		<b>(241,833)</b>	(230,625)
Other losses		–	(2,217)
Finance costs	6	<b>(2,934)</b>	(2,932)
Share of profits/(losses) of an associate		<u>(1,977)</u>	<u>990</u>
<b>PROFIT BEFORE TAX</b>	5	<b>445,262</b>	168,820
Income tax expense	7	<u>(69,953)</u>	<u>(24,367)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>375,309</b></u>	<u>144,453</u>

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>OTHER COMPREHENSIVE INCOME</b>			
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, net		<b>2,224</b>	(751)
Gain on disposal of a financial assets 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		<u>(240)</u>	<u>855</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>1,984</b></u>	<u>6,402</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>377,293</b></u>	<u>150,855</u>
Profit attributable to:			
Owners of the Company		<u><b>375,309</b></u>	<u>144,453</u>
Total comprehensive income attributable to:			
Owners of the Company		<u><b>377,293</b></u>	<u>150,855</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic	8	<u><b>HK98.9 cents</b></u>	<u>HK38.1 cents</u>
Diluted		<u><b>HK98.9 cents</b></u>	<u>HK38.1 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		224,378	65,343
Investment properties		27,300	–
Goodwill		31,964	31,964
Other intangible assets		5,379	6,990
Investment in an associate		1,175	3,216
Financial assets at fair value through other comprehensive income		11,285	9,016
Financial assets at fair value through profit or loss		83,125	57,604
Deposits and other receivables		37,139	18,411
Deferred tax assets		4,936	3,972
Total non-current assets		<u>426,681</u>	<u>196,516</u>
<b>CURRENT ASSETS</b>			
Inventories		18,329	13,961
Trade receivables	9	422,336	233,486
Prepayments, deposits and other receivables		18,887	20,418
Tax recoverable		–	693
Pledged deposits		2,049	2,049
Cash and cash equivalents		<u>270,332</u>	<u>145,265</u>
Total current assets		<u>731,933</u>	<u>415,872</u>

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>10</i>	<b>40,375</b>	34,191
Other payables and accruals		<b>77,361</b>	59,925
Lease liabilities		<b>39,248</b>	41,756
Contract liabilities		<b>5,717</b>	7,397
Interest-bearing bank borrowings		<b>42,216</b>	11,659
Tax payables		<b>96,177</b>	30,389
		<hr/>	<hr/>
Total current liabilities		<b>301,094</b>	185,317
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>430,839</b>	230,555
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>857,520</b>	427,071
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Other long term payables		<b>7,681</b>	1,943
Lease liabilities		<b>107,006</b>	13,661
Deferred tax liabilities		<b>887</b>	1,336
		<hr/>	<hr/>
Total non-current liabilities		<b>115,574</b>	16,940
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>741,946</b>	410,131
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>3,796</b>	3,796
Reserves		<b>738,150</b>	406,335
		<hr/>	<hr/>
Total equity		<b>741,946</b>	410,131
		<hr/> <hr/>	<hr/> <hr/>

## 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 12th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, 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 immediate 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, financial assets at fair value through profit or loss and investment properties 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 2022. 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, *Interest Rate Benchmark Reform – Phase 2*  
HKFRS 4 and HKFRS 16

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had interest-bearing bank borrowings denominated in HK\$ based on the Hong Kong Interbank Offered Rate as at 30 June 2022. The Group expects that Hong Kong Interbank Offered Rate (“HIBOR”) will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

### 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 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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Segment revenue</b>								
Revenue from external customers	954,143	468,974	104,419	126,184	63,231	59,554	1,121,793	654,712
Intersegment sales	2,648	3,146	6,011	7,208	14	38	8,673	10,392
							1,130,466	665,104
<i>Reconciliation</i>								
Elimination of intersegment sales							(8,673)	(10,392)
							<u>1,121,793</u>	<u>654,712</u>
<b>Segment results</b>	<b>489,028</b>	215,387	(677)	(8,254)	8,303	6,824	496,654	213,957
<i>Reconciliation</i>								
Interest income							199	293
Corporate and unallocated income							28,943	18,162
Corporate and unallocated expenses							(78,081)	(64,284)
Finance cost							(476)	(298)
Share of profits/losses from an associate							(1,977)	990
Profit before tax							445,262	168,820
Income tax expense	(69,372)	(24,440)	(173)	(2,190)	(408)	2,263	(69,953)	(24,367)
Profit for the year							<u>375,309</u>	<u>144,453</u>
<b>Segment assets</b>	<b>712,305</b>	379,562	161,705	62,494	63,685	52,296	937,695	494,352
<i>Reconciliation</i>								
Elimination of intersegment receivables							(53,121)	(41,857)
Corporate and other allocated assets							274,040	159,893
Total assets							<u>1,158,614</u>	<u>612,388</u>

	General practice services		Specialties services		Dental services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment liabilities</b>	<b>196,835</b>	116,754	<b>154,130</b>	58,625	<b>26,116</b>	20,730	<b>377,081</b>	196,109
<i>Reconciliation</i>								
Elimination of intersegment payables							(53,121)	(41,857)
Corporate and other allocated liabilities							<u>92,708</u>	<u>48,005</u>
Total liabilities							<u><b>416,668</b></u>	<u>202,257</u>
<b>Other segment information</b>								
Depreciation	<b>35,294</b>	38,331	<b>10,308</b>	12,275	<b>5,996</b>	6,516	<b>51,598</b>	57,122
Unallocated depreciation							<u>9,865</u>	<u>8,865</u>
Total liabilities							<u><b>61,463</b></u>	<u>65,987</u>
Amortisation of other intangible assets	<b>737</b>	736	<b>346</b>	347	<b>528</b>	528	<b>1,611</b>	1,611
Impairment of trade receivables, net	<b>108</b>	92	<b>989</b>	10,563	<b>2</b>	–	<b>1,099</b>	10,655
Impairment of property, plant and equipment	<b>10,957</b>	–	–	–	–	–	<b>10,957</b>	–
Loss/(gain) on disposal of items of property, plant and equipment, net	<b>1</b>	38	<b>9</b>	2,538	–	(5)	<b>10</b>	2,571
Unallocated gain on disposal of items of property, plant and equipment, net							<u>(40)</u>	<u>–</u>
							<u>(30)</u>	<u>2,571</u>
Finance costs	<b>1,305</b>	1,881	<b>814</b>	271	<b>190</b>	126	<b>2,309</b>	2,278
Unallocated finance costs							<u>625</u>	<u>654</u>
							<u><b>2,934</b></u>	<u>2,932</u>
Capital expenditures #	<b>5,407</b>	1,320	<b>635</b>	1,659	<b>350</b>	665	<b>6,392</b>	3,644
Unallocated capital expenditures #							<u>75,443</u>	<u>1,116</u>
							<u><b>81,835</b></u>	<u>4,760</u>

# Capital expenditures consist of additions to property, plant and equipment, other than right-of-use assets of properties.

## 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 2022, 53.3% (2021: 35.2%) of the Group's total revenue was derived from a single customer of the general practice services segment.

## 4. REVENUE, OTHER INCOME AND GAINS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue</b>		
Integrated healthcare services income	1,121,793	650,848
Trading of wellness related products	—	3,864
	<u>1,121,793</u>	<u>654,712</u>

### (i) Disaggregated revenue information

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Types of goods and services</b>		
General practice services	954,143	468,974
Specialties services	104,419	122,320
Dental services	63,231	59,554
Trading of wellness related products	—	3,864
	<u>1,121,793</u>	<u>654,712</u>

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 and recognised from performance obligations satisfied in previous periods:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Integrated healthcare services income	<u>4,909</u>	<u>1,016</u>

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 or 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 goods.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>At end of year</b>		
Expected to be recognised within one year	<u>5,717</u>	<u>7,397</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other income and gains</b>		
Bank interest income	199	293
Fair value gain of financial assets at fair value through profit or loss	25,521	4,851
Fair value gain of investment properties	959	–
Government subsidies	2,582	16,540
COVID-19-related rent concession from lessors	2,543	5,092
Rental income from investment properties	261	–
Others	<u>256</u>	<u>139</u>
	<u>32,321</u>	<u>26,915</u>

The Group recognised government subsidies of approximately HK\$2,275,000 (2021: HK\$16,540,000) in respect of Coronavirus Disease 2019 (“COVID-19”) related subsidies, of which are related to Employment Support Scheme (“ESS”) and Retail Sector Subsidy Scheme under 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 employees. As at the end of the reporting period, there were no unfulfilled conditions or other contingencies attaching to the government subsidies that had been recognised by the Group.

## 5. PROFIT BEFORE TAX

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

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Cost of pharmaceutical supplies	140,899	74,477
Fees payable to doctors and dentists	167,231	159,173
Laboratory expenses	3,821	7,220
Depreciation charge ( <i>note i</i> )	61,463	65,987
Amortisation of other intangible assets ( <i>note i</i> )	1,611	1,611
Fair value loss of financial assets at fair value through profit or loss (include in other losses)	–	2,217
(Gain)/loss on disposal of items of property, plant and equipment	(30)	2,579
Auditor’s remuneration	1,606	1,344
Employee benefit expense (excluding directors’ remuneration):		
Wages and salaries	103,534	103,232
Equity-settled share option expense	44	111
Pension scheme contributions (defined contribution schemes) ( <i>note iii</i> )	3,825	4,561
	<u>107,403</u>	<u>107,904</u>
Impairment of trade receivables, net ( <i>note i</i> )	1,099	10,655
Impairment of property, plant and equipment ( <i>note i</i> )	10,957	–
Write down of inventories to net realisable value ( <i>note ii</i> )	<u>58</u>	<u>110</u>

*Note:*

- (i) The depreciation charge, amortisation of other intangible assets, impairment of trade receivables, net and impairment of property, plant and equipment 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.
- (iii) As at 30 June 2022 and 2021, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank borrowings	476	298
Interest on lease liabilities	2,426	2,634
Interest in discounted amounts of provision for reinstatement costs arising from the passage of time	<u>32</u>	<u>–</u>
	<u><b>2,934</b></u>	<u><b>2,932</b></u>

## 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% (2021: 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 (2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 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 (2021: Nil).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current		
Charge for the year	71,370	26,730
(Overprovision)/underprovision in prior years	(4)	218
Deferred	<u>(1,413)</u>	<u>(2,581)</u>
Total tax charge for the year	<u><b>69,953</b></u>	<u><b>24,367</b></u>

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$375,309,000 (2021: HK\$144,453,000), and the weighted average number of ordinary shares of 379,552,000 (2021: 379,552,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 30 June 2022 and 2021 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

## 9. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	434,090	244,141
Impairment	<u>(11,754)</u>	<u>(10,655)</u>
	<u><b>422,336</b></u>	<u><b>233,486</b></u>

Most of the patients of the medical and dental practices settle in cash and credit cards. Payments by patients using medical cards or corporate customers will normally be settled within 1 to 6 months. The Group allows an average credit period of 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.

There is a certain concentration of credit risk. The total trade receivable due from the Group's largest debtor as at 30 June 2022 and 2021 accounted for 86% and 82% of the Group's total trade receivables, respectively, while 94% and 92% of the total trade receivables were due from the five largest debtors as at 30 June 2022 and 2021, respectively.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 2 months	131,565	114,734
2 to 4 months	146,392	107,246
4 to 6 months	139,920	7,977
Over 6 months	<u>4,459</u>	<u>3,529</u>
	<u><b>422,336</b></u>	<u><b>233,486</b></u>

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
At beginning of year	<b>10,655</b>	–
Impairment losses, net	<u><b>1,099</b></u>	<u>10,655</u>
At end of year	<u><b>11,754</b></u>	<u>10,655</u>

## 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:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Within 1 month	<b>27,057</b>	27,586
1 to 3 months	<b>12,543</b>	6,515
Over 3 months	<u><b>775</b></u>	<u>90</u>
	<u><b>40,375</b></u>	<u>34,191</u>

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

The trade payables of the Group included fee payable to doctors and dentists who are related parties of the Group for the amount of HK\$1,794,000 (2021: HK\$5,744,000).

## 11. DIVIDEND

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Proposed final dividend – HK30 cents (2021: HK12 cents) per ordinary share	<u><b>113,866</b></u>	<u>45,546</u>

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 FY2022

#### 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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>	% of change
General practice services	<b>954,143</b>	468,974	103.5%
Specialties services	<b>104,419</b>	126,184	-17.2%
Dental services	<b>63,231</b>	59,554	6.2%
	<b><u>1,121,793</u></b>	<b><u>654,712</u></b>	71.3%

In FY2022, our Group recorded revenue amounted to approximately HK\$1,121.8 million, representing an increase of approximately 71.3% as compared with that for FY2021.

Our revenue from general practice services increased by approximately HK\$485.2 million or 103.5% from FY2021 to approximately HK\$954.1 million for FY2022. The increase was mainly attributed to the continuous increase in demand for the preventive, testing, vaccination and outreach services including the Coronavirus Disease 2019 (“**COVID-19**”) related services.

Our revenue from specialties services decreased by approximately HK\$21.8 million or 17.2% from FY2021 to approximately HK\$104.4 million for FY2022. The decrease was mainly attributable to the decrease in patient visits of the specialties services.

Our revenue from dental services increased by approximately HK\$3.7 million or 6.2% from FY2021 to approximately HK\$63.2 million for FY2022. The increase was mainly attributable to the increase in average spending per visit of the dental services.

### ***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, other direct cost, cost of pharmaceutical supplies and laboratory expenses. The following table sets forth the breakdown of our cost of services rendered:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>	% of change
Fees payable to doctors and dentists	<b>167,231</b>	159,173	5.1%
Other direct cost	<b>150,099</b>	37,043	305.2%
Cost of pharmaceutical supplies	<b>140,899</b>	74,477	89.2%
Laboratory expenses	<b>3,821</b>	7,220	-47.1%
Write-down of inventories to net realisable value	<b>58</b>	110	-47.3%
	<b><u>462,108</u></b>	<u>278,023</u>	66.2%

Our cost of services rendered increased by approximately HK\$184.1 million or 66.2% from FY2021 to approximately HK\$462.1 million for FY2022. The increase was mainly due to the increase in other direct cost such as hiring of contract professional staff and the increase in cost of pharmaceutical supplies as a result of the increase in revenue generated from preventive, testing, vaccination and outreach services for FY2022.

### ***Gross profit and gross profit margin***

Our gross profit increased by approximately HK\$283.0 million or 75.1% from FY2021 to approximately HK\$659.7 million for FY2022 as a result of the increase in revenue. Our gross profit margin increased from approximately 57.5% for FY2021 to approximately 58.8% for FY2022 due to increase in proportion of revenue contributed by general practice services with higher gross profit margin.

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

	<b>Year ended 30 June</b>			
	<b>2022</b>		<b>2021</b>	
	<i><b>HK\$'000</b></i>	<i><b>Gross profit margin %</b></i>	<i><b>HK\$'000</b></i>	<i><b>Gross profit margin %</b></i>
General practice services	<b>595,608</b>	<b>62.4%</b>	306,780	65.4%
Specialities services	<b>38,623</b>	<b>37.0%</b>	46,556	36.9%
Dental services	<b>25,454</b>	<b>40.3%</b>	23,353	39.2%
	<b><u>659,685</u></b>	<b>58.8%</b>	<b><u>376,689</u></b>	57.5%

Our gross profit margin for general practice services decreased from approximately 65.4% for FY2021 to approximately 62.4% for FY2022 mainly as a result of the percentage increase in cost of services rendered being higher than the percentage increase in revenue of general practice services.

Our gross profit margin for specialities services remained stable and slightly increased from approximately 36.9% for FY2021 to approximately 37.0% for FY2022.

Our gross profit margin for dental services increased from approximately 39.2% for FY2021 to approximately 40.3% for FY2022 mainly due to the percentage increase in revenue being higher than the percentage increase in cost of services rendered of dental services.

### ***Other income and gains***

Our other income and gains increased by approximately HK\$5.4 million from FY2021 of approximately HK\$26.9 million to HK\$32.3 million for FY2022 mainly due to the increase in gain in the fair value change of financial assets at fair value through profit or loss of approximately HK\$20.7 million and offset by the decrease in subsidies provided by the Hong Kong Government under the Employment Support Scheme of approximately HK\$14.0 million.

### ***Administrative expenses***

Our administrative expenses increased by approximately HK\$11.2 million or 4.9% to approximately HK\$241.8 million for FY2022 from approximately HK\$230.6 million for FY2021 mainly due to (i) the increase in impairment of property, plant and equipment of approximately HK\$11.0 million; (ii) the increase in staff cost and directors' emolument of approximately HK\$6.2 million; (iii) the increase in donation of approximately HK\$3.5 million; and (iv) offset by the decrease in impairment of trade receivables of approximately HK\$9.6 million.

### ***Finance costs***

Our finance costs were approximately HK\$2.9 million for FY2022 (FY2021: HK\$2.9 million).

### ***Share of profits/losses of an associate***

Our share of losses of an associate was approximately HK\$2.0 million (FY2021: profits of approximately HK\$1.0 million) which was mainly due to the COVID-19 control measures adopted in Shanghai during the second half of FY2022.

### ***Income tax expense***

Income tax expense increased by approximately HK\$45.6 million from approximately HK\$24.4 million for FY2021 to approximately HK\$70.0 million for FY2022. The increase was mainly due to the increase in assessable income. Our effective rate increased from approximately 14.4% for FY2021 to approximately 15.7% for FY2022.

### ***Profit for the year***

As a result of the foregoing, profits for the year increased by approximately HK\$230.9 million from approximately HK\$144.5 million for FY2021 to approximately HK\$375.3 million for FY2022. Our net profit margin was approximately 33.5% and approximately 22.1% for FY2022 and FY2021 respectively.

## ***Profit attributable to owners of the Company***

The Group's profit attributable to owners of the Company was approximately HK\$375.3 million for FY2022 as compared to approximately HK\$144.5 million for FY2021. The increase in profit attributable to owners of the Company for FY2022 was primary due to (i) the increase in revenue of general practice services arising from the continuous increase in demand for the preventive, testing, vaccination and outreach services including COVID-19 related services; (ii) the increase in gross profit arising from the increase in revenue; and (iii) the offset by the increase in income tax expenses due to the increase in taxable income.

## **BUSINESS REVIEW AND OUTLOOK**

### **Business Review for FY2022**

During the first half of FY2022, the COVID-19 pandemic in Hong Kong seemed to be largely under control and thus the economy began to slowly improve. However, the fifth wave of pandemic raged during the second half of FY2022 with record high number of infection and death cases, which inevitably brought challenge to the Hong Kong's healthcare system and downward pressure on the economy owing to the implementation of stringent social distance measures by the Hong Kong Government. During such period of major outbreak, as one of the leading private healthcare service providers in Hong Kong, although we are facing huge challenges especially on the human resources planning, our whole team continued to provide full scale medical services in order to minimise the effect, worked closely with the Hong Kong Government and stayed at the forefront of the battle against the pandemic to safeguard the citizens in Hong Kong. Given that the COVID-19 caseload of Hong Kong surged in the second half of FY2022, the demand for COVID-19-related services and products significantly increased and remained high for FY2022 compared to that of FY2021. By continuously adopting innovative business strategies and seizing new development opportunities with well-equipped management, professional team and outreach team, the Group succeeded in boosting its market share, diversifying its scope of services, bolstering its leading position in the healthcare sector, and most importantly, delivering satisfactory results in FY2022. The Group managed to record revenues of approximately HK\$1,121.8 million for FY2022, representing an increase of approximately 71.3% as compared with that of FY2021, and the profit attributable to owners of the Company for FY2022 was approximately HK\$375.3 million, representing a significant increase of approximately 159.8% as compared with that of FY2021.

## **Significant Growth of General Practice Services**

During FY2022, the Group fully supported the anti-epidemic initiatives of the Hong Kong Government to fight against the prolonged pandemic. With an aim to address various expectations and demands from the community, the Group, during FY2022, while maintaining the stability of its existing services, proactively implemented new tactics by further expanding the scope of its general practice services to seize and grasp every market opportunity and possibility. To enhance its market share and better cope with the challenges brought by the fifth wave of pandemic in Hong Kong which occurred since January 2022, the Group has provided comprehensive services covering testing, vaccination, quarantine support and treatment, preventive, telemedicine, public to private outpatient and respective outreach services, as well as selling healthcare-related products and services through a variety of channels.

In regard to the provision of testing services, the Group provided the general public with a variety of testing alternatives throughout FY2022. Testing services were provided at all of the Group's medical centres with general practice services. Meanwhile, backed by its partnerships with the Hong Kong Government and other accredited organisations, the Group continued to provide COVID-19 testing services at various designated locations in Hong Kong. These locations include community testing centres, mobile testing stations, buildings subject to restricted testing declaration, hospitals, corporations, elderly homes and schools, with established mobile specimen collection vehicles and strong outreach team.

Regarding the provision of vaccination services, the Group provided COVID-19 vaccination services in all of its medical centres with general practice services and operated community vaccination centres in Tuen Mun, Kwun Tong and Yuen Long as well as public hospital vaccination stations at both Tuen Mun Hospital and Pok Oi Hospital. The Group debuted the first "COVID-19 Mobile Vaccination Station" in Hong Kong to provide the public, particularly people with limited mobility and the elderly, with flexible, convenient, and safe options for vaccination. The Group also provided outreach vaccination services to district health centres, corporations, elderly homes and schools. Besides, the Group also participated in the Vaccination Subsidy Scheme through offering flu vaccine, pneumococcal vaccine and promoted several vaccination programs, such as the HPV vaccine, the herpes zoster vaccine, and the osteoporosis vaccine.

During FY2022, the Group continued to proactively respond to and deploy extensive resources in the anti-epidemic programmes of the Hong Kong Government by the provision of quarantine support and treatment services. The Group provided medical services including onsite nursing station, over-night hotline services and doctor consultation services to workers in construction sites for Community Isolation Facilities ("CIFs"). Meanwhile, the Group provided 24-hour hotline services and onsite doctor consultation services to quarantined person at various CIFs.

In terms of the provision of preventive services, the Group continued to explore and increase numbers of health check package with competitive prices in response to different demands in the community. In addition to the conventional health check, the Group was aware of the rising demand for healthcare related and disease prevention services since the pandemic compels citizens to attach greater importance to healthcare and healthy lifestyle. In view of that, the Group continued to promote early detection services such as genetic cancer risk profile dementia and stroke risk assessment and deploy resources for the provision of health monitoring, health coaching and overall health enhancement programme through different channels with an aim to “Elevate Your Health Values, Elevate Your Life”.

To reinforce the Group’s development and business collaboration with the Hong Kong Government and other organisations as well as facilitate our out-patient and day procedure services, the Group participated in the Public Private Partnership Programme, Colorectal Cancer Screening Programme, and various community care related programmes. The Group has also joined The Jockey Club Affordable Outpatient Services Subsidy Scheme, aiming to provide affordable outpatient services to eligible patients who are the vulnerable groups in the community. In addition, the Group has been one of the healthcare service providers for district health centres (“DHCs”) and DHC express under the Pilot Public Private Partnership Programme for DHCs launched by the Hong Kong Government which aims to contribute to the health of the population through health promotion, disease prevention, disease management and supportive care. Moreover, particularly in light of the COVID-19 pandemic, the Group launched its telemedicine services to care the needs of various groups in the community. Through telemedicine, patients can receive medical consultation without attending medical centres in person. This also helps to alleviate the crowded situations in medical centres and support the home isolated people by offering drugs for treatment of COVID-19.

During FY2022, the Group’s sales of consumer goods as well as healthcare-related products and services maintained steady growth as a result of further strategic partnerships established with various organisations and professional bodies by the Group. Along with the conventional offline services, the Group took advantage of online business prospects and expanded its market penetration through online sales by optimising its online shopping platform and providing wider range of consumer goods and healthcare services to its corporate clients and general public. The products and services offered by the Group include health check packages, vaccinations, dietary advice, supplements, skin care items, and anti-epidemic products, etc. Moreover, the Group also provided medical and wellness information as well as healthcare tips through its website and major social media platforms to enhance the awareness of disease prevention and healthy lifestyle of the public.

## **Challenges in Specialties and Dental Segments**

Affected by the fifth wave of the pandemic, patients tended to delay non-urgent treatments resulting in the decrease in number of patient visits of both specialties and dental services.

In respect of specialties services, the pandemic hampered the development of the specialties services, the revenue of specialties services decreased by 17.2% as compared with that of FY2021 due to the decrease in number of patient visits. However, the Group is still confident on the growth potential and huge demand for the specialties services and shall invest extensive resources in upgrading and optimising facilities and infrastructure for the specialties services in the coming financial year.

In terms of dental services, the Group strived to develop high-end dental services during FY2022 and the revenue of dental services increased by 6.2% as compared with that of FY2021 due to the increase in average spending per visit. The Group will continue to optimise its dental services to meet the different needs of the public.

## **Investment in Information Technology (“IT”) Infrastructure and Optimisation of Stakeholders Engagement**

Apart from the continuous expansion and optimisation of current services network as well as the scope of services, throughout the years, the Group has been making effort on the investment in IT infrastructure and digital platform, as well as optimising stakeholders engagement and strengthening the diversion of customers by different means and multifold channels.

During FY2022, a digital registration programme has been launched by the Group to streamline the registration procedure, increase data security and accuracy, and improve customers’ service experience. Further, the Group promoted a membership programme for enhancing customer loyalty by providing customised healthcare solutions to its customers based on the comprehensive understanding on the specific needs of its customers through big data analysis. The Group has also ushered in and has deployed resources for the development of a next generation integrated clinic operating platform to manage its business engagement with customers (B2C), corporate partners (B2B) as well as the Hong Kong Government (B2G). Meanwhile, the Group is committed to provide a comprehensive and prosperous platform to retain and attract suitable professionals with its steady operational structure and centralised administrative management as well as well-established business infrastructure. On the other hand, the Group has established close relationship with different strategic partners comprising insurance companies, pharmaceuticals, logistic companies, telecommunication companies, innovative & technology companies and educational institutions, etc.

The enhancement of customer diversion and development of digital sales and marketing strategies with high accuracy by big data analytic platform enables the Group to conduct effective communication with its stakeholders, collect and analyse big data, deliver customised products and services to its customers, identify business opportunities, and ultimately increase its market share and stabilize its market leadership position.



## **Positive Prospect of People’s Republic of China (“PRC”) Business**

In view of the market conditions and the significant potential of the healthcare sector in the PRC, the Shanghai Human Health Integrated Medical Centre (上海盈健門診部) – the medical centre operated by the associate of the Group, had its expansion in October 2021. Although our share of loss in the associate amounted to approximately HK\$2 million in FY2022 which was mainly due to the COVID-19 control measures adopted in Shanghai during the second half of FY2022, the Group remained optimistic as to the market prospect and the huge potential for the healthcare and medical aesthetic business in the PRC. The Group always intensifies its effort to its development and seize emerging growing opportunities in Mainland China, as such, the Group had reassessed its business environment and business strategies and reallocated HK\$5.6 million of the unutilised net proceeds to the expansion in the PRC market. Such unutilised net proceeds are originally expected to be utilised by 30 June 2022. However, due to the COVID-19 control measure adopted in Shanghai during the second half of FY2022, the Group considered the expansion plan in the PRC market in FY2022 had to be postponed and therefore the unutilised net proceeds are expected to be utilised by 30 June 2023.

## **Organic Expansion through Successful Properties Acquisitions**

With the purpose of facilitating the development of the Group’s business, optimising its cost control measures as well as maximising its operational efficiency, the Group has successfully acquired two properties located at 12th whole floor and 20th floor of Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong as its headquarters and acquired three parking spaces in the same building (the “**Acquired Properties**”) during FY2022 and the acquisitions were completed on 30 November 2021 and 30 December 2021 respectively. Meanwhile, the Group would be entitled to the rental income under the existing tenancy of one of the Acquired Properties. The Board believed that acquiring the Acquired Properties will be conducive to secure and establish permanent headquarters, save future rental expenses and suit the Group’s growth and expansion plan as well. Details of the acquisitions were set out in the announcements dated 3 June 2021, 19 October 2021, 30 November 2021 and 30 December 2021.

## **Brand Recognitions and Affirmations**

The Group is proud that its efforts made during FY2022 has been recognised and is honoured to be granted numerous awards from various organisations. These awards include the “HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards (Medical and Health Services)” (香港回歸25周年企業貢獻大獎) by Metro Broadcast, the “HKIM Market Leadership” (市場領袖大獎) by the Hong Kong Institute of Marketing, the “Health Partnership Awards 2021” (2021健康同行夥伴大獎) by ET NET, the “Outstanding Corporate Social Responsibility Entrepreneur Award 2021” (2021卓越社會責任企業家大獎) by Hong Kong Commercial Daily and the “Happiness at Work Promotional Scheme 2022” (開心工作間推廣計劃2022) by the Promoting Happiness Index Foundation and The Chinese Manufacturers’ Association of Hong Kong. All these acknowledgements and confirmations will serve as driving force for the Group to further strive to accompany citizens in the life-long journey of pursuing wellness and to keep proactively undertaking its corporate social responsibilities.

## Professional Services Provided by the Group

As at 30 June 2022, the Group operated 57 medical centres in Hong Kong under the following brand names with 100 service points comprising 42 general practice service points, 44 specialties service points and 14 dental service points. As at 30 June 2022, the Group engaged 650 medical professionals for the provision of high quality, one-stop and comprehensive medical and healthcare services to its customers.



As a one-stop healthcare service provider, during FY2022, the Group provides a series of medical and healthcare services spanning across 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 our customers' different types of medical and wellness needs.

During FY2022, the Group provided the following comprehensive medical and healthcare services:

General Practice Services	Specialties Services	Dental Services
<ul style="list-style-type: none"> <li>• General consultation</li> <li>• Diagnostic and preventive healthcare services</li> <li>• Minor procedures</li> <li>• Vaccinations</li> <li>• Physical check-ups</li> <li>• Health education activities</li> <li>• Occupational health advices</li> <li>• Work injury assessment</li> <li>• Chinese medicine</li> <li>• Telemedicine</li> <li>• COVID-19 related services</li> <li>• Outreach services</li> <li>• Sale of healthcare related products and services</li> </ul>	<p><u>Specialties</u></p> <ul style="list-style-type: none"> <li>• General surgery</li> <li>• Orthopaedics &amp; traumatology</li> <li>• Ophthalmology</li> <li>• Otorhinolaryngology</li> <li>• Paediatrics</li> <li>• Obstetrics &amp; gynaecology</li> <li>• Gastroenterology &amp; hepatology</li> <li>• Respiratory medicine</li> <li>• Cardiology</li> <li>• Paediatric surgery</li> <li>• Dermatology &amp; venereology</li> <li>• Psychiatry</li> <li>• Urology</li> <li>• Nephrology</li> <li>• Clinical Oncology</li> <li>• Neurosurgery</li> <li>• Anaesthesiology</li> <li>• Radiology</li> </ul> <p><u>Other Services</u></p> <ul style="list-style-type: none"> <li>• Physiotherapy</li> <li>• Medical Aesthetic</li> <li>• Medical diagnostic</li> <li>• Endoscopy</li> <li>• Nutritionist services</li> <li>• Health and wellness services</li> <li>• Trading of wellness related products</li> </ul>	<ul style="list-style-type: none"> <li>• General Dentistry</li> <li>• Dental implants</li> <li>• 3D guided implant surgery</li> <li>• Crowns, bridge and dentures</li> <li>• Periodontics</li> <li>• Prosthodontics</li> <li>• Orthodontics</li> <li>• Endodontics</li> <li>• Cosmetics dentistry</li> <li>• Laser dentistry</li> <li>• Veneers and Teeth whitening</li> <li>• Oral and maxillofacial surgery</li> <li>• CAD/CAM Dentistry</li> <li>• Panoramic radiography</li> <li>• Cone-beam computed tomography</li> <li>• Laser Gum Bleaching &amp; Graphite Tattoo Removal</li> <li>• Gingival Margin Recontouring</li> <li>• Upper lip repositioning</li> </ul>

## **Business Outlook**

The COVID-19 pandemic has caused inconceivable impact to the world for over two years. During FY2022, the economic recovery in Hong Kong encountered downward pressure due to the resurgence of the pandemic, which brought various new challenges to the healthcare industry. Hong Kong has undergone the fifth wave of the pandemic during FY2022 and it is anticipated that the pandemic will continue to last in the coming financial year and the economic recovery might still be affected by the pandemic to a certain extent. On the other hand, the general public in Hong Kong had adapted their lifestyles to the “new normal” of the epidemic and it is expected that the Hong Kong Government may ease the social distance measures, the Group believes that the demand for COVID-19 related services will drop as compared with that of FY2022. The Board’s outlook for the Group’s business growth and financial performance sustainability for the next financial year is cautious and is expected to slow down. However, the Group remains confident for its sustainable growth and believes that its management team with extensive industry experience, its medical professionals with great expertise and its agile operations team are able to adapt rapid changes of the demand from the community, adjust the business strategy in accordance with market trends and capture the opportunities in the post-pandemic era.

## **Continuous Investment in Digitalization**

The Group, in recent years, has persisted in allocating resources to enhance the IT infrastructure, digital platform and medical equipment upgrade with the digital transformation strategy in order to provide person-centric care services to its customers and enhance overall effectiveness and efficiency of the Group’s operations.

As mentioned in the business review, the Group has spent efforts in establishing a next generation integrated clinic operating system in which the first phase of the system is expected to be launched in the coming financial year to assist in the optimisation of overall internal business management and the enhancement of operating workflow within frontline teams. To enhance the service experience of its customers, a customer relationship management platform is being developed which shall be integrated with the above operating system in order to enhance the customer cycle management, create higher customer value and optimise the engagement and connectivity with respective stakeholders. With an aim for digitalisation, it is expected that the future of work is being shaped by the division of labour between people and AI-enabled technologies and demand grows for work involving creative, technological and higher cognitive skills, as such, the Group plans to deploy appropriate tools in relation to workflow automation, customer self-service and virtual health service in its business. For instance, Omni channel platform will be introduced to its sales and customer service teams which helps to manage inbound conversations assigned by automations and to build relationship and interactions with customers on chat. Furthermore, “eHealth station” which is a virtual health station supporting various measurements such as blood pressure, blood oxygen, cholesterol, etc and “Ticketing” in which the patient can register in the system to avoid long queuing time will both be launched in several medical centres of the Group in the coming months, which will bring new digital health experience to the customers.

## **Establishment of a Mega Health Hub at Star House**

After five waves of the pandemic, Hong Kong has stepped into the post-pandemic era, in which the general public's awareness of health issues has significantly increased and the demand for services addressing physical wellness, mental health, pandemic prevention, cure, rehabilitation, and body-mind balance has shown tremendous growth potential. The Group is highly optimistic towards the future prospect of the healthcare, wellness as well as the rehabilitation services market and is confident that the Group's stable cash flow will empower it to expedite its development plan on the aforementioned services. In view of its prime location, capacious size and reasonable rent, the Group has selected the premises located at Star House, Tsim Sha Tsui to build a mega health hub and entered into a tenancy offer in February 2022. The mega health hub is expected to have a total gross floor area of over 38,000 square feet and consists of two floors, aiming to provide one-stop medical services and health-tech related services, and to further assist the Group in optimising its medical services network and delivering customised healthcare solutions with an all-around service portfolio that fit the customers' physical and mental needs. The one-stop services to be provided at the health hub are expected to include specialties services, day surgery centre, integrated chinese and western medical services, medical aesthetic services, hair treatment, physical examination, nutritionist and wellness management services, COVID-19 related services, and a creative activity centre offering health lectures, light physical examinations, aromatherapy treatment, products and services for sub-health, etc. State-of-the-art medical equipment, professional talents, cutting-edge technology, big data analytics along with new strategies and business models will be applied to enhance the Group's existing medical services and to devise personalised healthcare solutions in the health hub. Moreover, the Group intends to further expand the service scopes delivered in the health hub by looking for potential collaboration opportunities with other parties.

## **Development of Rehabilitation Services**

During FY2022, Actmax Limited (an indirect wholly owned subsidiary of the Company) has been awarded the tender for the provision of services under the "Pilot Rehabilitation Programme for Employees Injured at Work" (the "**Pilot Programme**") launched by the Labour Department. The Pilot Programme aims to provide timely and well-coordinated private out-patient rehabilitation treatment services for the injured construction employees who have been absent or are expected to be absent from work for six weeks or more because of the work injury so as to prevent their injury from developing into chronic illness as well as to facilitate their early recovery and return to work.

The Pilot Programme has been launched on 23 September 2022 and will last for three years. The Pilot Programme covers case management services and rehabilitation treatment services including medical treatment (provided by general practitioner, specialists in orthopaedics or specialists in occupational and environmental medicine), physiotherapy, occupational therapy, imaging examination service and electrodiagnostic testing service. To provide professional rehabilitation and case management services to the injured construction employees under the Pilot Programme, the Group has formed a strategic partnership with the CUHK Medical Centre Limited (“CUHKMC”), synergising the mature administrative management experience and strong operation network of the Group with CUHKMC’s professionalism in rehabilitation, as well as clinical quality assurance and personnel training. The Group believes that such collaboration will enable both parties to provide high-quality rehabilitation services to the construction employees injured at work and thereby bringing benefits to both injured construction employees and employers and the community as a whole. In addition, it is believed that the Pilot Programme will contribute a steady income stream to the Group, provide foundation for the Group to develop its rehabilitation services and further facilitate the development of the medical services of the Group as well as strengthen its collaboration with the Hong Kong Government. Details of the Pilot Programme were set out in the announcement dated 23 September 2022.

### **Continuous Collaboration with Hong Kong Government and Strategic Partners**

The Group understands that it is essential and beneficial to join hands with the Hong Kong Government as well as other professional institutions containing educational institutions, pharmaceuticals, logistic companies, telecommunication companies, insurance companies and innovative & technology companies. The Group has collaborated or will collaborate with various parties for the provision of services set out below.

In order to provide greater convenience to its customers and cater for the change of preference of the public in the post-pandemic era, the Group will collaborate with the Hong Kong Government and different platforms for the provision of telemedicine services. Patients can utilise the telemedicine services through the online platform or mobile app and request a virtual visit with the medical practitioners of the Group. Furthermore, medical centre at Kowloon Hotel operated by the Group becomes one of the Private Clinic COVID-19 Vaccination Stations set up by the Government providing the Sinovac vaccine to persons aged 6 months or above and the BioNTech vaccine to persons aged 12 or above. The Group also participates the Home Vaccination Service programme of the Government to provide door-to-door vaccination service for seniors and people with special needs who have registered for the Home Vaccination Service. On the other hand, the Group is aware of the population aging trend in the society and is exploring collaboration with different partners for the provision of nursing home service for seniors and people with needs. In the following year, the Group shall continue to participate in various community care related programmes for the provision of accessible, comprehensive, co-ordinated and person-centered care services to the community.

## **Looking Ahead**

Looking ahead for the coming year, the Group will continue to strengthen its digitalization strategy, enhance its engagement and connectivity with customers, professional team and strategic partners, further expand its service network, scope of services as well as distribution channels, integration of its online and offline healthcare services and continuous collaboration with the Hong Kong Government and different organisations, with an aim to provide a wide range of top-notch medical and wellness services to the community.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2022, the Group had net current assets of approximately HK\$430.8 million (as at 30 June 2021: approximately HK\$230.6 million), which included cash and cash equivalents and pledged deposits of approximately HK\$272.4 million (as at 30 June 2021: approximately HK\$147.3 million). As at 30 June 2022, the Group had interest-bearing bank borrowings of approximately \$42.2 million which comprise (i) bank mortgage loans of approximately HK\$34.4 million (as at 30 June 2021: Nil) which will be matured in 2036 at an interest of Hong Kong Interbank Offered Rate plus 1.2% and (ii) interest-bearing bank borrowings of approximately HK\$7.8 million (as at 30 June 2021: approximately HK\$11.7 million) which will be matured in 2024 at an interest rate of Hong Kong Interbank Offered Rate plus 1.75%. As at 30 June 2022, the Group had unutilised loan facility of approximately HK\$12.9 million (as at 30 June 2021: approximately HK\$38.3 million). 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 2022, the Group's gearing ratio, which is net debt (represents interest-bearing bank borrowings) divided by the adjusted capital plus net debt, is approximately 5.4% (as at 30 June 2021: approximately 2.8%).

## **CAPITAL STRUCTURE**

There was no change in the capital structure of the Company during FY2022. The capital of the Company comprises ordinary shares and other reserves.

## **CHARGES ON GROUP ASSETS**

As at 30 June 2022, 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 2021: 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 2021: approximately HK\$1.0 million). The Acquired Properties have been pledged to banks for the bank mortgage loans of approximately HK\$34.4 million (as at 30 June 2021: Nil).

## 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.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures during FY2022 and up to the date of this announcement.

## CAPITAL COMMITMENTS

	As at 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Capital expenditures	2,520	118
Purchase of leasehold land and buildings	—	57,420
	<u>2,520</u>	<u>57,538</u>

The expected source of funding for such capital commitments would be internal resources of the Group.



## **CONTINGENT LIABILITIES**

The Group did not have any material contingent liabilities as at 30 June 2022 (as at 30 June 2021: Nil).

## **EMPLOYEES**

As at 30 June 2022, the Group had 542 full-time employees (as at 30 June 2021: 450) and 1,157 part-time employees (as at 30 June 2021: 479).

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, etc, 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 2022.

## 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 2022, the proceeds has been utilised as follows:

	<b>Net proceeds (after reallocation on 24 February 2021) HK\$ million</b>	<b>Utilised amounts HK\$ million</b>	<b>Unutilised amounts HK\$ million</b>
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	5.1	–
Enhancement of IT infrastructure	5.1	5.1	–
Working capital and other general corporate purposes	8.5	8.5	–
	<u>84.8</u>	<u>76.8</u>	<u>8.0</u>

Due to the uncertainties posed to the business environment around the world brought by the outbreak of COVID-19 particularly the COVID-19 control measure in Shanghai during FY2022, the Group considered the expansion in the PRC market in FY2022 had to be postponed and therefore it is expected that the unutilised amounts will be used on or before 30 June 2023.

## **FINAL DIVIDEND**

The Board has recommended the payment of a final dividend of HK30 cents per Share for FY2022 (FY2021: HK12 cents) (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, 2 December 2022 (the “**AGM**”). Upon obtaining the Shareholders’ approval, the Final Dividend is expected to be paid on or around Friday, 23 December 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 9 December 2022.

## **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, 29 November 2022 to Friday, 2 December 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 November 2022.

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, 8 December 2022 to Friday, 9 December 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 7 December 2022.

## **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 C.2.1 as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code during FY2022.

Under the code provision C.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 FY2022.

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 2022, 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 FY2022.

## **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 FY2022, 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 FY2022.

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

During FY2022, 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 FY2022 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 FY2022. 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 HKICPA 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, 2 December 2022. 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](http://www.hkexnews.hk) and the website of the Company at [www.humanhealth.com.hk](http://www.humanhealth.com.hk). The annual report of the Company for FY2022 shall be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF THE NEW ARTICLES OF ASSOCIATION**

The Board proposes to amend the existing amended and restated articles of association of the Company in effect (the “**Existing Articles**”) and to adopt a set of second amended and restated articles of association (the “**New Articles**”) for the purpose of, among others, (i) to provide flexibility to the Company to convene and hold general meetings in the form of hybrid general meetings or exclusively electronic general meetings; (ii) to bring the Existing Articles in line with the core shareholder protection standards set out in Appendix 3 of the Listing Rules; and (iii) to incorporate other consequential and housekeeping amendments to update or clarify provisions of the Existing Articles where it is considered fit and desirable (collectively, the “**Proposed Amendments**”).

Accordingly, the Board proposes to adopt the New Articles in substitution for, and to the exclusion of, the Existing Articles.

A major areas of the Proposed Amendments are summarised as follows:

1. to allow all general meetings (including an annual general meeting and any adjourned or postponed meeting) to be held as a physical meeting in any part of the world and at one or more locations, or as a hybrid meeting or an electronic meeting;
2. to insert the definitions, among others, of “Act”, “announcement”, “electronic meeting”, “electronic communication”, “hybrid meeting”, “Meeting Location”, “Listing Rules”, “physical meeting” and “Principal Meeting Place”, etc, and make corresponding changes to the relevant provisions of the Existing Articles;

3. to clarify and provide that Shareholders holding not less than one-tenth of the voting rights shall have the right, by written requisition, to require an extraordinary general meeting of the Company to be called by the Board and the right to add resolutions to such meeting agenda;
4. to include additional details to be specified in a notice of general meeting in light of allowing general meetings to be held at one or more physical meeting locations, or as a hybrid meeting or an electronic meeting;
5. to provide that the Company must hold an annual general meeting in each financial year and such annual general meeting must be held within six months after the end of the Company's financial year;
6. to provide that an annual general meeting of the Company must be called by notice of not less than twenty-one clear days, while all other general meetings (including an extraordinary general meeting) shall be called by notice of not less than fourteen clear days;
7. to provide that all Shareholders shall have the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration;
8. to provide that any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the next following annual general meeting of the Company after his appointment and shall then be eligible for re-election;
9. to provide that the Shareholders may approve the removal of the auditor of the Company at any time before the expiration of his term of office by way of ordinary resolution;
10. to update the provision regarding the appointment of the auditor of the Company to fill any casual vacancy in the office of the auditor of the Company that any such auditor appointed shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the Shareholders by ordinary resolution;
11. to specify that the financial year end of the Company shall be 30 June in each year unless otherwise determined by the Directors;
12. to make other consequential and house-keeping amendments to better align with the wordings in the applicable laws of the Cayman Islands and the Listing Rules.

In view of the number of amendments proposed to be made to the Existing Articles, the Board proposes that the New Articles which consolidate all the Proposed Amendments to the Existing Articles be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Existing Articles.

The Proposed Amendments and adoption of the New Articles are subject to the approval of the Shareholders by way of passing a special resolution to be proposed at the AGM scheduled to be held on Friday, 2 December 2022. A circular containing, among other things, details of the Proposed Amendments and adoption of the New Articles will be despatched to the Shareholders in due course together with a notice of the AGM.

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

Hong Kong, 29 September 2022

*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.*