盈健醫療
HUMAN HEALTH

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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1419

2022 ANNUAL REPORT

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

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chan Kin Ping, BBS, JP
(Chairman and Chief Executive Officer)
Dr. Pang Lai Sheung
Dr. Sat Chui Wan
Mr. Poon Chun Pong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

AUDIT COMMITTEE

Mr. Sin Kar Tim *(Chairman)*
Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael

REMUNERATION COMMITTEE

Dr. Lui Sun Wing *(Chairman)*
Mr. Chan Kin Ping, BBS, JP
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

NOMINATION COMMITTEE

Mr. Chan Yue Kwong Michael *(Chairman)*
Dr. Lui Sun Wing
Mr. Chan Kin Ping, BBS, JP
Mr. Sin Kar Tim

COMPANY SECRETARY

Ms. Man Ching Yan, *CFA ACG HKACG*

AUTHORISED REPRESENTATIVES

Dr. Sat Chui Wan
Ms. Man Ching Yan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

Howse Williams
27th Floor
Alexandra House
18 Chater Road
Central, Hong Kong

AUDITOR

Ernst & Young, Registered Public Interest Entity Auditor
27/F, One Taikoo Place
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Quarry Bay, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank
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Central, Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road, Central
Hong Kong

WEBSITE

www.humanhealth.com.hk

SHARE INFORMATION

Place of listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock code:	01419
Listing date:	1 April 2016
Board lot:	2,000 ordinary shares
Financial year end:	30 June

Chairman's Statement

Mr. Chan Kin Ping, BBS, JP
Chairman and CEO

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Human Health Holdings Limited ("**Human Health**" or the "**Company**") and its subsidiaries (collectively the "**Group**", "**we**" or "**our**"), I am pleased to present the annual report of the Group for the year ended 30 June 2022 ("**FY2022**").

SATISFACTORY EARNINGS AND MARKET PERFORMANCE

During FY2022, the Coronavirus Disease 2019 ("**COVID-19**") pandemic resurged, and thus the micro and macro-economic development encountered downward pressure. Despite the challenging economic and business environment in Hong Kong, the Group, leveraging on our leading market position in the healthcare industry, continuous adoption of innovative business strategies and seizure of new development opportunities with well-equipped management, professional team and outreach team, managed to deliver satisfying annual results with revenue achieving approximately HK$1,121.8 million for FY2022, representing a significant increase of approximately 71.3% as compared with that of the year ended 30 June 2021 ("**FY2021**"), in which the general practice services including preventive, testing, vaccination, quarantine support and treatment, telemedicine, public to private outpatient and respective outreach services were the main drivers.

During FY2022, we continued to meticulously take up our corporate social responsibilities and fully supported the anti-epidemic initiatives of the Hong Kong Government. While maintaining the stability of our existing services, we proactively diversify the scope of our general practice services, with the purpose of safeguarding the public as well as seizing new market opportunities. Backed by the cohesive collaboration with the Hong Kong Government, our Group consistently provided all-round COVID-19 related services to the community. We believe that our provision of above-mentioned general practice services will continue to safeguard the citizens in Hong Kong and fought against the pandemic alongside the community.

Chairman's Statement

PROMISING FUTURE GROWTH STRATEGIES

Hong Kong has undergone the fifth wave of the pandemic during FY2022 and we believe that the pandemic will continue to last for the upcoming financial year. On the other hand, people 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, hence, it is anticipated that the demand for COVID-19 related services will gradually drop. Therefore, the Group is cautious but still confident about our future development because we have been constantly reviewing and adopting effective strategies, steadily enhancing our operational efficiency and have established a scalable healthcare business model.

The Group's stable cash flow enabled us to expedite our expansion plan on the services addressing needs of physical wellness, mental health, pandemic prevention, cure, rehabilitation, and body-mind balance. During FY2022, we have selected the Star House in Tsim Sha Tsui with a total gross floor area of over 38,000 square feet as the location of our new mega health hub. We are thrilled to share that one-stop medical services and health-tech related services to be provided at the mega health hub are expected to include specialties services, day surgery centre, integrated chinese and western medical services, wellness management services and creative activity centre offering health lectures, early detection services, products and services for sub-health, etc. More importantly, we will be applying state-of-the-art medical equipment, professional talents, cutting-edge technology, big data analytics along with new strategies and business models to enhance our existing medical services and to devise personalised healthcare solutions in the health hub. We believe the establishment of the mega health hub will assist us in further optimising our medical service network, enable us to deliver customised healthcare solutions to our customers, create a new revenue stream for the Group, and it is expected to be our new growth engine for the coming years.

In addition, as part of our growth strategy, rehabilitation is another key service segment which we will allocate considerable resources in the upcoming financial year, to cope with the growing demand in the Hong Kong market. During FY2022, the Group has further strengthened its collaboration with the Hong Kong Government and we are proud to announce that we have 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. We are honored to have formed a strategic partnership with CUHK Medical Centre Limited ("**CUHKMC**"), synergising the mature administrative management experience and strong operation network of the Group with CUHKMC's professional rehabilitation team, as well as clinical quality assurance and personal training. As a result, we are convinced that the Pilot Programme will bring benefits to both injured construction employees and employers and the community as a whole and lay solid foundation for the Group to develop our rehabilitation services as well as its medical services. Apart from the Pilot Programme and the mega health hub, in the future, we will strive to explore and fully tap development potential in respect of the rehabilitation, specialties and wellness services.

Chairman's Statement

TECHNOLOGY-DRIVEN BUSINESS MODEL

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 information technology ("**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, apart from launching a digital registration programme and promoting a membership programme, the Group has developed 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) in which the first phase of the platform is expected to be launched in the coming financial year. In addition, the Group plans to deploy appropriate tools in relation to workflow automation, customer self-service and virtual health service in its business, such as Omni channel platform, "eHealth station" and "Ticketing" for bringing new digital health experience to the customers. With an aim for digitalisation, the Group will persist in allocating resources to enhance the infrastructure of information technology, 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.

SUSTAINABLE RETURNS TO SHAREHOLDERS

Supported by the Group's solid business and financial growth, and for appreciation of the loyalty and support of our shareholders (the "**Shareholders**"), the Board has recommended payment of a final dividend (the "**Final Dividend**") of HK30 cents per share for FY2022, subject to the approval of the Shareholders in the annual general meeting of the Company to be held on 2 December 2022 (the "**AGM**"). Looking ahead, Human Health as one of the leading private integrated healthcare service providers in Hong Kong, we will persistently spare no efforts in safeguarding Hong Kong residents, providing high-quality services to our customers, growing our market share, and generating long-term and sustainable returns for our shareholders.

APPRECIATION

I would like to take this opportunity to extend my heartfelt gratitude to all our Directors and my deepest appreciation also goes to our senior management, professional team and employees for their contribution, diligence and dedication in the past year. Human Health also wishes to thank all the Shareholders and business partners for their continuous commitment and support.

Chan Kin Ping, BBS, JP
Chairman and Chief Executive Officer

Hong Kong, 29 September 2022

Management Discussion and Analysis

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 types:

	2022 ***HK$'000***	2021 *HK$'000*	% of change
General practice services	**954,143**	468,974	103.5%
Specialties services	**104,419**	126,184	-17.2%
Dental services	**63,231**	59,554	6.2%
	1,121,793	654,712	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 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.

Management Discussion and Analysis

Financial Performance for FY2022 *(continued)*

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:

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

Financial Performance for FY2022 *(continued)*

Gross profit and gross profit margin *(continued)*

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

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

Management Discussion and Analysis

Financial Performance for FY2022 *(continued)*

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 primarily 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.

Management Discussion and Analysis

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.

Business Review for FY2022 *(continued)*

Significant Growth of General Practice Services *(continued)*

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.

Business Review for FY2022 *(continued)*

Significant Growth of General Practice Services *(continued)*

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 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.

Management Discussion and Analysis

Business Review for FY2022 *(continued)*

Investment in IT Infrastructure and Optimisation of Stakeholders Engagement *(continued)*

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 approximately 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.

Business Review for FY2022 *(continued)*

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" (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.

Business Review for FY2022 *(continued)*

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 professional team (comprising general practitioners, specialists, dentists, clinical psychologists and paramedical staff) 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.

Business Review for FY2022 *(continued)*

Professional Services Provided by the Group *(continued)*

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

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

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 professional team 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.

Management Discussion and Analysis

Business Outlook *(continued)*

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, early detection services, 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.

Business Outlook *(continued)*

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 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 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.

Management Discussion and Analysis

Business Outlook *(continued)*

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 annual report.

CAPITAL COMMITMENTS

	As at 30 June	
	2022	2021
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital expenditures	**2,520**	118
Purchase of leasehold land and buildings	**–**	57,420
	2,520	57,538

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

Management Discussion and Analysis

INVESTMENT PROPERTIES

As at 30 June 2022, the Group had three investment properties consisting two commercial properties and one car park space in Hong Kong, particulars of which are set out as follows:

	Address	Lot Number	Interests in the properties by the Group	Existing Use	Lease Term
1.	Unit 5, 20th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	New Kowloon Inland Lot No. 6204	100%	Office	Short lease
2.	Unit 6, 20th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	New Kowloon Inland Lot No. 6204	100%	Office	Short lease
3.	Parking Space No. P5 on 5th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong	New Kowloon Inland Lot No. 6204	100%	Car Park	Short lease

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 paramedical 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 ("**ESG**") report ("**ESG Report**") of this annual report.

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:

	Net proceeds (after reallocation on 24 February 2021) *HK$ million*	Utilised amounts *HK$ million*	Unutilised amounts *HK$ million*
Expansion of network in Hong Kong by setting up six new specialist medical centres	39.1	39.1	–
Expansion of network in Hong Kong by setting up six new general practice medical centres	5.9	5.9	–
Expansion in the PRC market	18.3	10.3	8.0
Acquisition of established medical centres in Hong Kong	2.8	2.8	–
Brand building	5.1	5.1	–
Enhancement of IT infrastructure	5.1	5.1	–
Working capital and other general corporate purposes	8.5	8.5	–
	84.8	76.8	8.0

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.

Directors, Senior Management and Company Secretary

EXECUTIVE DIRECTORS

Mr. CHAN Kin Ping, BBS, JP (陳健平) (formerly known as Chan Kin Ping (陳建平)) ("**Mr. Chan**"), aged 58, is the chairman of the Board, chief executive officer of our Group and an executive Director. He is the founder of our Group and has since then been leading our Group for over 25 years to serve in the private healthcare industry. He is responsible for managing the overall operations and developments and formulating the overall business plans of our Group. As at the date of this annual report, Mr. Chan held directorship in each of the members of the Group except Healthvision (Asia) Limited, Win Ocean Limited and Human Health Enterprise Management Consulting (Shanghai) Co., Ltd.* (盈健企業管理諮詢(上海)有限公司) ("**Yingjian Qiye**").

Mr. Chan obtained a degree of Master of Business Administration from the University of South Australia in August 2008.

Mr. Chan has been appointed to various public offices, such as the Chairman of The Lok Sin Tong Benevolent Society, Kowloon, the Permanent Honorary President of Hong Kong Kowloon City Industry and Commerce Association, the Permanent Honorary President of Kowloon West Youth Care Committee, the Vice Chairman of Auxiliary Medical Services Officers' Club, the Executive Committee Member of the Hong Kong Professionals and Senior Executives Association, the Director of the Hong Kong Shanxi Chamber of Commerce, the Vice President of the Hong Kong Real Property Federation and the Advisor of Our Hong Kong Foundation Limited.

Mr. Chan is the husband of Dr. Pang Lai Sheung, the chief medical officer of our Group and an executive Director, and the uncle of Mr. Poon Chun Pong, the chief operating officer of our Group and an executive Director.

Mr. Chan is a director of Treasure Group Global Limited ("**Treasure Group**"), the controlling shareholder of the Company.

Dr. PANG Lai Sheung (彭麗嫦) ("Dr. Pang"), aged 55, was appointed as the chief medical officer of our Group and is an executive Director. Dr. Pang is the founder of our Group and is mainly responsible for overseeing and providing advice on the management of our medical team and has contributed significantly to the developments of our Group. As at the date of this annual report, Dr. Pang held directorship in a number of members of the Group, namely Actmax Limited, Human Health Associate Limited, Human Health International Limited, Human Health Limited, Human Health Medical Services Limited, Human Health (H.K.) Limited, Novel Champion Limited, Novel Wiser Limited, Solid Success Global Limited and Happy Reach Limited.

Dr. Pang obtained degrees of Bachelor of Medicine and Bachelor of Surgery from The Chinese University of Hong Kong in 1993. Dr. Pang has been a registered medical practitioner in Hong Kong since 1993. Dr. Pang also completed a Diploma in Family Medicine and a Diploma Programme in Advances in Medicine from The Chinese University of Hong Kong in August 2001 and March 2005, respectively.

Dr. Pang was awarded a degree of Master of Business Administration issued jointly by Northwestern University and The Hong Kong University of Science and Technology in December 2014.

* *for identification purpose only*

Directors, Senior Management and Company Secretary

EXECUTIVE DIRECTORS *(continued)*

Moreover, she has been an Honorary Clinical Assistant Professor in Faculty of Medicine of The Chinese University of Hong Kong since June 2014.

Dr. Pang is the wife of Mr. Chan, the chairman of the Board, chief executive officer of our Group and an executive Director. She is also the aunt of Mr. Poon Chun Pong, the chief operating officer of our Group and an executive Director.

Dr. SAT Chui Wan (薩翠雲) ("Dr. Sat"), aged 54, joined our Group in August 2008 and was appointed as the chief financial officer of our Group in September 2013 and is an executive Director. She is mainly responsible for overseeing the financial, compliance, risk and human resources management of our Group. She has extensive working experience in accounting, finance, management and strategic planning in different industries prior to joining our Group.

Dr. Sat obtained a degree of Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University in October 1992. She subsequently obtained a degree of Master of Business Administration from the University of Lancaster in the United Kingdom in November 2000 and completed the International Study Program (ISP) at the University of St. Gallen in December 2000. She also completed the City University of Hong Kong Advanced Management Programme at the University of California, Berkeley in August 2010. In February 2018, she obtained a degree of Doctor of Business Administration from the City University of Hong Kong.

Dr. Sat is a member of the Hong Kong Institute of Certified Public Accountants since September 1996. She was also admitted as an associate of the Association of Chartered Certified Accountants since July 1996 and is a fellow of the Association of Chartered Certified Accountants since July 2001.

Dr. Sat was appointed as the independent non-executive director of Tai Hing Group Holdings Limited, a company listed on the Stock Exchange (Stock Code: 06811) in May 2019.

Mr. POON Chun Pong (潘振邦) ("Mr. Poon"), aged 44, joined our Group in June 2003 and was appointed as the chief operating officer in September 2013. Mr. Poon is an executive Director and is mainly responsible for overseeing the overall business operations of our Group. Mr. Poon has extensive experience in areas of management, operations and information technology in the medical field. As at the date of this annual report, Mr. Poon held directorship in a number of members of the Group, namely Be Health Specialist Limited, Healthvision (Asia) Limited, We Health Medical Diagnostic Limited, Impact Medical Imaging Centre Company Limited, Win Ocean Limited and Yingjian Qiye.

Mr. Poon obtained a degree of Bachelor of Engineering with Honours and a degree of Master of Business Administration from The Chinese University of Hong Kong in December 2000 and December 2009, respectively.

Mr. Poon is the nephew of Mr. Chan, the chairman of the Board, chief executive officer of our Group and an executive Director, and Dr. Pang, the chief medical officer of our Group and an executive Director.

Directors, Senior Management and Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. LUI Sun Wing (呂新榮) ("Dr. Lui"), aged 72, was appointed as an independent non-executive Director on 27 January 2016. Dr. Lui obtained his degree of Doctor of Philosophy (Mechanical Engineering) from the University of Birmingham in the United Kingdom in July 1979 and was admitted as a member of the Hong Kong Institution of Engineers in 1985.

Dr. Lui is the former vice president of The Hong Kong Polytechnic University and was responsible for partnership development. He is also the former chief executive officer of the Institute for Enterprise, the PolyU Technology and Consultancy Company Limited and the PolyU Enterprise Limited. Prior to joining The Hong Kong Polytechnic University, Dr. Lui was the branch director of the Hong Kong Productivity Council and in charge of the Materials and Process Branch.

Dr. Lui's past and current directorships in listed companies in Hong Kong in the last three years are set forth in the following table:

Company	Stock Code	Position	Term
Eco-Tek Holdings Limited	08169	Non-executive director	Since January 2001

Mr. CHAN Yue Kwong Michael (陳裕光) ("Mr. Michael Chan"), aged 70, was appointed as an independent non-executive Director on 27 January 2016. He obtained a degree in Sociology and Political Science and a degree of Master of City Planning from the University of Manitoba, Canada in May 1974 and October 1977, respectively and an Honorary Fellow from Lingnan University in December 2009.

Having worked as a professional town planner for various government bodies in Hong Kong and Canada, he has considerable experience in planning and management.

Mr. Michael Chan is currently a fellow and also the honorary chairman of the Hong Kong Institute of Marketing, and the fellow member of the Hong Kong Management Association. In past years, Mr. Michael Chan was personally bestowed with the "Executive of the Year Award" by the Hong Kong Business Awards and the "Directors of the Year Award" by The Hong Kong Institute of Directors, in 2001 and 2003 respectively.

Directors, Senior Management and Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Mr. Michael Chan's past and current directorships in listed companies in Hong Kong in the last three years are set forth in the following table:

Company	Stock Code	Position	Term
Cafe de Coral Holdings Limited	00341	Non-executive director	Since April 2012
Starlite Holdings Limited	00403	Independent non-executive director	Since January 1993
Pacific Textiles Holdings Limited	01382	Independent non-executive director	Since March 2007
Tse Sui Luen Jewellery (International) Limited	00417	Independent non-executive director	Since August 2010
Tao Heung Holdings Limited	00573	Non-executive director	Since March 2007
Modern Dental Group Limited	03600	Independent non-executive director	Since November 2015

Mr. SIN Kar Tim (冼家添) ("Mr. Sin"), aged 66, was appointed as an independent non-executive Director on 27 January 2016. Mr. Sin has extensive experience in areas of accounting, finance, administration, human resources and company secretarial.

Mr. Sin obtained a degree of Bachelor of Business Administration from The Chinese University of Hong Kong in December 1980. He is currently a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. He is also a fellow of the Hong Kong Institute of Directors.

Mr. Sin has been working for Wing On Group since July 1980. He is currently the chief accountant and company secretary of Wing On Company International Limited, a company listed on the Stock Exchange (Stock Code: 00289), the chief accountant of The Wing On Company Limited and a director of The Wing On Department Stores (Hong Kong) Limited and he is responsible for the group's administration, accounting and finance matters.

SENIOR MANAGEMENT

Mr. CHAN Kin Ping, BBS, JP (陳健平) ,aged 58, is the chairman of the Board, chief executive officer of our Group and an executive Director. He is responsible for managing the overall operations and developments and formulating the overall business plans of our Group. Mr. Chan's biographical details are set out in the section headed "Executive Directors" in the "Directors, Senior Management and Company Secretary" of this annual report.

Dr. PANG Lai Sheung (彭麗嫦), aged 55, is the chief medical officer of our Group and an executive Director. She is responsible for overseeing and providing advice on the management of our medical team of our Group. Dr. Pang's biographical details are set out in the section headed "Executive Directors" in the "Directors, Senior Management and Company Secretary" of this annual report.

Dr. SAT Chui Wan (薩翠雲), aged 54, is the chief financial officer of our Group and an executive Director. She is responsible for overseeing the financial, compliance, risk and human resources management of our Group. Dr. Sat's biographical details are set out in the section headed "Executive Directors" in the "Directors, Senior Management and Company Secretary" of this annual report.

Mr. POON Chun Pong (潘振邦), aged 44, is the chief operating officer of our Group and an executive Director. He is responsible for overseeing the overall business operations of our Group. Mr. Poon's biographical details are set out in the section headed "Executive Directors" in the "Directors, Senior Management and Company Secretary" of this annual report.

Dr. SETO Siu Keung (司徒少強) ("Dr. Seto"), aged 56, joined our Group in August 2008 and was appointed as our co-head of dental unit in July 2015 and is responsible for overseeing the quality of the dental services and providing training to dentists of our Group. As at the date of this annual report, Dr. Seto held directorship in a number of members of the Group, namely Poly Dental Services Limited ("**Poly Dental**"), Good Standard Limited ("**Good Standard**") and Laserdontics Limited ("**Laserdontics**"). Dr. Seto is a dentist, who graduated with a Bachelor in Dental Surgery from the Faculty of Dentistry of the University of Hong Kong in December 1992. He then obtained his Diploma in General Dental Practice from The Royal College of Surgeons of England in February 1996, a Postgraduate Diploma in Dental Surgery from the University of Hong Kong in October 1999 and a Master of Science in Dental Radiology at the University of London in December 2001. In August 2004, he was awarded a Diploma in Clinical Acupuncture by The University of Hong Kong. Subsequently, Dr. Seto switched to laser dentistry where he completed a Master of Science in Lasers in Dentistry in RWTH Aachen University of Germany in September 2007 with distinction. In 2008, he was awarded the Membership in General Dentistry by The College of Dental Surgeon of Hong Kong and in 2009 he obtained the European Master Degree in Oral Laser Application.

Dr. Seto was a part time clinical lecturer in the Faculty of Dentistry of the University of Hong Kong from September 2005 to August 2015. He is currently a specialist clinical lecturer of the Laser and Health Academy and a Fellow of the International College of Continuous Dental Education. In recent years, he frequently travels to the major cities in the PRC and other Asian countries to deliver lectures, provide basic dental laser trainings and exchange ideas with local dentists.

Directors, Senior Management and Company Secretary

SENIOR MANAGEMENT *(continued)*

Dr. LAU Wai Man (劉偉文) ("Dr. Lau"), aged 56, joined our Group in August 2008 and was appointed as our co-head of dental unit in July 2015 and is responsible for overseeing the quality of the dental services and providing training to dentist of our Group. As at the date of this annual report, Dr. Lau held directorship in a number of members of the Group, namely Poly Dental, Good Standard and Laserdontics. Dr. Lau is a dentist who graduated with a Bachelor of Dental Surgery from the University of Hong Kong in 1992, Dr. Lau later completed a Diploma of Membership of the Faculty of General Dental Practitioners from The Royal College of Surgeons of England in 2005. In 2014, he received a Membership in General Dentistry from The College of Dental Surgeons of Hong Kong.

COMPANY SECRETARY

Ms. MAN Ching Yan (文靜欣) ("Ms. Man") has joined our Group since May 2015. Ms. Man obtained a bachelor's degree in economics and finance from the University of Hong Kong. Ms. Man is a member of the Hong Kong Chartered Governance Institute (HKCGI) and the Chartered Governance Institute (CGI). Ms. Man is a CFA charterholder and a member of the CFA Institute and The Hong Kong Society of Financial Analysts Limited.

Corporate Governance Report

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.

THE BOARD OF DIRECTORS

Responsibilities

The functions and duties of our Board include, but not limited to, overall strategic directions for the Group, formulating business and investment plans, preparing the annual budget and accounts, preparing proposals on profit distribution as well as performing other authorities, functions and responsibilities in accordance with the amended and restated articles of association of the Company (the "**Articles of Association**"). Each of the executive Directors who is also the chief executive officer, chief medical officer, chief financial officer and chief operating officer, respectively together with our senior management and heads of departments have been delegated with the responsibilities to handle the day-to-day operations of the Group. The Company has adopted a formal schedule of matters specifically reserved for the Board, including but not limited to the following:

- approval for the Company's strategic plans and objectives;
- approval for significant transactions, investments and major financial matters;
- approval of announcements, circulars and reports;
- approval of connected transactions;
- approval of any matters that are recommended by the Board committee pursuant to their terms of reference.

THE BOARD OF DIRECTORS *(continued)*

Responsibilities *(continued)*

The Board gives clear directions to management on the matters that must be approved by it before decisions are made. The Board will review those arrangements periodically to ensure that they remain appropriate to the Group's needs.

Specifically in relation to the corporate governance function, the Board is responsible for performing, among others, the following corporate governance duties:

1. developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

2. reviewing and monitoring the training and continuous professional development of Directors and senior management;

3. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

4. developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to our employees and Directors;

5. reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report; and

6. overseeing and reviewing the ESG issues including the Company's management approach and strategy and progress made against ESG-related goals and targets.

The Board has delegated part of the above duties to the Company's Board committees, and their duties are set out in the terms of reference of the respective Board committee.

During FY2022, the Board reviewed the Company's policies and practices on corporate governance and legal and regulatory compliances and reviewed the corporate governance functions as performed by the Company's Board Committees.

All Directors have full and timely access to all relevant information in relation to the Group as well as the advice from and services provided by the company secretary of the Company (the "**Company Secretary**"), if and when required, with a view to ensure that all applicable rules and regulations are being complied with.

There are established procedures for Directors, upon reasonable request, to seek independent advice in appropriate circumstances for them to discharge their duties and responsibilities, at the Company's expenses.

The Company has arranged appropriate liability insurance for the Directors and officers of the Group to indemnify their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

THE BOARD OF DIRECTORS *(continued)*

Composition

The Board currently consists of seven Directors comprising four executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Chan Kin Ping, BBS, JP *(Chairman and Chief Executive Officer)*
Dr. Pang Lai Sheung
Dr. Sat Chui Wan
Mr. Poon Chun Pong

Independent Non-executive Directors

Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

The biographical details of each Director are set out in the "Directors, Senior Management and Company Secretary" of this annual report.

Chairman of the Board and Chief Executive Officer

Mr. Chan acts as the chairman of the Board and chief executive officer of the Group.

The key role of the chairman of the Board is to provide leadership to the Board. In performing his duties, the chairman of the Board shall ensure that the Board functions effectively when discharging its responsibilities by encouraging Directors to make active contribution to the Board's affairs. The chairman of the Board also ensures that good corporate governance practices and procedures are established and the Board acts in the best interest of the Company.

The key role of chief executive officer is to be responsible for the day-to-day management and operations of the business of the Group. The duties of chief executive officer mainly include, but not limited to, providing leadership and supervising the effective management of the Group; monitoring and controlling the financial and operational performance of various divisions; and implementing the objectives and strategies approved by the Board and policies adopted by the Group.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive Directors, of whom Mr. Sin has appropriate professional qualifications and related experiences in financial matters.

The Company has received written confirmation from each of the independent non-executive Directors confirming his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

THE BOARD OF DIRECTORS *(continued)*

Appointment and Re-election of Directors

Code provision B.2.2 states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The term of appointment of each non-executive Director are three years.

Pursuant to article 83(3) of the Articles of Association, the directors shall have the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy on the board or as an addition to the existing board. Any director appointed by the board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any director appointed by the board as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to articles 84(1) and 84(2) of the Articles of Association, notwithstanding any other provisions in the Articles of Association, at each annual general meeting one third of the directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. A retiring director shall be eligible for re-election and shall continue to act as a director throughout the meeting at which he retires. The directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any director appointed by the board pursuant to article 83(3) of the Articles of Association shall not be taken into account in determining which particular directors or the number of directors who are to retire by rotation.

Accordingly, Mr. Chan, Mr. Poon and Dr. Lui will retire as required by the Articles of Association and the Listing Rules and, being eligible, offer themselves for re-election at the AGM.

Induction and Continuous Professional Development for Directors

Each newly appointed Director will receive comprehensive induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary. The Directors are regularly briefed on relevant legal and regulatory developments, business and market changes in order to discharge their responsibilities. During FY2022, the Company has arranged in-house trainings in respect of the Listing Rules and other applicable legal and regulatory requirements to the Directors and reading materials on relevant topics have been provided to the Directors for refreshing and developing their professional knowledge.

During FY2022, all Directors have been provided with regular updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

THE BOARD OF DIRECTORS *(continued)*

Induction and Continuous Professional Development for Directors *(continued)*

All Directors have provided their training records to the Company and below the Directors' training by topics in FY2022.

	Director's duties/ ESG practices/ Listing Rules updates/ Other rules & regulations updates	Financial reporting/Risk management/ Internal control	Anti-corruption/ Anti-money laundering
Executive Directors			
Mr. Chan Kin Ping, BBS, JP	✔	✔	✔
Dr. Pang Lai Sheung	✔	✔	✔
Dr. Sat Chui Wan	✔	✔	✔
Mr. Poon Chun Pong	✔	✔	✔
Independent Non-executive Directors			
Dr. Lui Sun Wing	✔	✔	✔
Mr. Chan Yue Kwong Michael	✔	✔	✔
Mr. Sin Kar Tim	✔	✔	✔

BOARD AND BOARD COMMITTEES MEETINGS

Regular Board meetings are scheduled to facilitate maximum attendance by the Directors and to be held at least 4 times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Group.

Apart from the regular Board meetings, the Board will meet on other occasions from time to time when a board-level decision on a particular matter is required.

Notices of at least 14 days for regular Board meetings are served to all Directors while reasonable notice is generally given for other Board meetings.

For Board committee meetings, notices are served in accordance with the required notice period stated in the relevant terms of reference.

Agenda and accompanying papers together with all appropriate, complete and reliable information are sent to Directors or Board committee members at least 3 days before each Board or Board committee meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. Directors are given the opportunity to include matters in the agenda for Board or Board committee meetings. The Board and each Director also have separate and independent access to the management of the Group whenever necessary.

Minutes of all Board meetings, Board committee meetings and general meetings recording sufficient details of matters considered and decisions reached, are kept by the Company Secretary, and are opened for inspection by the Directors. Draft and final versions of minutes are sent to all Directors or Board committee members for comments within a reasonable time after the meetings.

BOARD AND BOARD COMMITTEES MEETINGS *(continued)*

Board Meetings and Other Meetings

During FY2022, six Board meetings were held when the following key issues were, among others, reviewed and considered:

- annual and interim financial statements and the related results announcements and reports;
- corporate governance practice, internal control and risk management;
- connected transactions;
- distribution of dividend, circular and other documentations for the annual general meeting;
- ESG reporting matters;
- budget plan for the year ending 30 June 2023;
- discloseable transactions and related announcements;
- acquisition of properties and related announcements.

During FY2022, one meeting was held between the chairman of the Board and the independent non-executive Directors without the executive Directors present. An annual general meeting was held and all Directors attended.

Attendance records of the Directors are set out below:

	Meetings attended/held	General meetings attended/held
Executive Directors		
Mr. Chan Kin Ping, BBS, JP	6/6	1/1
Dr. Pang Lai Sheung	6/6	1/1
Dr. Sat Chui Wan	6/6	1/1
Mr. Poon Chun Pong	6/6	1/1
Independent Non-executive Directors		
Dr. Lui Sun Wing	6/6	1/1
Mr. Chan Yue Kwong Michael	6/6	1/1
Mr. Sin Kar Tim	6/6	1/1

BOARD AND BOARD COMMITTEES MEETINGS *(continued)*

Board Committees

The Board has established three Board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") for overseeing particular aspects of the Group's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's and the Stock Exchange's websites.

The majority of the members of each Board committee are independent non-executive Directors. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely:

Mr. Sin Kar Tim *(Chairman)*
Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael

None of the members of the Audit Committee is a former partner of the Company's existing external auditor. The main duties of the Audit Committee include, among others, the following:

(a) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(b) monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them;

(c) reviewing the Company's financial controls, risk management and internal control systems;

(d) discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;

(e) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(f) ensuring co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

BOARD AND BOARD COMMITTEES MEETINGS *(continued)*

Audit Committee *(continued)*

(g) review the group's financial and accounting policies and practices;

(h) reporting to the Board on the matters in relation to the corporate governance functions;

(i) reviewing continuing connected transactions of the Company and ensuring compliance with the Listing Rules; and

(j) ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function.

During FY2022, three meetings of the Audit Committee were held when, among others, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the nature and scope of the audit by reference to the audit plan presented by the auditor;
- the independence of the auditor;
- the re-appointment of the auditor;
- the audit findings by the auditor and the auditor's management letter;
- the annual and interim financial statements and related results announcements;
- the corporate governance practice, the internal audit plan, internal control system and risk management;
- the continuing connected transactions of the Group; and
- the appointment of internal audit function.

For the work undertaken by the Audit Committee in relation to internal control and risk management, please refer to the section headed "Internal Control and Risk Management".

Attendance records of the members of Audit Committee are set out below:

Audit Committee members	**Meetings attended/held**
Mr. Sin Kar Tim *(Chairman)*	3/3
Dr. Lui Sun Wing	3/3
Mr. Chan Yue Kwong Michael	3/3

BOARD AND BOARD COMMITTEES MEETINGS *(continued)*

Remuneration Committee

The Remuneration Committee comprises the Chairman of the Board and three independent non-executive Directors, namely:

Dr. Lui Sun Wing *(Chairman)*
Mr. Chan Kin Ping, BBS, JP
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

The main duties of the Remuneration Committee include, among others, the following:

(a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration;

(b) reviewing and approving management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time;

(c) making recommendations to the Board on the remuneration packages of individual Directors and senior management;

(d) reviewing, recommending and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(e) establishing transparent procedures for developing remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, whose remuneration shall be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

During FY2022, two meetings of the Remuneration Committee were held when, among others, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the remuneration package of executive Directors; and
- the bonus proposal of the executive Directors.

Attendance records of the members of Remuneration Committee are set out below:

Remuneration Committee members	Meetings attended/held
Dr. Lui Sun Wing *(Chairman)*	2/2
Mr. Chan Kin Ping, BBS, JP	2/2
Mr. Chan Yue Kwong Michael	2/2
Mr. Sin Kar Tim	2/2

BOARD AND BOARD COMMITTEES MEETINGS *(continued)*

Nomination Committee

The Nomination Committee comprises the Chairman of the Board and three independent non-executive Directors, namely:

Mr. Chan Yue Kwong Michael *(Chairman)*
Dr. Lui Sun Wing
Mr. Chan Kin Ping, BBS, JP
Mr. Sin Kar Tim

The main duties of the Nomination Committee include, among others the following:

(a) formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy;

(b) reviewing the Board diversity policy and the progress on achieving the objectives set for implementing the said policy;

(c) reviewing the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(d) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

(e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Group; and

(f) assessing the independence of independent non-executive Directors.

A policy on Board diversity has been reviewed by the Board and which sets out the approach to achieve the diversity of the Board. With a view to achieving a sustainable and balanced development, the Company considers diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. Selection of candidates as the Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee considers that the Board's composition is balanced and diverse as the Board members involve different age groups, genders, professional experience, skills and length of service. Therefore the Nomination Committee did not set any measurable objective in implementing the policy during FY2022 and the Nomination Committee has reviewed the implementation and the effectiveness of the policy on Board diversity.

BOARD AND BOARD COMMITTEES MEETINGS *(continued)*

Nomination Committee *(continued)*

A nomination policy has been adopted and reviewed by the Board annually which sets out the selection process on the selection of individual nominated for directorship. The Nomination Committee may search extensively for candidate as director of the Company from the Group or the human resources market and should actively communicate with relevant departments and evaluate the Company's demand for new Board members taking into consideration of the structure, size and composition of the Board and from the perspective of board diversity. The Nomination Committee shall gather information about the occupation, academic qualifications, position served, detailed work experience and all the concurrent posts of the candidate and seek the candidate's consent for nomination. After reviewing the qualifications of the candidate on the criteria for director of the Company, the Nomination Committee then makes recommendation to the Board regarding the candidate as director of the Company and submits the relevant information to the Board prior to the appointment of new director.

During FY2022, one meeting of the Nomination Committee was held when, among others, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the nomination policy and the Board diversity policy;
- the structure, size and composition of the Board;
- training and professional development of Directors and senior management;
- the independence of independent non-executive Directors; and
- the rotation and re-election of Directors in the annual general meeting.

Attendance records of the members of Nomination Committee are set out below:

Nomination Committee members	Meeting attended/held
Mr. Chan Yue Kwong Michael *(Chairman)*	1/1
Dr. Lui Sun Wing	1/1
Mr. Chan Kin Ping, BBS, JP	1/1
Mr. Sin Kar Tim	1/1

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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the Group's financial statements. The financial statements for FY2022 have been prepared in accordance with Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standards and applicable Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and other applicable regulatory requirements.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquires, they are not aware of any material uncertainty relating to events of conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

AUDITOR'S REMUNERATION

The responsibilities of the external auditor, Ernst & Young, are set out in the Independent Auditor's Report on pages 111 to 117 of this annual report.

The Audit Committee has been notified of the nature and service charges of the non-audit services performed by Ernst & Young, includes tax services and considered that such services have no adverse effect on the independence of their audit works.

An analysis of the remuneration payable to Ernst & Young, in respect of audit and non-audit services for FY2022 are set out below:

Nature of services	Amount *HK$'000*
Audit services	1,500
Non-audit services	
The non-audit services includes tax services fee	711

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises its overall responsibility in ensuring the risk management and internal control systems of the Group and the Audit Committee is delegated with the authority from the Board to oversee the risk management and internal control systems in reviewing its effectiveness annually, and is committed to implementing a sound risk management and internal control systems to safeguard the interests of the Shareholders and the assets of the Group.

INTERNAL CONTROL AND RISK MANAGEMENT *(continued)*

Effective management of risks is an essential and integral part of corporate governance and it helps to ensure that the risks encountered in the course of achieving the Group's business objectives are managed within the Group's risk profile and appetite statements. The Group has adopted and designed an Enterprise Risk Management ("**ERM**") framework to assist the Audit Committee and the Board in proactively identifying the key risks, analysing and managing the key risks with controls, and assigning risk owner for on-going monitoring and reporting, whereby an effective risk management is in place. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and would provide reasonable assurance against material misstatement or error. A self-assessment of the risk management and control measurement has been conducted during FY2022 to identify the significant risks faced by the Group and indicators have been set to continuously monitor the effectiveness of the risk management functions.

During FY2022, the Group had engaged an independent internal control consultant to perform the internal audit function after considering the expertise of the independent internal control consultant and the cost efficiency. Such internal audit function provides an independent review of the Group's ERM and internal control systems. During FY2022, the internal audit function reviewed the risk management and internal control systems and provided reasonable assurance that material misstatements or errors were prevented, potential interruption of the Group's management system was detected, and existing risks in the course of arriving at the Group's objectives were properly managed. The review covers major controls over financial, operational and compliance, and material internal control deficiencies, if any, were set out in the internal control review report with recommendations of improvement and agreed management action plan and assessed by the Audit Committee. In particular, the internal audit function has reviewed the continuing connected transactions and confirmed that internal control procedures were in place. No significant control failings or weaknesses that have been identified during FY2022, which could have had, or may in the future have, a material impact on the Group's financial performance or condition. The internal audit function reported its review results to the Audit Committee twice during FY2022 and the Audit Committee has reviewed and ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's internal audit, accounting and financial reporting functions. The Board considers that the existing risk management and internal control systems are effective and adequate. The Board also considers that the Company's processes for financial reporting and Listing Rules compliance are effective.

Regarding the procedures and internal controls over the handling and dissemination of inside information, the Group has internal policy and procedures which identify and handle with inside information by designated Director and the Company Secretary and has complied with the obligations for the disclosure of inside information under the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") during FY2022. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and the SFO. No material unauthorised use or untimely disclosure of the inside information was notified or reported to the Board during FY2022.

COMPANY SECRETARY

Ms. Man is the Company Secretary. The Company Secretary is responsible for reporting to the Board on day-to-day duties and responsibilities and for advising the Board on governance matters and also facilitates the induction and professional development of Directors. All Directors have access to the advice and service of the Company Secretary to ensure that all applicable rules and regulations are followed. The Company Secretary also keeps proper records of all Board meetings, Board committee meetings and general meetings which are made available for inspection by the Directors at all reasonable times. Ms. Man's biographical details are set out in the section headed "Company Secretary" in the "Directors, Senior Management and Company Secretary" of this annual report. Ms. Man had complied with the professional training requirement under the Listing Rules during FY2022.

SHAREHOLDERS' RIGHTS

Article 58 of the Articles of Association states that any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" which is posted on the Company's website at www.humanhealth.com.hk.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises the importance of continuing communications with the Shareholders and investors, and maintains ongoing dialogues with them through various channels. The primary communication channel between the Company and the Shareholders is through the publication of the Company's interim and annual reports.

The Company's Hong Kong branch share registrar, Tricor Investor Services Limited serves the Shareholders with respect to all share registration matters.

The Company's annual general meeting provides a useful forum for the Shareholders to exchange views with the Board. Board members and the auditor are available to answer Shareholders' questions and explain the procedures for demanding and conducting a poll, if necessary. Any relevant information and documents on proposed resolutions are sent to all Shareholders at least twenty clear business days before the annual general meeting pursuant to the Articles of Association.

COMMUNICATIONS WITH SHAREHOLDERS *(continued)*

All Shareholders' communications, including interim and annual reports, announcements and circulars as well as the Shareholders communication policy are available on the Company's website at www.humanhealth.com.hk. The latest business developments and core strategies of the Company can also be found on the Company's website, keeping the communications with Shareholders open and transparent.

A dividend policy has been adopted by the Board and will be reviewed annually by the Board. The policy aims to set out the practice of paying dividends to the Shareholders and to allow the Shareholders to participate in the Company's profits by providing stable and sustainable returns to the Shareholders and for the Company to retain adequate reserves for future growth. The Company in general meeting may from time to time declare dividends in Hong Kong dollars to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose. The Board may recommend a payment of dividends after taking into account the Company's operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, Shareholders' interests and other factors which the Board may deem relevant. It is the Company's intention to pay an annual dividend to the Shareholders out of the profits attributable to shareholders of the Company, net of major funding needs (if any) for each year and also after taking into account the absolute amount of the proposed dividends. Any declarations of dividends will be at the absolute discretion of the Board and may not reflect the Company's historical declarations of dividends. Any declaration and payment (including the amount) of dividends will be subject to the Articles of Association, the Laws of Hong Kong and the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.

INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the Shareholders and potential investors. The Company welcomes the Shareholders, investors, stakeholders and the public to send their enquiries or proposal at general meetings to our Company Secretary by addressing them to the Company's address at 12th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong or by email at ir@humanhealth.com.hk or by phone at (852) 3971 8274 during normal business hours or by fax at (852) 2312 2772.

During FY2022, the Company did not make any changes to the memorandum of association and the Articles of Association and the current version of which are available on the websites of the Stock Exchange and the Company.

The Directors are pleased to present this annual report together with the audited consolidated financial statements for FY2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of comprehensive, one-stop and quality healthcare services to the public. The activities and other particulars of its principal subsidiaries are set out in note 1 to the financial statements of this annual report. There were no significant changes in the nature of the Group's principal activities during FY2022.

A review of the business of the Group during FY2022 and its future development are set out in the section headed "Business Review and Outlook" in the "Management Discussion and Analysis" of this annual report. The section "Management Discussion and Analysis" forms part of this directors' report.

FINANCIAL RESULTS AND PERFORMANCE

A financial review of the Group during FY2022 is set out in the section headed "Financial Review" in the "Management Discussion and Analysis" of this annual report.

The Group's profit or loss and other comprehensive income for FY2022 and the Group's financial position as at 30 June 2022 are set out in the financial statements on pages 118 to 120 of this annual report.

FINAL DIVIDEND

The Board has recommended the payment of the Final Dividend of HK30 cents per Share for FY2022 (FY2021: HK12 cents). The payment of the Final Dividend is subject to approval by the Shareholders at 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.

Details of dividends for FY2022 are set out in note 11 to the financial statements of this annual report.

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 4:30p.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.

Directors' Report

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2022 amounted to approximately HK$288.8 million of which approximately HK$113.9 million has been proposed as the Final Dividend for FY2022.

DONATIONS

Donations made by the Group during FY2022 amounted to approximately HK$3.7 million.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interest of the Group for the past five financial years is set out on page 214 of this annual report. This summary does not form part of the audited financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PRINCIPAL RISKS AND UNCERTAINTIES

The operations and business of the Group may be affected by various risks and uncertainties and the principal risks and uncertainties are set out below.

Strategic Risk

The COVID-19 pandemic is placing huge strain on the global business including public and private healthcare sector. Undoubtedly, COVID-19 brings challenges across the healthcare ecosystem, and the management of the Company has to adapt and formulate response strategies in a short period of time. For instance, the Board has to make prompt decisions toward the unprecedented public-private collaborations in vaccine administration and virus-testing between the Company and the Hong Kong Government. The strategic allocation of resources for supporting the COVID-19 related healthcare developments was a critical issue in decision making for surviving in the market. If the Group does not cope with the COVID-19 risks and opportunities cautiously, the pandemic will seriously affect the operation and strategic planning of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Operational Risk

We are dependent on our medical team and our financial results may be affected if we are not able to engage qualified professionals to join our team or retain them. In particular, our business model relies on consultancy arrangements with the medical team and their companies. In case any of them does not accept this arrangement, we may not be able to procure them to provide medical and dental services at our medical centres.

In addition, we operate all of our medical centres on leased properties. Any non-renewal of leases or substantial increase in rent may affect our business and financial performance.

Reputational Risk

We rely on our reputation within the healthcare service industry and our brand image which may be adversely affected by negative publicity. Moreover, the limitation in promoting the business of our Group may affect our ability to further enhance our brand recognition or secure new business opportunity in the future.

Legal Risk

Our general practitioners, specialists and dentists are required to take out comprehensive professional indemnity insurance policies at their own costs and indemnify our Group against all claims and damages sustained by our Group caused by their acts or negligence in relation to the services carried out by them. If our Group (or together with our general practitioners, specialists and dentists) experiences any situation where we are sued by our customers for damages caused by the acts or negligence of our general practitioners, specialists and dentists, we cannot guarantee that our general practitioners, specialists and dentists would have the financial capability to honour their obligation to indemnify us against all claims and damages in case professional indemnity insurance policies maintained by them would not be sufficient to cover the cost of the claims. Any costs arising therefrom could have a material adverse effect on our business, results of operations and financial condition.

Financial Risk

Details about the Group's financial risk management are set out in note 39 to the financial statements of this annual report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We embrace our employees as the most valuable assets of the Group. The objective of the Group's human resources management is to reward and recognise outstanding employees by providing competitive remuneration packages with basic salary and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group by providing adequate training and opportunities. Details of the relationship with our employees are set out in the ESG Report of this annual report.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS *(continued)*

Customers

We are committed to safeguarding the health of the community and are always concerned about their needs. By following our vision "Elevate Your Health Value, Elevate Your Life" (昇華健康價值，共創豐盛人生), we can provide person-centric and quality-focused services to our customers resulting in a sustainable and lasting relationship with our customers. Details of the relationship with our customers are set out in the ESG Report of this annual report.

Suppliers

The Group recognises the importance of good relationship with its suppliers to ensure long-term sustainable growth for the Group. We strive to cultivate a mutually beneficial and trusting relationship with our suppliers and particularly this is crucial for us to engage and retain professional talents and hence provide quality services to our customers. Details of the relationship with our suppliers are set out in the ESG Report of this annual report.

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.

DIRECTORS

The Directors during FY2022 and up to the date of this annual report were:

Executive Directors

Mr. Chan Kin Ping, BBS, JP *(Chairman and Chief Executive Officer)*
Dr. Pang Lai Sheung
Dr. Sat Chui Wan
Mr. Poon Chun Pong

Independent Non-executive Directors

Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

In accordance with the Articles of Association and the Listing Rules, Mr. Chan, Mr. Poon and Dr. Lui shall retire at the AGM and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out in the "Directors, Senior Management and Company Secretary" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from 1 April 2022, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 1 April 2022, which may be terminated by not less than three months' notice in writing served by either party on the other.

There is no service contract entered into by the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) of any Director proposed for re-election at the AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as (i) disclosed under the section headed "Non-Exempt Continuing Connected Transactions" below; (ii) disclosed in note 36 "Related Party Transactions" to the financial statements of this annual report; and (iii) Mr. Chan and Dr. Sat have approximately 24.39% and 2.44% partnership interests, respectively in New Journey Healthcare LP, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding company, or any of their respective subsidiaries was a party subsisted at the end of FY2022 or at any time during FY2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 30 June 2022, none of the Directors have any interest in a business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS', SENIOR MANAGEMENT'S AND EMPLOYEES' EMOLUMENTS

The Group's remuneration policy aims to provide a competitive remuneration to attract, retain and motivate high quality talent, having regard to the Group's and individual's performance and comparable market trends and may consist of several components such as fixed part, performance-based and long-term incentives. At the same time, such awards must be aligned with the Shareholders' interests.

Particulars of Directors' remuneration and five highest paid employees are set out in notes 8 and 9 to the financial statements of this annual report.

The amount or value of fees and bonus of the members of the senior management by bands for FY2022 is set out below:

Fees by bands	**Number of individuals**
Nil to HK$3,000,000	–
HK$3,000,001 to HK$6,000,000	5
HK$6,000,001 to HK$9,000,000	1

No director waived any emolument during FY2022.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares or underlying Shares

Name of Director	Capacity in which Shares/underlying Shares were held	Number of Shares/ underlying Shares held	Approximate percentage of total issued Shares (note v)
Mr. Chan Kin Ping, BBS, JP	Interest of controlled corporation (note i)	252,346,286 (note ii)	66.49%
	Beneficial owner	6,850,000	1.80%
Dr. Pang Lai Sheung	Interest of controlled corporation (note i)	252,346,286 (note ii)	66.49%
Dr. Sat Chui Wan	Beneficial owner	960,000 (note iii)	0.25%
Mr. Poon Chun Pong	Beneficial owner	1,086,000 (note iv)	0.29%

Notes:

(i) Mr. Chan, Dr. Pang and Treasure Group were our controlling shareholders (as defined in the Listing Rules). Treasure Group was owned as to 50% by Mr. Chan and 50% by Dr. Pang and Mr. Chan is the director of Treasure Group.

(ii) These Shares were beneficially owned by Treasure Group. Mr. Chan and Dr. Pang were deemed to be interested in these Shares pursuant to Part XV of the SFO.

(iii) These Shares represented the underlying Shares under the share options granted on 4 October 2016.

(iv) 600,000 Shares represented the underlying Shares under the share options granted on 4 October 2016 and 486,000 Shares were beneficially owned by Mr. Poon.

(v) The percentages were calculated based on the total number of issued Shares as at 30 June 2022.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Interests in shares of Treasure Group Global Limited (the "Associated Corporation")

Name of Director	Capacity in which the shares were held	Number of shares held	Approximate percentage of total issued shares (note i)
Mr. Chan Kin Ping, BBS, JP	Beneficial owner	1	50.00%
Dr. Pang Lai Sheung	Beneficial owner	1	50.00%

Note:

(i) The percentages were calculated based on the total number of issued shares of Treasure Group as at 30 June 2022.

All the above interests in the Shares and underlying Shares and the shares of the Associated Corporation were long positions and the class of shares in which the interests are held are ordinary shares of the respective companies.

Save as disclosed above, as at 30 June 2022, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or the Associated Corporation, which were required to be notified to the Company and the Stock Exchange or recorded in the register as aforesaid.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme conditionally approved and adopted by the written resolutions of the Shareholders on 17 February 2016 (the "**Share Option Scheme**"), at no time during FY2022 was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as it is known by or otherwise notified by any Director or the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares (a) which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) as recorded in the register required to be kept under Section 336 of the SFO:

Name of substantial Shareholder	Capacity in which the Shares were held	Number of Shares held	Approximate percentage of total issued Shares (note iii)
Treasure Group Global Limited	Beneficial owner (note i)	252,346,286	66.49%
Capital Healthcare International Limited	Beneficial owner (note ii)	25,362,000	6.68%
Capital Healthcare Group Co., Ltd.* (首都醫療健康產業集團有限公司)	Interest of controlled corporation (note ii)	25,362,000	6.68%
Beijing Phoenix United Investment Management Co., Ltd.* (北京鳳凰聯合投資管理有限公司)	Interest of controlled corporation (note ii)	25,362,000	6.68%
Xu Jie	Interest of controlled corporation (note ii)	25,362,000	6.68%

Notes:

(i) The Shares were beneficially owned by Treasure Group, a company which was owned as to 50% by Mr. Chan and 50% by Dr. Pang. Therefore, Mr. Chan and Dr. Pang were deemed to be interested in such Shares pursuant to Part XV of the SFO.

(ii) The Shares were beneficially owned by Capital Healthcare International Limited, which was wholly owned by Capital Healthcare Group Co., Ltd.* (首都醫療健康產業集團有限公司). Capital Healthcare Group Co., Ltd.* (首都醫療健康產業集團有限公司) was held as to 73.13% by Beijing Phoenix United Investment Management Co., Ltd.* (北京鳳凰聯合投資管理有限公司), which was owned as to 95% by Xu Jie. Therefore, Capital Healthcare Group Co., Ltd.* (首都醫療健康產業集團有限公司), Beijing Phoenix United Investment Management Co., Ltd.* (北京鳳凰聯合投資管理有限公司) and Xu Jie were deemed to be interested in such Shares pursuant to Part XV of the SFO.

(iii) The percentages were calculated based on the total number of issued Shares as at 30 June 2022.

All the above interests in the Shares were long positions and the class of Shares in which the interests are held are ordinary shares of the Company.

Save as disclosed above, the Directors are not aware of any other corporations or persons who, as at 30 June 2022, had any interests or short positions in the Shares or underlying Shares (a) which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) as recorded in the register required to be kept under Section 336 of the SFO.

* *for identification purposes only*

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during FY2022 are set out in note 36 to the financial statements of this annual report. Such transactions were either (i) fully exempt from the reporting, annual review, independent shareholders' approval and all disclosure requirements under Rule 14A.76(1) of the Listing Rules; or (ii) non-exempt continuing connected transactions as set out in the section headed "Non-Exempt Continuing Connected Transactions" in the "Directors' Report" of this annual report; or (iii) did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business of the Group and on normal commercial terms or such terms that were no less favourable to the Group than those available to independent third parties and were fair and reasonable and in the interests of the Shareholders as a whole. The Company confirms that the related party transactions (as the case may be) comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Dr. Seto Siu Keung's Consultancy Agreement

Dr. Seto entered into the consultancy agreement with Poly Dental and Dentogenic (Dr. Seto's sole proprietorship) dated 3 August 2021 for a term commencing from 1 September 2021 to 30 June 2024. The following is the summary of material provisions under Dr. Seto's consultancy agreement:

1. Dr. Seto's sole proprietorship shall provide dental services at the medical centres of the Group and shall at all times act in good faith towards his sole proprietorship and maintain the highest possible professional standards and reputation of his sole proprietorship;

2. Poly Dental shall grant Dr. Seto's sole proprietorship the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his dental practice at the medical centres of the Group;

3. Dr. Seto's sole proprietorship shall be entitled to receive professional fees for the provision of dental services at the medical centres of the Group either at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received at the medical centres of the Group generated by Dr. Seto, less relevant direct costs such as drugs costs and laboratory charges). Such percentage, monthly fixed fee as well as overall fee arrangement are commensurate to those typically offered to other independent dentists providing dental services at the medical centres of the Group;

4. Dr. Seto's sole proprietorship shall be entitled to receive an annual fixed management fees for the provision of management and training services to the Group which include providing professional advice on the development of the dental unit of the Group and management and training of the dentists team of the Group; and

5. Dr. Seto's Sole Proprietorship shall be entitled to receive a performance fee subject to the performance of dental unit of the Group for each financial year during the term.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS *(continued)*

Dr. Seto Siu Keung's Consultancy Agreement *(continued)*

For FY2022, Dr. Seto's sole proprietorship was entitled to receive professional fees which amounted to approximately HK$5,482,000 and did not exceed the annual cap of HK$6,700,000 for FY2022.

Given that Dr. Seto is a director of each of Poly Dental, Good Standard and Laserdontics, each a subsidiary of the Group and that Dr. Seto's consultancy agreement was entered into by Poly Dental, and Dr. Seto and his sole proprietorship, the transactions under Dr. Seto's consultancy agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

Dr. Lau Wai Man's Consultancy Agreement

Dr. Lau entered into the consultancy agreement with Poly Dental and Lau Wai Man Dental Surgeon (Dr Lau's sole proprietorship) dated 3 August 2021 for a term commencing from 1 September 2021 to 30 June 2024. The following is the summary of material provisions under Dr. Lau's consultancy agreement:

1. Dr. Lau's sole proprietorship shall provide dental services at the medical centres of the Group and shall at all times act in good faith towards his sole proprietorship and maintain the highest possible professional standards and reputation of his sole proprietorship;

2. Poly Dental shall grant Dr. Lau's sole proprietorship the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his dental practice at the medical centres of the Group; and

3. Dr. Lau's sole proprietorship shall be entitled to receive professional fees for the provision of dental services at the medical centres of the Group either at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received at the medical centres of the Group generated by Dr. Lau, less relevant direct costs such as drugs costs and laboratory charges). Such percentage, monthly fixed fee as well as overall fee arrangement are commensurate to those typically offered to other independent dentists providing dental services at the medical centres of the Group.

For FY2022, Dr. Lau's sole proprietorship was entitled to receive professional fees which amounted to approximately HK$6,811,000 and did not exceed the annual cap of HK$7,900,000 for FY2022.

Given that Dr. Lau is a director of each of Poly Dental, Good Standard and Laserdontics, each a subsidiary of the Group and that Dr. Lau's consultancy agreement was entered into by Poly Dental, and Dr. Lau and his sole proprietorship, the transactions under Dr. Lau's consultancy agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS *(continued)*

Opinion from The Independent Non-executive Directors and Auditor on The Continuing Connected Transactions

The Company's auditor was engaged to report on the Group's non-exempt continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the non-exempt continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

The independent non-executive Directors have reviewed these transactions and confirmed that the non-exempt continuing connected transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors confirm that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during FY2022.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 58.4% and the largest customer accounted for approximately 53.3% of the Group's total revenue for FY2022.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 19.8% and the largest supplier accounted for approximately 10.6% of the Group's total purchases for FY2022.

None of the Directors, their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the issued Shares) had an interest in the five largest suppliers or customers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules at any time during FY2022 and up to the latest practicable date prior to the issue of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below in this annual report, no equity-linked agreements were entered into by the Company during FY202 or subsisted at the end of FY2022.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the Share Option Scheme as set out below in this annual report, the Company had no outstanding convertible securities, options, warrants or similar rights as at 30 June 2022. There has been no issue or exercise of the conversion rights or subscription rights under any convertible securities, options, warrants or similar rights granted by the Company or any of its subsidiaries during FY2022.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme. The Directors confirm that the terms of the Share Option Scheme comply with the requirements under Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons (as defined in paragraph (b) below) 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.

(b) Participants

The Board may, at its absolute discretion, offer eligible persons (being any director, employee (whether full-time or part-time), executive, officer, consultant, adviser, supplier, customer or agent of our Group or such other persons who in the sole opinion of the Board have contributed to and/or will contribute to our Group) (the "**Eligible Persons**") share options to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.

SHARE OPTION SCHEME *(continued)*

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of our Company if this will result in such limit being exceeded.

The total number of Shares to be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed 35,000,000 Shares, representing 10% of the total number of the Shares in issue as at 1 April 2016 and approximately 9.22% of the total number of the Shares in issue as at the date of this annual report unless further Shareholders' approval has been obtained pursuant to the requirements set out in the Share Option Scheme and the Listing Rules.

(d) Maximum entitlement of each participant

Subject to the requirements set out in the Share Option Scheme and the Listing Rules, no option shall be granted to any Eligible Person (the "**Relevant Eligible Person**") if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the Relevant Eligible Person in the 12-month period expiring on the date on which an offer of the grant of an option under the Share Option Scheme is made to the Relevant Eligible Person would exceed 1% of the total number of Shares in issue at such time.

(e) Basis of determining the exercise price

The subscription price for a Share in respect of any particular share option granted under the Share Option Scheme (which shall be payable upon exercise of the share option) shall be a price solely determined by the Board and notified to the Eligible Person and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant option (the "**Offer Date**"), which must be a business day; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Share.

(f) Time for acceptance and the amount payable on acceptance of the option

An offer for the grant of the share option must be accepted within 28 days from the Offer Date with a consideration of HK$1.00 payable on acceptance of the offer.

SHARE OPTION SCHEME *(continued)*

(g) Time of exercise of option

Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may in its absolute discretion when offering the grant of an option impose any conditions in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the offer letter) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, achievement of performance targets by our Group and/or the grantee period before the right to exercise the option in respect of all or any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme and the Listing Rules. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised. The exercise period shall commence after a vesting period (if any) and expire in any event not later than the last day of the 10 years period after the date on which the option is duly accepted by the grantee in accordance with the terms of the Share Option Scheme.

(h) Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from 1 April 2016, after which period no further options shall be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Listing Rules, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

SHARE OPTION SCHEME *(continued)*

Details of movements of the share options granted under the Share Option Scheme during FY2022 were as follows:

Name of Grantees	Position held with the Group	Offer Date	Exercise Price per Share Option	Exercise Period	Number of Outstanding Share Options as at 1 July 2021	Number of Share Options Granted during FY2022	Number of Share Options Exercised during FY2022	Number of Share Options Lapsed during FY2022	Number of Share Options Cancelled during FY2022	Number of Outstanding Share Options as at 30 June 2022
Dr. Sat Chui Wan	Executive Director, Chief Financial Officer	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	960,000	–	–	–	–	960,000
Mr. Poon Chun Pong	Executive Director, Chief Operating Officer	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	600,000	–	–	–	–	600,000
Other eligible persons – employees (in aggregate)	–	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	350,000	–	–	–	–	350,000
Other eligible persons – suppliers (in aggregate) (note (v))	–	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	400,000	–	–	–	–	400,000
Other eligible persons – employees (in aggregate)	–	28 May 2018	HK$2.09 (note (iv))	1 June 2021 to 31 May 2027 (note (ii))	80,000	–	–	–	–	80,000
Other eligible persons – suppliers (in aggregate) (note (vi))	–	28 May 2018	HK$2.09 (note (iv))	1 June 2021 to 31 May 2027 (note (ii))	100,000	–	–	–	–	100,000
Total					2,490,000	–	–	–	–	2,490,000

Notes:

(i) The share options shall be exercisable from 4 October 2019 to 3 October 2022 (both dates inclusive) subject to a vesting scale in 3 tranches as set out below:

(a) The first 33% of the share options shall be exercisable from 4 October 2019 to 3 October 2022;

(b) The second 33% of the share options shall be exercisable from 4 October 2020 to 3 October 2022; and

(c) The remaining 34% of the share options shall be exercisable from 4 October 2021 to 3 October 2022.

SHARE OPTION SCHEME *(continued)*

Notes: *(continued)*

(ii) The share options shall be exercisable from 1 June 2021 to 31 May 2027 (both dates inclusive) subject to a vesting scale in 3 tranches as set out below:

(a) The first 33% of the share options shall be exercisable from 1 June 2021 to 31 May 2027;

(b) The second 33% of the share options shall be exercisable from 1 June 2022 to 31 May 2027; and

(c) The remaining 34% of the share options shall be exercisable from 1 June 2023 to 31 May 2027.

(iii) The closing price of the Shares immediately before the dates on which the share options were granted on 4 October 2016 was HK$2.20 per Share.

(iv) The closing price of the Shares immediately before the dates on which the share options were granted on 28 May 2018 was HK$2.02 per Share.

(v) The grantees who are suppliers of the Company are Dr. Kwong Kin Hung ("**Dr. Kwong**") and Dr. Lee Huen ("**Dr. Lee**"), who are both general medical practitioners of the Group. Dr. Kwong was granted 300,000 Share Options and Dr. Lee was granted 100,000 Share Options. The terms of the grant to the grantees were identical to each other. The Share Options were granted to the grantees based on the fact that both of the grantees had joined the Group for over 10 years at the time of the grant and are members of the doctor advisory board of the Company ("**DAB**"), which is responsible for overseeing the quality of the medical services provided by the Group and handling issues in relation to the training, engagement and complaints of our medical team, and both grantees served on the DAB for over four years at the time of the grant. As such, the Board considered that the two grantees had provided strategic planning and development to the Group and with great contributions to the Group since their appointment as member of the DAB and reward should be given to the two grantees.

(vi) The grantee who is supplier of the Company is Dr. Seto, who is a co-head of dental unit of the Group. Dr. Seto was granted 100,000 Share Options. The Share Options were granted to the grantee based on the fact that the grantee had great contributions to the development of the dental unit of the Group, particularly on the high-end dental services and management of the dentists team. The Board considered that the grantee had contributions to the Group in his practice area and reward should be given to the grantee.

As at 30 June 2022, the 2,490,000 share options granted remained outstanding. No share options have been granted, exercised, cancelled or lapsed during FY2022.

The values of the share options granted on 4 October 2016 and 28 May 2018 are set out in note 31 to the financial statements of this annual report.

PENSION SCHEME ARRANGEMENTS

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

A subsidiary operating in the PRC is required to participate in defined contribution retirement schemes organised by the relevant local government authorities since incorporation. It is required to continue a specific amount for the employees in the PRC pursuant to the local municipal government regulations.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Directors shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The stated permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong ("**Hong Kong Companies Ordinance**")) for the benefit of the Directors is currently in force and was in force throughout FY2022.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Mr. Chan, Dr. Pang and Treasure Group (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition in favor of the Company (and as trustee for its subsidiaries) dated 15 March 2016 (the "**Deed of Non-Competition**"). The Controlling Shareholders confirmed their compliance with all the undertakings provided under the Deed of Non-Competition. The independent non-executive Directors, based on the confirmation from the Controlling Shareholders, consider that, during FY2022, the terms of the Deed of Non-Competition have been complied with by the Controlling Shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Details of our environment, social and governance policies and practices are set out in the "ESG Report" of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During FY2022 and up to the date of this annual report, our Group had complied with the relevant laws and regulations that have a significant impact on its business in all material respects and there were no material breaches or violations of the laws and regulations applicable to our Group that would have a material adverse effect on its business and financial position taken as a whole.

AUDITOR

Ernst & Young was the auditor of the Company for the year ended 30 June 2019. Upon expiration of its term of office at the annual general meeting of the Company held on 29 November 2019, Ernst & Young did not seek for re-appointment. The Board, with the recommendation from the Audit Committee, has resolved to propose the appointment of BDO Limited as the auditor of the Company following the retirement of Ernst & Young for the year ended 30 June 2020.

BDO Limited was the auditor of the Company for the year ended 30 June 2020. Upon expiration of its term of office at the annual general meeting of the Company held on 2 December 2020, BDO Limited did not seek for re-appointment. The Board, with the recommendation from the Audit Committee, has resolved to propose the appointment of Ernst & Young as the auditor of the Company following the retirement of BDO Limited for FY2021.

Ernst & Young has been the auditor of the Company for FY2021 and was retired as the auditor of the Company upon expiration of its term of office at the annual general meeting of the Company held on 3 December 2021 and has seek for re-appointment. The Board, with the recommendation from the Audit Committee, has resolved to propose the re-appointment of Ernst & Young as the auditor of the Company for FY2022.

Ernst & Young will retire as the auditor of the Company upon expiration of its current term of office at the AGM and will seek for re-appointment. The Board, with the recommendation from the Audit Committee, has resolved to propose the re-appointment of Ernst & Young as the auditor of the Company for the year ending 30 June 2023, subject to the passing of an ordinary resolution of the Shareholders at the AGM, with effect from the date of the AGM to hold the office as auditor until the conclusion of the next annual general meeting of the Company.

On behalf of the Board

Chan Kin Ping, BBS, JP
Chairman

Hong Kong, 29 September 2022

Environmental, Social and Governance Report

ABOUT THIS REPORT

Human Health is pleased to present its annual ESG Report. This ESG Report is intended to deliver the Group's visions, commitments, policies, and performances relating to material ESG issues. Through this ESG Report, the Group aims to fulfil its duty as a corporate citizen, build trust and rapport among stakeholders, as well as enable a better understanding of the Group's sustainability progress and direction.

Reporting Scope

The Group is principally engaged in the provision of comprehensive, one-stop and quality healthcare services to the public. As the Board considers that majority of the Group's material environmental, social and economic impacts lie within its medical centres, warehouse and office in Hong Kong, the scope of the ESG Report covers the operational and management activities of these entities, unless specified otherwise. During the period from 1 July 2021 to 30 June 2022 (the "**Reporting Period**" or "**FY2022**"), 59 medical centres, 1 warehouse and 1 office operated by the Group were within the reporting scope of this ESG Report. The number of medical centres covered in this ESG Report in the Reporting Period reduced by 6 compared with the ESG report for FY2021 due to the optimisation of service network of the Group.

As the emissions data was not available and the majority of the relevant workforce was in part-time nature for the testing and vaccination centres for COVID-19 related services, the Board considers appropriate to exclude the numbers of these centres, the relevant workforce and the mobile vaccination vehicle from calculations of all key performance indicators ("**KPIs**") set out in Appendix 27 of the Listing Rules. In addition, as certain utilities data was not available for the calculation of electricity and water consumption, 3 medical centres were excluded from the calculations of electricity consumption and 14 medical centres were excluded from the calculation of water consumption.

Unless otherwise specified, the content of this ESG Report covers the ESG activities, challenges and measures taken by the Group in the Reporting Period.

Reporting Standards

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 27 of the Listing Rules.

Environmental, Social and Governance Report

Reporting Principles

The Group applied the following reporting principles in the preparation of this ESG Report:

Materiality	Following a comprehensive stakeholder engagement process and materiality assessment, this ESG Report is structured based on the materiality of environmental and social issues. For more information, please refer to subsections "Stakeholder Engagement" and "Materiality Assessment" under section "Approach to Sustainability".
Quantitative	This ESG Report discloses quantitative KPIs of the Group's office, warehouse, and medical centres in Hong Kong. Information on the standards, methodologies, assumptions, and calculations tools used are further disclosed in the discussion of the various ESG issues where applicable. During the Reporting Period, the Group has based on the quantitative targets to evaluate the effectiveness of ESG policies and management systems. Quantitative information is further accompanied by a description where appropriate.
Balance	This ESG Report provides an unbiased picture of the Group's ESG performance.
Consistency	Any changes to the calculation frameworks or methods, KPIs used, or any other relevant factors affecting a meaningful comparison in this ESG Report shall be disclosed. This ESG Report adopts consistent methodologies for KPIs' calculations, which allows for meaningful comparisons of ESG data over time.

The Group is committed to disclosing all material ESG matters in the most accurate and sincere manner. All information disclosed in this ESG Report is compiled and published based on existing policies, practices, official documents, or reports. Furthermore, this ESG Report is endorsed and approved by the Board. Responsible for overseeing and managing all ESG matters of the Group, the Board is dedicated to monitoring and disclosing the Group's sustainability performance through the annual publication of the ESG Report.

APPROACH TO SUSTAINABILITY

For over two decades, the Group has adopted, advocated, and adhered to a philosophy of responsible corporate growth. Current events, including the COVID-19 pandemic, shed an even brighter light on the importance of incorporating sustainability principles into its business strategy, as it has enabled the Group to become more agile and better prepared to handle sudden changes. Recognising that the environment is becoming increasingly volatile and complex, the Group is wholeheartedly committed to operate in an environmentally and socially responsible manner across all aspects of its business.

Sustainability Governance

A robust sustainability governance structure with clear chains of accountability enables the Group to deliver both its commitments as well as stakeholder expectations. At the Group, sustainability is planned and managed at the strategic level by the Board, while executed and monitored at the operational level by its ESG committee of the Group ("**ESG Committee**").

The Board

The Board is the highest decision-making and management authority of the Group. It is responsible for overseeing all ESG-related issues, the Board's ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG issues, risks and opportunities. This process involves reviewing with regular Board updates, where the results of the materiality assessment are reviewed and discussed to ensure appropriate relevance and materiality to the Group. The Board updates include the work progress reported by the ESG Committee, policies setting and amendments, ESG-related risks identification, latest information on ESG-related compliance matters, and any other pertinent ESG information. For more information on the results of the materiality assessment, please refer to subsection "Materiality Assessment".

The Group believes setting ESG-related targets can enhance the Group's commitment to corporate social responsibility and allow the Group's stakeholders to have a clear understanding of the Group's ESG performance. To provide additional oversight and direction, the Board was also involved with reviewing progress of the ESG-related goals and targets set in FY2021. The Board has reviewed and disclosed the progress the Group has made in achieving these targets. For further details, please refer to subsection "Environmental Policy and Targets" under section "Green Operations".

Sustainability Governance *(continued)*

ESG Committee

Formally set up in FY2020, the ESG Committee is chaired by the Company Secretary, representing Director's Office and comprises department heads of different functions, including Operations Department, Business Development Department, Human Resources and Administration Department ("**HRA Department**") and Procurement Department.

The ESG Committee is responsible for assisting the Board in managing, administering, and handling all ESG matters, as well as monitoring the implementation of the ESG strategies at the operational level.

ESG Committee Responsibilities

- Develop and review the Group's ESG visions, objectives and strategies, and make recommendations to the Board for the approval of relevant initiatives;
- Set out ESG principles and prioritise in managing ESG impacts and create sustained values for the Group's stakeholders;
- Identify, determine, and evaluate ESG risks and opportunities of the Group, which shall be reported to the Board;
- Identify, assess, and determine relevant matters that significantly affect the operation of the Group and/or stakeholders' interests in the ESG aspects;
- Advise the Board on the allocation of resources on ESG initiatives;
- Review and update as necessary the Group's policies and procedures on social responsibility management, corporate governance, environmental protection or other relevant ESG aspects;
- Monitor and review the Group's operations to ensure that they are in compliance with relevant ESG policies and procedures, as well as applicable laws and regulations and international standards;
- Oversee the implementation of the Group's ESG strategy and initiatives;
- Set targets to measure the attainment of the initiatives and develop continuous improvement programme for ESG performance;
- Measure and evaluate performance of the Group against ESG targets set, which shall be reported to the Board, and advise on actions needed to improve performance;
- Ensure sufficient and adequate training on ESG issues has been provided to relevant staff;
- Review and evaluate the performance of the ESG Committee and the terms of reference to ensure its operating effectiveness, and recommend any appropriate changes for the Board's approval; and
- Report the ESG Committee's findings and recommendations to the Board on a regular basis.

Sustainability Strategies

The Group's sustainability strategies are divided into three phases and reviewed annually by the Board. The long-term visions in managing ESG issues would be maintaining the sustainability of the Group's operation and it involves communicating its prioritised set of sustainability-related actions and commitments to its different stakeholders. Covered by four long-term commitments in different material aspects, it is reflected by its four core values, "Empathetic" (仁心), "Earnest" (稱心), "Evolutionary" (創新) and "Ethical" (求真). It provides a framework to focus investment and drive performance, as well as engages its internal and external stakeholders.

In order to ensure the Group's operations align with its long-term visions, the Group considered that the medium-term strategies under each commitment are expected to be accomplished within 5 to 8 years, as shown below.

Long-term Visions and Medium-term Strategies	Our Mottos
I. Deliver quality healthcare services A. Explore possibilities in improving healthcare services B. Engage qualified professional team with diversified solutions C. Build positive customer relations and trust	Empathetic; Earnest; Evolutionary; Ethical
II. Respect workforce A. Promote a safe and healthy work environment B. Encourage continuous professional growth C. Attract and retain exceptional talents	Earnest; Ethical
III. Embrace green operations A. Minimise emissions and waste B. Optimise resource efficiency C. Effectively manage environmental risks	Evolutionary; Ethical
IV. Be an ethical and responsible corporate citizen A. Develop robust relationships with the communities in which it operates in B. Operate under the highest standards of openness, probity, and accountability	Earnest; Evolutionary; Ethical

Sustainability Strategies *(continued)*

The Group's short-term strategies shall be implemented by integrating and allocating the public needs, market trends, as well as the Group's operational resources. As the cornerstone of its three-phase strategies, the short-term strategies shall be consistently reviewed and updated by the Board, with an aim to efficiently monitor the Group's ESG performance and thereby achieve the long-term visions. During the Reporting Period, the short-term strategies have been reviewed and are expected to be accomplished within 2 to 4 years. The Group considered that the short-term strategies remain align with its long-term visions and the progress of implementing the short-term strategies during the Reporting Period are detailly described as below.

	Long-term Visions		Medium-term Strategies	Short-term Strategies
I	Deliver quality healthcare services	I(A)	Explore possibilities in improving healthcare services	To establish and launch a digital registration programme in order to streamline the registration procedure, increase the data accuracy and as such, improve the service quality. During the Reporting Period, a digital registration programme has been launched and the Group has devoted resources for the development of a next generation integrated clinic operating platform and it is expected that the first phase of the platform can be launched in the coming financial year.
I	Deliver quality healthcare services	I(C)	Build positive customer relations and trust	To establish and promote a wellness membership programme for building customer relationship and to fully understand the specific needs of customers in order to deliver customised healthcare solutions with all-round service portfolio that fit the customers' physical and mental needs. During the Reporting Period, the wellness membership programme has been launched and it is expected that the programme will be promoted in most of the medical centres of the Group in the coming financial year.
III	Embrace green operations	III(A) III(B)	Minimise emissions and waste Optimise resource efficiency	To implement waste and paper usage reduction, water efficiency, and emissions reduction measures and set respective target(s). During the Reporting Period, the Group monitored the environmental KPIs targets and implemented various measures on waste management. For example, all plastic bags with the logos of the Group procured in the medical centres providing general practice services are totally degradable.

Aligning Sustainability Approach with the United Nations Sustainable Development Goals

The United Nations 17 Sustainable Development Goals ("**SDGs**") were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. Recognising the role the Group plays in the global effort to address worldwide challenges and to showcase its commitment in promoting the universal sustainable development agenda, during the Reporting Period, the Group remained the alignment of its sustainability strategies with 4 of the 17 SDGs.

SDGs	Implications
Good Health and Well-being 3 GOOD HEALTH AND WELL-BEING	Good health is essential to sustainable development. Achieving universal health coverage and providing equitable access of healthcare services to the public is a common goal in a sustainable society. During the Reporting Period, Hong Kong was still under the pandemic impact of COVID-19. Upholding its sustainability strategy, the Group is committed to leveraging its resources, assets, and expertise in the healthcare industry to mitigate the pandemic impact in the Hong Kong community. With an aim to address people's physical and mental health needs and offer customised care, the Group has utilised big data to devise tailor-made healthcare solutions that address the needs of its customers and promote wellness services through different means.
Quality Education 4 QUALITY EDUCATION	Education is a powerful tool for sustainable development. the Group endeavours to emphasise the importance of healthcare to the public. Through the provision of community health talks, assessments, and education programmes, the Group aspires to make positive social impacts by raising public health awareness and promoting a healthy lifestyle. The Group also invests in building knowledge, skills and abilities to inspire the next generation of healthcare innovators and prepare them for their healthcare careers.
Responsible Consumption and Production 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Not only is the Group committed to people's health, but also to the world in which we live in. The Group upholds a prudent and responsible attitude in resource consumption in each of its medical centres, warehouse and office. The Group closely monitors the usage of environmental resources and carries out corresponding sustainable consumption guidelines. By prioritising environmental sustainability in its corporate agenda and ensuring energy efficiency usage for its operations, the Group aims to help people achieve lifelong well-being.
Partnerships for the Goals 17 PARTNERSHIPS FOR THE GOALS	The SDGs can only be realised with strong, inclusive partnerships and cooperation. At the Group, its partnerships are built upon principles and values, and upon a shared vision and goal that places people and the planet at the centre. During the Reporting Period, the Group actively collaborated with allies from different industries who uphold the same vision – to deliver professional health information and thereby promote healthy lifestyles within the whole society.

Moving forward, the Group believes its sustainable development will intertwine with the SDGs in a more concrete manner. The Group shall consider integrating more material SDGs into its operations and reviewing their applicability to the Group on a regular basis.

Stakeholder Engagement

Communication and engagement with stakeholders are an integral part of the Group's business. The Group engages its stakeholders annually to understand their priorities, expectations, and perceptions regarding sustainability issues. This enables the Group to further explore the materiality of different ESG issues and review its business and sustainability initiatives using a multi-perspective approach, which can ultimately help the Group formulate better sustainability related decisions.

During the Reporting Period, multiple engagement channels have been established to foster continuous and dynamic interaction with the Group's internal and external stakeholders.

Stakeholders	Engagement Channels
Internal Stakeholders • Board and Management • Employees **External Stakeholders** • Shareholders and Investors • Customers • Suppliers	• Meetings • Interviews • Engagement Surveys • Email • Letters • Seminars • Suggestion Box • Telephone • Annual Appraisal • Trainings • Annual and Interim Reports • Announcements and Circulars • Company Website

Materiality Assessment

The Group values its stakeholders' opinions and recognise there are many intersections between its stakeholders' and the Group's interests. During the Reporting Period, the Group engaged an independent sustainability consultant to conduct a materiality assessment to prioritise and validate material sustainability topics.

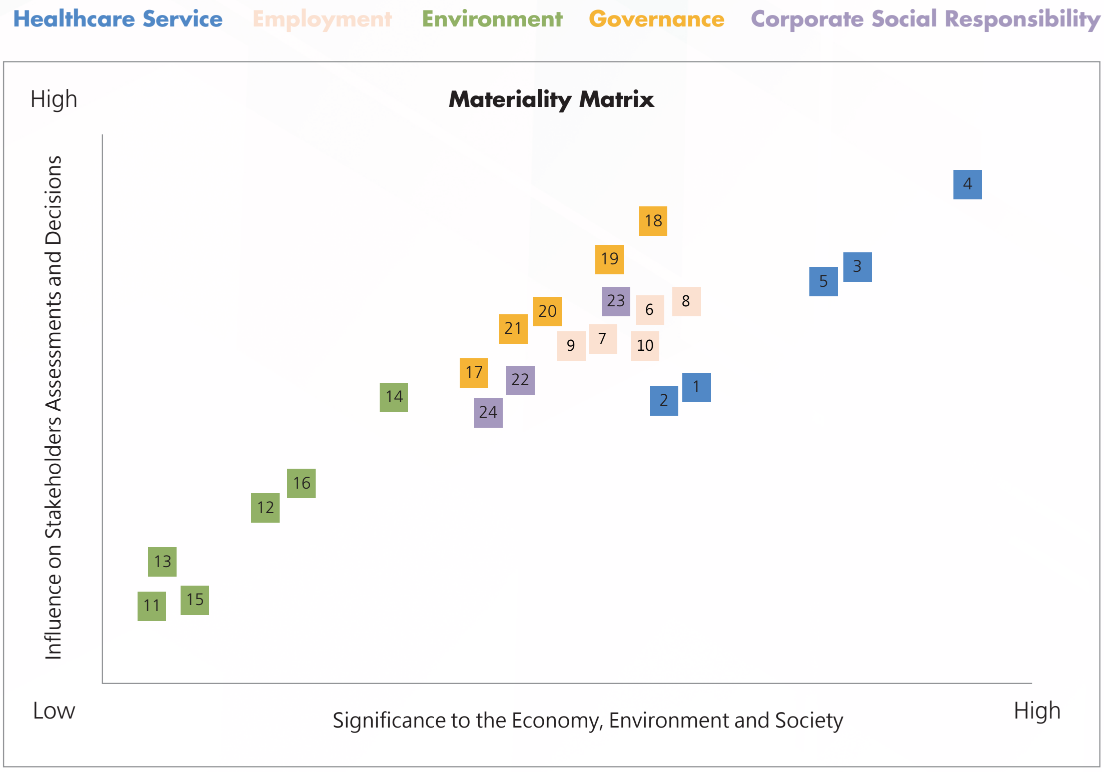
Materiality Assessment *(continued)*

With reference to external reporting requirements, the assessment identified and evaluated the most important sustainability issues to the Group's stakeholders during the Reporting Period, as well as determined the coverage and structure of this ESG Report. Through the process of engaging its stakeholders, the Group was also able to gain insights on how to further improve its sustainability agenda. The Group is committed to performing this exercise annually to ensure its existing priorities, strategies and policies align with stakeholder expectations. A 4-step approach was adopted to assess the materiality of ESG issues.

Step 1: Identification	A list of potential material issues was identified with reference to the following sources: • The Global Reporting Initiatives Standards • The SDGs • The SASB Standards – Health care industry materiality finder • MSCI – ESG Industry Materiality Map • Previous ESG Reports from the Group • Industry benchmarking[1] The criteria for the selection of material ESG issues include whether the issue has substantial influence on the assessments and decisions of stakeholders, and whether the issue reflects the Group's significant economic, environmental and social impacts. Through these criteria, 24 ESG issues were identified and defined.
Step 2: Prioritisation	Different stakeholder groups were selected and engaged based on their influence on the Group. They were tasked to rate the relative importance of 24 ESG issues. The identified stakeholder groups are the Board and management, employees, Shareholders and investors, customers, and suppliers. In total, 96 participants responded to the survey. A standard questionnaire was utilised to ensure consistent and systematic evaluation of material issues.
Step 3: Validation	The Group's management confirmed and validated the list of material topics for disclosure in this ESG Report.
Step 4: Review	The Board reviewed the identified material issues and the results to ensure appropriate relevance and materiality to the Group.

1 The process of identifying industry peers considers companies that are reasonably similar to the Group in terms of industry classification, service scope and target market.

Materiality Assessment *(continued)*



Healthcare Service	Employment
1. Supply Chain Management 2. Technology Development/Product Innovation 3. Patient Data Protection and Privacy Management 4. Product Quality and Safety 5. Customer Welfare	6. Good Employment Practices 7. Employee Development and Training 8. Occupational Health and Safety 9. Equal Opportunities 10. Labour Standard
Environment	**Governance**
11. Carbon Emissions 12. Waste Management 13. Energy Consumption 14. Medical Packaging 15. Climate Adaptation and Mitigation 16. Environmental Strategy and Goal Setting	17. Ownership and Control 18. Business Ethics 19. Risk Management 20. Ethical Working Practices 21. Transparency in Information Disclosure
Corporate Social Responsibility	
22. Participation of Community and Social Events 23. Raising Public Health Awareness 24. Community Investment	

Materiality Assessment *(continued)*

Based on the materiality assessment and further validated by the Group's management and determined by the Board, the key ESG issues identified by the Group are (4) Product Quality and Safety, (3) Patient Data Protection and Privacy Management, (5) Customer Welfare, (8) Occupational Health and Safety, (18) Business Ethics, (1) Supply Chain Management, (6) Good Employment Practices, (10) Labour Standards, (23) Raising Public Health Awareness and (19) Risk Management. Throughout this ESG Report, the Group shall focus more on these key ESG issues which are both important to sustainable development of the Group and to its stakeholders.

QUALITY HEALTHCARE SERVICES

For over 20 years, the commitment to advancing better health for all has been the focus of the Group. With the mission "Elevate Your Health Values, Elevate Your Life", we strive to provide one-stop medical services for all, including but not limited to general practice services, specialties services, dental services, Chinese medicine, physiotherapy, medical aesthetic, diagnostics and imaging, health check and wellness services. Since 1997, we have supported over 2.5 million clients through the operation of medical centres with convenient locations and dedication of our professional team and staff.

Our commitment to improving people's health and well-being grows stronger with each year. This is especially relevant this year as turbulent times require us to deepen our pledge to account for how we meet the long-term needs of our customers. During the Reporting Period, we continued to deliver world-class care to our customers by attending to service quality and safety, prioritising clients' needs, and closely overseeing the supply chain. In doing so, we hope to create a better healthcare experience for all.

Quality of Medical Services and Products

The Group's medical services and products play a significant role in improving people's lives. We are therefore highly conscious of our responsibility to deliver high quality services and products to achieve and maintain patients' health and well-being.

In our day-to-day business, we have adopted a comprehensive service quality management approach, which strictly monitors our operations from patient registration, clinical consultation procedures (including but not limited to diagnosis and treatment), to efficiency management. This is clearly communicated in our Operating Manual, Nursing Handbook, as well as the Internal Guidelines for Medical Centres, which are all readily accessible to our professional team and frontline staff in all of our medical centres in Hong Kong and shall be reviewed regularly to ensure the policies are up-to-date.

To ensure the quality control of our medical team, they are required to participate in our orientation and induction programme, clinical attachment, on-the job training, site visits and experience sharing in their first six months of service. The Doctor Advisory Board ("**DAB**") is also responsible for coaching incoming medical team on aspects such as medical centre operations, patient handling, as well as documentation and management of safety and complicated issues. Their performances are closely monitored by our doctor management team through regular meetings, clinical practices, patient feedbacks, and an annual performance review.

Quality of Medical Services and Products *(continued)*

Quality Inspection

To ensure the quality of our services, an annual performance review is conducted by our DAB. During the performance review, the DAB will assess medical team's general service attitude and professionalism.

Performance Review Objectives
• Inspect if the medical centres are running smoothly; • Determine if proper conduct and good practice exists to maintain high standards of care; • Monitor if medical centre is operating in the best interest of the clients; • Analyse the number of patient visits in the medical centres; • Identify the trend of complaint cases and medical incidents; and • Analyse the overall quality of the services.

We are committed to the continuous improvement and advancement of our service quality. Hence, in addition to the performance review, regular meetings with frontline staff are also organised to discuss industry best practices. Organised by the operation managers, the meetings cover topics such as administrative best practices, case studies from the industry, clinical learning, as well as personal development subjects. Furthermore, the doctor management team is responsible for organising the annual doctors general meeting, regional meeting, and individual doctor meeting to raise issues identified within the daily operations of the medical centres and devise appropriate solutions.

Regarding the quality of our medical prescriptions, our internal guidelines state that all prescriptions must be properly dispensed by responsible staff members according to the "3-check-7-rights" rule. All prescribed medications must also be packed and sealed in separate bags with corresponding drug labels, patient details and drug information. If pharmaceutical products are suspected of being potentially harmful to users due to their defective quality, safety, or efficacy, they may be subjected to recall by the Department of Health in Hong Kong ("**DOH**") or the pharmaceutical products manufacturer before distributing to our medical centres for our patients. Under such circumstances, staff may refer to our internal policy for product reporting and recall procedures. In relation to the product recall of consumer products by requesting the consumers to return, exchange, or replace a product after defects have been discovered that could hinder performance or harm consumers, there was no such product recalls by the Group during the Reporting Period (FY2021: 0 recalls).

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to labelling relating to products and services provided by the Group:

- Dangerous Drugs Ordinance (Cap 134 of the Laws of Hong Kong), which governs the use of medications being supplied and dispensed which are classified as dangerous drugs under the Ordinance.

- Antibiotics Ordinance (Cap 137 of the Laws of Hong Kong), which controls the sale and supply of certain antibiotic substances.

- Pharmacy and Poisons Ordinance (Cap 138 of the Laws of Hong Kong), which governs the manufacture, supply and labeling of, and the keeping of records relating to, pharmaceutical products and advanced therapy products.

- Trade Descriptions Ordinance (Cap 362 of the Laws of Hong Kong), which prohibits false trade descriptions, false, misleading or incomplete information, false marks and misstatements in respect of goods and products.

Quality of Medical Services and Products *(continued)*

Quality Inspection *(continued)*

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance by engaging registered medical practitioners and registered dentists in dispensing medications in the daily operations of the Group, as well as engaging our staff in double checking the labelling of the products before delivery to our customers.

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to advertising by the Group:

- Undesirable Medical Advertisements Ordinance (Cap 231 of the Laws of Hong Kong), which restricts certain advertisements relating to medical and health matters.

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance by monitoring the advertisement or promotion materials made by the Group.

Putting Safety First

We recognise that our fundamental responsibility is to provide safe services to our customers. This is especially important given the current global health crisis.

During the COVID-19 pandemic, we have formulated and implemented adequate COVID-19 prevention measures in our medical centres. All our medical team and frontline staff have signed health declarations and undergone inspections. Medical team and frontline staff are required to do a rapid antigen test and undergo temperature screenings daily and always wear appropriate protective equipment, including but not limited to surgical masks and goggles. Furthermore, they must perform frequent hand washing and maintain good personal hygiene. Medical centres are regularly disinfected in accordance with internal guidelines.

The safety of our services is also dependent on the hygiene of our customers. All incoming persons must therefore perform temperature checks, hand disinfection, as well as wear surgical masks upon arrival. If a person is experiencing symptoms or is suspected of having COVID-19, he/she will be isolated and reported to the Centre for Health Protection. Comprehensive disinfection procedures will immediately be organised in the medical centre.

In addition to these procedures, our medical centres and office have also adopted an Infection Control Policy drafted by the Operations Department and the HRA Department on 10 February 2020, which was reviewed regularly. It covers all the medical centres and the office of the Group in Hong Kong. Protection measures are stipulated in the policy, including guidelines on how to perform proper hand hygiene, dispose of potentially infected equipment, use and store personal protective equipment, perform injections safely and maintain hygiene etiquette. The Infection Control Policy was monitored by the Operations Department and the HRA Department.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the Group in relation to health and safety of the services provided by the Group.

Customer Satisfaction

The Group strives to cultivate and nurture positive relationships with our clients by regularly engaging them through customer satisfaction surveys. Under our Mystery Shopper Programme, these annual surveys enable us to gauge customer needs and understand their expectations in an honest manner so that we can continuously enhance our service quality and improve medical centre operations. Customers were asked to rate how the Group handles phone enquiries, our ability to handle complaints and quality of services, among other criteria. All information from the customer satisfaction surveys is treated as strictly confidential. During the Reporting Period, 30 medical centres were selected to undergo the programme, and the average score on customer satisfaction was approximately 91%.

Standard procedures are also in place to address customer complaints in a timely and professional manner. The procedures outline measures to handle complaints according to different levels of severity and by nature of the complaint. As communicated within the Internal Guidelines for Medical Centres, Business Development Department and Operations Department are responsible for investigating each complaint, evaluating possible causes, providing detailed response to the customer and issuing corrective actions if appropriate. All complaints are then appropriately recorded and filed for follow-up and future references. To understand how we can further enhance customer experience, complaints are reviewed regularly and analysed for improvement during our regular meetings. During the Reporting Period, 136 complaints were recorded, and 36 customers provided feedback. All cases have been resolved accordingly.

Supply Chain Management

We manage a complex network of supplier relationships that are critical to our business success and our ability to fulfil our obligations as a healthcare service provider. We strongly prioritise maintaining a strong and professional relationship with our key suppliers, comprising medical team (comprising general practitioners, specialists, dentists and clinical psychologists), pharmaceutical product distributors and manufacturers as well as laboratory and imaging centres. As at 30 June 2022, the number of key suppliers was 399 and please refer to the section "Key Performance Table" for the number of suppliers by geographical region.

Medical Team

All our general practitioners, specialists, dentists and clinical psychologists cooperate with the Group by entering independent contracts with us. To ensure that the assessment processes are carried out fairly, transparently and consistently, we have a Doctor Recruitment Policy in place, which was approved on 1 July 2015, implemented by the DAB and doctor management team, and was last reviewed on 1 January 2021. It covers all the medical centres of the Group in Hong Kong. As outlined in the policy, candidates are engaged based on their academic background, professional qualifications, work experience, skill sets, beliefs and morals, previous compliance records and overall working attitude. The Doctor Recruitment Policy covers the recruitment of all the general practitioners, specialists, dentists and clinical psychologists of the Group.

During the Reporting Period, we applied the aforementioned policy to 221 medical team. We also monitor the compliance of all our medical team with relevant laws and regulations, including the Code of Professional Conduct for the Guidance of Registered Medical Practitioners issued by the Medical Council of Hong Kong and the Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong issued by the Dental Council of Hong Kong by obtaining certificates annually, holding regular meetings with DAB and doctor management team and evaluating feedbacks and complaints in relation to the medical team.

Supply Chain Management *(continued)*

Medical Product Suppliers

The Group has formulated the Policy and Procedure on Procurement of Medicine, Goods and Services[2] on 1 June 2015 which was last reviewed on 1 January 2022. It covers all the medical centres and office of the Group in Hong Kong. The Policy and Procedure of Medicine, Goods and Services was approved and implemented by all departments of the Group and was designed to ensure that procurement is conducted in an efficient and cost effective manner, while respecting sustainability principles. As communicated in the policy, all procurement activities must adhere to the following objective – "to buy the right goods or services of the right quality in the proper quantity at the right time from the proper source at the right price".

Policy and Procedure on Procurement of Medicine, Goods and Services: Key Points

- Only necessary procurement shall be undertaken;
- Goods and services shall be procured in an economically rational manner;
- The Group shall obtain best value for money, taking into consideration quality, quantity, timing and source;
- All purchasing practices shall consider the effective conservation of natural resources and protection of the environment;
- Suppliers shall be eligible to participate in procurement transactions in an open, fair and transparent process;
- Procurement activities shall be undertaken in a manner that ensures all potential suppliers have been fairly treated and given an equal opportunity to make a bid; and
- Procurement activities shall be conducted with integrity and transparency and protect the Group and its staff from claims of maladministration, and reduce the risks of fraud, corruption, waste or other irregularities.

Furthermore, as part of our policy, the Procurement Department is responsible for ensuring that all purchase orders of pharmaceutical products are registered and recognised by the Drug Office of the DOH. The policy also outlines a set of criteria for selecting medical product suppliers, including the history of suppliers' quality, quantity, timing of delivery, source of the products, price and supplier's reputation in the industry. Regarding the selection of laboratory and imaging centres, we have developed a selection criterion to ensure their quality, safety and efficiency.

Selection Criteria for Laboratory and Imaging Centres

- Location (such as number of outlets and distance between our medical centres and the laboratories);
- Scope of service (such as the variety of equipment and testing offered by the laboratories);
- Quality (such as the time required for report delivery, accuracy of the report);
- Price; and
- Feedback from medical team.

The procurement procedure sets out in the Policy and Procedure on Procurement of Medicine, Goods and Services and the practices set out above shall be followed by all the departments of the Group. During the Reporting Period, we applied the above practices to 117 pharmaceutical product distributors and manufacturers and 61 laboratory and imaging centres. The practices are further monitored by way of regular checking by the internal control team of the Group.

2 Medicine includes all kinds of drugs used in the medical centres under the Group. Goods include equipment, consumables, materials, supplies and the construction of physical infrastructure. Services include all kinds of outsourcing services such as recruitment agencies, medical waste handling companies, as well as cleaning and pest control services.

Supply Chain Management *(continued)*

Social and Environmental Impact in the Supply Chain

We believe in maintaining strict controls to minimise negative impacts of our supply activity on the environment and people, and seek to ensure human rights are upheld in our supply chain. We work with suppliers who share the same values and commitment to operating responsibly.

To address the social and environmental risks within our supply chain, all suppliers (except the medical team) are expected to comply with our newly established Supplier Code of Conduct. The Supplier Code of Conduct was adopted on 28 April 2021 and was last reviewed on 21 June 2021. The Supplier Code of Conduct identifies five key areas in which environmental and social risks may occur within our supply chain: labour and human rights, health and safety, environmental protection, ethics, and management systems. To address these risks, the Supplier Code of Conduct also outlines our expectations for the five areas, topics of which are summarised below:

Labour and Human Rights	• Free choice of employment • Child labour or underage labour • Non-discrimination • Fair treatment • Salary, benefits and working hours • Freedom of association
Health and Safety	• Staff protection • Process safety • Emergency prevention and response • Hazard information • Anti-counterfeiting
Environmental Protection	• Environmental authorisation • Waste and discharge • Spills and leaks • Restricted substances
Ethics	• Integrity management • Intellectual property rights • Raw material procurement responsibilities • Privacy and information security • Accessible environment
Management Systems	• Commitment and responsibility • Legal and customer requirements • Risk management • Documentation • Training and competence • Continuous improvement • Communication

Supply Chain Management *(continued)*

Social and Environmental Impact in the Supply Chain *(continued)*

During the Reporting Period, the Group has implemented risk management procedures along the supply chain to identify environmental and social risks. As set out in the Supplier Code of Conduct, all suppliers (except the medical team) are recommended to have a mechanism to determine and control risks in all five areas. The Supplier Code of Conduct was implemented by the Director's Office and was monitored through regular review by the ESG Committee.

To promote environmentally preferable products and services when selecting suppliers, the Group may request its suppliers to obtain all necessary environmental permits, licenses, and approvals, and comply with all applicable operating and reporting requirements, if and when necessary. The suppliers shall also have relevant systems in place to prevent and promptly respond to all accidental spills and leaks, as well as systems to ensure that waste and wastewater discharge are safely treated, moved, stored, recycled, reused or managed. Furthermore, the suppliers must comply with all applicable laws relating to restricted substances. During the Reporting Period, the practices used to promote environmentally preferable products and services are implemented by the Procurement Department and the Business Development Department by checking all the necessary permits and licenses when the suppliers are being engaged by the Group and was monitored through regular review by the ESG Committee.

DEDICATED WORKFORCE

Fostering a culture that is value-based, responsible, ethical, and inclusive motivates and empowers staff members. This culture precisely explains why the Group has been able to attract and retain the most talented people, engage them in meaningful and inspiring work, and as a result, fulfil our business goals and objectives. The contributions, spirit, and visions of our staff allow us to propel our purpose to advance health for the community at large.

To build this culture that we pride ourselves on, we ensure to create a safe and comfortable working environment, value staff welfare, abide by non-discriminatory and equal opportunity employment practices, as well as nurture and retain talents through training and development.

A Safe Work Environment

Staff safety is a core value, inseparable from our mission to improve human health for all. Healthcare workers have a high risk of workplace injuries, hence, the Group is committed to providing and maintaining a safe working environment. The Group has formulated various internal policies and guidelines on the prevention, mitigation, and handling of emergencies, as well as the protection of the health and safety of our staff members. These policies were set out in the Staff Handbook which was adopted on 1 September 2003 and was last reviewed on 1 June 2021. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved and implemented by the HRA Department. Furthermore, additional safety guidelines have been formulated in our medical centres.

A Safe Work Environment *(continued)*

Group-wide Safety Measures

- Provide staff with free flu shots on dates designated and arranged by the Group;
- Provide clear and comprehensive guidelines to all staff on how to handle typhoons and rainstorm warnings as well as accidents and work-related injuries;
- Arrange cleaning of air-conditioning systems and disinfection treatment of carpets regularly;
- Organise occupational health seminars to enhance the health awareness of staff members;
- Encourage staff to maintain a good and correct posture, while maintaining an appropriate eye level with the computer screen to reduce stress and strain on their bodies;
- Keep passages clear and the working environment clean and tidy;
- Set up first aid kits and fire extinguishers in workplace;
- Ensure that all staff are familiar with the fire protection equipment and fire escape routes;
- Provide staff with free rapid antigen test kit daily and ensure that all staff are not infected by COVID-19 before getting back to office and medical centres; and
- Comprehensive disinfection procedures will immediately be organised in the office and medical centres if there is an infected case reported.

The above measures are implemented by Operations Department and HRA Department and the implementation of the above measures are monitored by conducting safety checks by relevant departments of the Group regularly.

Safety Measures in Medical Centres

- Proper handling of clinical and domestic waste;
- Routine disinfection of workplace and medical equipment;
- Management of injury-on-duty cases;
- Abide by the Fire Safety Guidelines;
- Abide by the Infection Control Policy, especially when the Alert Response Level is activated, as required by the Hong Kong Government's "Preparedness and Response Plan"; and
- Adopt the "Care for the Carer" approach and monitor the health of frontline staff.

The above measures are implemented by disseminating guidelines by HRA Department and the Operations Department and engaging external service providers in providing a safe workplace. In addition, the implementation of the above measures are monitored by the registered medical or dental practitioners and the nurses stationed in the medical centres and the Operations Department.

If a staff member is injured in the workplace, he/she should immediately notify his/her direct supervisor as well as receive immediate treatment. A Notice of Work Injury Accident must also be filed within three days after the occurrence of the work injury to the HRA Department.

During the past three years including the Reporting Period, the Group had zero work-related fatalities. The number of lost days due to work-related injury during the Reporting Period was 38 days in which all cases were due to minor injuries. The Group will continue to remind all employees to maintain a high standard of safety awareness and develop the staff training to achieve the goal to minimise work injury and accident.

If a staff member is infected by COVID-19, he/she should immediately notify his/her direct supervisor and follow the respective guidelines issued by HRA Department.

A Safe Work Environment *(continued)*

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to providing a safe working environment and protecting employees from occupational hazards:

- Waste Disposal Ordinance (Cap 354 of the Laws of Hong Kong), Waste Disposal (Clinical Waste) (General) Regulation (Cap 354O of the Laws of Hong Kong), and Waste Disposal (Chemical Waste) (General) Regulation (Cap 354C of the Laws of Hong Kong) which govern the control and regulation of the production, storage, collection and disposal of clinical waste.

- Occupational Safety and Health Ordinance (Cap 509 of the Laws of Hong Kong) which ensures the safety and health of persons when they are in their workplace.

The Group was not aware of any non-compliance with the above laws and regulations, and has ensured its compliance by engaging qualified third-party clinical/chemical waste collector for the disposal of clinical wastes and chemical wastes in the medical centres of the Group and by regular checking of such disposals and the safety of the workplace by the Operations Department.

Value Employee Welfare

Our staff work hard to help people. In turn, we offer them a variety of benefits to promote their well-being.

Talent Recruitment and Retainment

We embrace our employees as the most valuable assets of the Group. The objective of the Group's human resources management is to reward and recognise outstanding employees by providing competitive remuneration packages with basic salary and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group by providing adequate training and opportunities.

Our competitive remuneration packages include basic salaries, discretionary year-end bonuses, insurance, as well as contributions to mandatory provident funds. The Group also offers paid holidays and leave, including annual, wedding, maternity, paternity, bereavement, and sick leaves. Recruitment plans are revised annually based on the Group's operational strategic goals and industry development.

As a healthcare service provider, it is our fundamental duty to ensure that all our staff have access to quality medical support. Relevant staff can enjoy free general practice services and subsidies for hospitalisation and surgery protection. Moreover, all full-time staff who have served the Group for over three months and their immediate family members (including parents, spouses, and children under 18) can enjoy the Employee Medical Benefit Discount Plan. The preferential plan includes general practice services, specialist services, Chinese medicine, diagnosis and treatment, inspection or laboratory tests, and dental services.

In terms of the dismissal policy, if the employee is underperformed against the role requirements or commits serious misconduct which he/she fails to improve despite repeated warnings, the supervisor of such employee and the senior management of the Company will have a thorough internal discussion and allow the employee to answer and explain. If eventually the Company is considered to terminate his/her employment contract, the Company shall comply with relevant laws and regulations and the reasons for the dismissal will be conveyed to the employee clearly. The turnover rate by gender, age group and geographical region can refer to the section "Key Performance Table".

These policies in relation to compensation and dismissal, recruitment and promotion and other benefits and welfare were set out in the Staff Handbook. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved and implemented by the HRA Department.

Value Employee Welfare *(continued)*

Corporate Culture

The Group prides itself in having a strong corporate culture that is grounded in mutual trust, communication, respect, and understanding. Staff are thus encouraged to candidly share their views and provide constructive criticism periodically. Staff can directly express their opinions to their immediate superiors or the HRA Department in writing. Management will subsequently review all opinions and adopt feasible measures.

Moreover, as we highly value transparency and open communication in the workplace, we also encourage staff to communicate with each other via the intranet, emails, notice boards or other informal channels. The publication of our internal newsletter – "Letter to Human Health" promotes the importance of participative communications across divisions. The newsletter reports on the latest news and events within the Group, as well as provides health and safety reminders, exercise tips to boost immunity, and puzzles and trivia games for leisure.

To further nurture our corporate culture, we also strongly encourage and promote a healthy work-life balance. During the Reporting Period, the Group organised various recreational events and activities, including ice-cream surprise day, wellness centre visit, a floral workshop, an afternoon tea surprise day, Christmas party and a surprise lucky draw event on the Chinese New Year, etc.

Attributing to our strong corporate culture, staff members of the Group understand what is required of them and act in accordance with our core values. To further motivate our staff and enable them to better understand our expectations, we have an annual appraisal system in place to assess their performance. Staff members' attendance records, initiative, sense of responsibility, work quality and their commitment to assisting in promoting quality medical services are all used as evaluation criteria. In completion of the appraisal, staff will be considered for a discretionary award, including but not limited to, salary adjustments, discretionary bonus, and promotions. During these meetings, we also assist staff in formulating clear work goals to better perform next year.

These policies in relation to working hours, rest period and performance appraisal were set out in the Staff Handbook. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved and implemented by the HRA Department.

Equal Opportunity Employer

The Group is committed to creating an inclusive culture and considers diversity as an asset and a driver of innovation. We strictly prohibit any form of discrimination of staff and job candidates on the grounds of gender, race, religion, age, disability, family status and other status protected by laws. We pride ourselves in being a competence-based employer and solely evaluate our candidates based on their experience, professionalism, skills and educational and training background. During the Reporting Period, there were no reported cases of discriminatory behaviour, harassment, or unlawful treatment in the workplace.

These policies in relation to equal opportunity, diversity and anti-discrimination were set out in the Staff Handbook. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved and implemented by the HRA Department.

Value Employee Welfare *(continued)*

Equal Opportunity Employer *(continued)*

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare:

- Employment Ordinance (Cap 57 of the Laws of Hong Kong), which provides for the protection of the wages of employees and the general conditions of employment in Hong Kong.

- Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong), which provides for (i) the establishment of non-governmental mandatory provident fund schemes for the purpose of funding benefits on retirement; (ii) contributions to such schemes; (iii) the registration of such schemes, to provide for a regulatory regime.

- Minimum Wage Ordinance (Cap 608 of the Laws of Hong Kong), which provides for a minimum wage at an hourly rate for certain employees.

- Sex Discrimination Ordinance (Cap 480 of the Laws of Hong Kong), which renders certain kinds of sex discrimination, discrimination on the ground of marital status, pregnancy or breastfeeding, sexual harassment and harassment of breastfeeding women unlawful and promotes equality of opportunity between men and women generally.

- Disability Discrimination Ordinance (Cap 487 of the Laws of Hong Kong), which renders discrimination against persons on the ground of their or their associates' disability in respect of their employment unlawful.

- Family Status Discrimination Ordinance (Cap 527 of the Laws of Hong Kong) which renders discrimination against persons on the ground of family status unlawful.

- Race Discrimination Ordinance (Cap 602 of the Laws of Hong Kong), which renders discrimination, harassment and vilification on the ground of race unlawful.

- Protection of Wages on Insolvency Ordinance (Cap 380 of the Laws of Hong Kong), which provides for (i) the establishment of a board to administer the Protection of Wages on Insolvency Fund and (ii) payment of monies from the Fund to employees whose employers become insolvent.

- Labour Relations Ordinance (Cap 55 of the Laws of Hong Kong), which provides for improvement of labour-management relations and the settlement of trade disputes.

- Immigration Ordinance (Cap 115 of the Laws of Hong Kong), which provides the law relating to immigration and deportation.

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance by implementing the relevant laws and regulations by the HRA Department.

Nurture and Develop Talents

The healthcare landscape is continuously changing. To continue to lead in the evolving healthcare industry, our staff must be equipped with advanced knowledge and skills and be motivated by the prospects of new challenges or career development opportunities.

The Group offers staff members from all levels diverse opportunities to develop their professionalism. We tailor made all our training courses to meet the varying needs of our different business segments. For probationary staff, they are required to attend training courses organised by the HRA Department and Operations Department, with the aims to help probationary staff members better adapt to the work environment, as well as deepen their understanding of the Group's structure and daily operations.

Mandatory internal and external training courses are also organised regularly to keep our staff informed with the latest developments in the healthcare industry. During the Reporting Period, training courses organised or training material(s) sent to relevant staff include corruption prevention, business ethics, occupational health and safety, stress management, among others. All training programmes are regularly assessed and monitored to ensure their relevancy, quality, and effectiveness. To further encourage lifelong learning among our staff members and maximise their potential, the Group provides study leave and allowances. Those who have served the Group for more than one year can apply for a study subsidy. During the Reporting Period, the total training hours of full-time employees of our medicals centres and office ("**FTE**") summed up to 2,133.50 hours, averaging 6.18 hours per FTE as at 30 June 2022. For more details on the percentage of employees trained and the average training hours completed per employee by gender and employee category, please refers to the section "Key Performance Table".

These policies in relation to improving employees' knowledge and skills for discharging duties at work were set out in the Staff Handbook. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved and implemented by the HRA Department.

CORPORATE CITIZENSHIP

The Group demonstrate a strong commitment to ethical behaviour by creating a balance between the needs of shareholders and the needs of the community and environment in the surrounding areas. We take responsibility in the way how we conduct our business, how we treat our staff, and how we support community activities that aim to promote a healthy and prosperous society.

Anti-Corruption

As one of Hong Kong's largest and most diversified healthcare companies, we are inevitably exposed to corruption risk. Nevertheless, the Group is committed to maintaining the highest level of integrity and ethical culture by operating with the highest standards of openness, probity, and accountability. We prohibit any form of bribery, extortion, fraud, money laundering or any illegal offers that may inappropriately influence patients or customers.

Anti-Corruption *(continued)*

To upholding high standards of business integrity, honesty and transparency in all its business dealings, an Anti-Corruption Policy was adopted by the Board on 30 May 2022. The Board is accountable to the implementation of the anti-fraud and bribery efforts of the Group (which includes values, code of ethics, risk management, internal controls, communication and training, oversight and monitoring). This policy applies to the Group, and to all Directors, officers and employees of the Group (which for these purposes includes temporary or contract staff) (collectively the "**Relevant Persons**"). This policy sets out the minimum standards of conduct to which Relevant Persons are required to adhere. All Relevant Persons are required to adhere to this policy, as well as the Staff Handbook (for staff), Conflict of Interest Policy, Whistleblowing Policy and the Data Protection Policy of the Group.

As stipulated in the Anti- Corruption Policy and the Staff Handbook, soliciting, accepting, or offering any advantages, including but not limited to gifts, coupons, and tips, from or to our clients, suppliers or any person having a business relationship with the Group, is strictly prohibited. Staff and medical team are also prohibited from advising or dealing in any transaction that may give rise to potential conflicts of interest and must be declared to the HRA Department or doctor management team of the Group if there is a potential risk of such conflicts of interest. Any breach of conduct will lead to termination of the employment contract or consultancy agreement (as the case may be) and the subject may be liable to legal consequences. These policies in relation to bribery, extortion, fraud and money laundering were set out in the Anti-Corruption Policy and the Staff Handbook for staff and Conflict of Interest Policy for medical team. The Conflict of Interest Policy was adopted on 1 June 2015 and was last reviewed on 1 January 2022. These policies were approved and implemented by the HRA Department and Operations Department respectively. During the Reporting Period, there are zero concluded legal cases (FY2021: 0 cases) regarding corrupt practices brought against the Group or its employees.

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to bribery, extortion, fraud and money laundering:

- Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong) which makes provisions for prevention of bribery.

- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap 615 of the Laws of Hong Kong) which provides for the imposition of requirements relating to customer due diligence and record-keeping on specified financial institutions and designated non-financial businesses and professions and other matters relating to anti-money laundering and counter-terrorist financing.

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance by implementing Anti-Corruption Policy and Whistleblowing Policy as to bribery, extortion, fraud by the HRA Department and by monitoring the funds paid and received by the Group by the Finance Department of the Group.

The Whistleblowing Policy is an important means of detecting corrupt, illegal, or other undesirable conduct. The policy is designed to enable staff to raise concerns internally and disclose information that the staff believes shows malpractice or impropriety to bribery, extortion, fraud, and money laundering. Ensuring the safety and confidentiality of all whistleblowers, the policy states that if staff notice any suspicious behaviour, they are encouraged to report it at the first instance to his/her head of department or HRA Department or any one of the executive Directors in writing or verbally. The executive Director and an investigating officer will subsequently handle the matter promptly, professionally, and diligently.

Anti-Corruption *(continued)*

The Whistleblowing Policy was adopted on 1 June 2015 and was last reviewed on 30 May 2022. The above preventive measures and whistleblowing procedures are implemented by disseminating the above relevant policies to every employees of the Group. In addition, the implementation of the above measures are monitored by way of review of the policies by HRA Department regularly.

Furthermore, raising awareness, knowledge, and accountability among our staff in regard to anti-corruption is a top priority for the Group. During the Reporting Period, we distributed anti-corruption reading materials to our Directors, medical team and staff. The reading materials contain information on what constitutes corruption, tips on how to avoid it, international best practices, the relevant laws and regulations in Hong Kong, and the legal consequences of non-compliance. In view of the active collaboration with the Hong Kong Government in recent years, reading materials in relation to the definition of public servants, the gist of anti-corruption laws and the integrity and corruption prevention guide on managing relationship with public servants have been dispatched to all staff for reading during the Reporting Period.

Data Privacy Protection

We are committed to continuously enhancing and strengthening our technological infrastructure and security protocols to protect our customer data. The Group has a comprehensive Data Protection Policy in place, which communicates the rules and procedures in regard to the collection, transfer and processing of personal data. The Data Protection Policy was adopted on 1 June 2015 and was last reviewed on 1 January 2021. It was approved and implemented by the Director's Office. The policy applies to and is made readily available to all full and part-time staff and medical team who have access to personal data collected or processed by the Group. As stipulated in the policy, measures have been set up to ensure that personal data held by a data user are protected against unauthorised or accidental access, processing, erasure, loss, or use.

Data Privacy Protection Measures

- Physical records containing personal data are securely stored and locked when not in use;
- Prevent unauthorised persons from gaining access to data and data processing systems in which personal data are processed;
- Prevent persons entitled to use data or a data processing system from accessing data beyond their needs and authorised limits;
- Ensure that personal data in the course of electronic transmission during transport or during storage on a data carrier cannot be read, copied, modified or removed without authorisation;
- Ensure that personal data are protected against undesired destruction or loss;
- Ensure that data collected for different purposes can and will be processed separately;
- Ensure that data is not kept longer than is necessary for the fulfilment of the purpose, including by requiring that data transferred to third persons be returned or destroyed; and
- Ensure all hardwares with capability of storing data are destroyed and reformatted properly after use.

The above data privacy protection measures are required to be followed by staff of the Group who will be handling personal data. The implementation of the above measures are monitored by way of review of the policy by the Director's Office and conducting checks by Operations Department regularly.

Data Privacy Protection *(continued)*

In addition to the Data Protection Policy, the Staff Handbook, Patient Information Policy, Business and Operational Information Policy and Inside/Price Sensitive Information Policy also communicate the rules for using IT facilities and the importance of data confidentiality. Regular meetings, trainings and sharing sessions are also organised to remind staff that without the consent of the Group, they are not permitted to disclose any confidential information relating to the Group's business, including operating information, financial information, operating procedures and other confidential documents.

Staff who improperly use or disclose confidential information will be subject to disciplinary action, including summary dismissal. During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to privacy:

- Personal Data (Privacy) Ordinance in Hong Kong (Cap 486 of the Laws of Hong Kong) which protects the privacy of individuals in relation to personal data.

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance has ensured compliance with the above laws and regulations by disseminating relevant polices and to conduct trainings on protection of personal data by Director's Office and HRA Department.

Labour Standards

In accordance with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and the International Labour Organisation Conventions, the Group respects all basic human rights and forbids any form of child or forced labour practices. These policies in relation to prevention of child and forced labour were set out in the Staff Handbook. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved and implemented by the HRA Department.

During the recruitment process, the HRA Department conducts a thorough background check on all prospective staff. Staff must be at least the legal age at the time of employment and hold Hong Kong permanent identity cards or valid travel documents to ensure that they can be employed legally. If a staff member is discovered to have provided false information or acted dishonestly, the Group will immediately terminate the employment and conduct investigation.

The Group does not encourage overtime work, the number of working hours is clearly stated on the staff handbook and the employment contract. If employees are required to work overtime due to work or business needs, it must be on a voluntary basis to prevent any breach of labour standards. In addition, the Group will provide compensation leave for respective non-managerial employees who work overtime on Saturday, Sunday and/or public holiday. In case any forced labour is discovered, the Group will immediately suspend his/her work and investigate the incident to find out the reasons to prevent the recurrence of similar incidents.

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to prevention of child and forced labour:

- Employment Ordinance (Cap 57 of the Laws of Hong Kong), which provides for the protection of the wages of employees and the general conditions of employment in Hong Kong.

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance. Additionally, zero cases of child or forced labour were reported during FY2022 (FY2021: zero cases).

Intellectual Property Rights

We respect intellectual property rights, including but not limited to trademarks, patents, and copyrights. During the Reporting Period, the Group kept a full record of intellectual property rights owned by the Group and will seek legal advice and take actions against any infringement of intellectual property rights owned by the Group. As stipulated in the Staff Handbook, if staff members are found to violate the relevant laws and regulations, not only will they be subject to disciplinary action, but may also be punished by the law and bear criminal or civil liabilities. During the Reporting Period, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us.

Community Participation and Investment

Helping communities and people grow stronger benefits us all. That is why we are focused on partnering with the communities and making positive impacts on them.

We strongly encourage our staff to give back to their local communities and connect with their sense of purpose. As a healthcare service provider, we leverage the majority of our resources and professional expertise to improve community health – this means investing on a local level to help community members achieve greater health equity. Recognising that it takes time, a deep understanding of the community, and strong relationships to create positive change and greater health equity for all, we are committed to developing long-term, sustainable relationships with our communities.

These policies in relation to community engagement were set out in the Staff Handbook. They cover all the employees of the Group. These policies were approved and implemented by the HRA Department.

Raising Health Equity

The Group works closely with different organisations to provide health talks, assessments, and education programmes, and provided medical and wellness information as well as healthcare tips through its website and major social media platforms, with the aims of delivering professional and accurate health information, raising health awareness, and promoting healthy lifestyles.

During the Reporting Period, we continuously collaborated with the Hong Kong Lutheran Social Service in organising various health talks to enhance health awareness in relation to sleeping quality and COVID-19 vaccination. With over hundreds of Lutheran members joining our health talks, we aspire to continue to progress and grow to better serve our community.

Community Participation and Investment *(continued)*

Life Buddies Mentoring Scheme

The Group joined the "Life Buddies Mentoring Scheme 2021/2022", coordinated by the Commission on Poverty, and was subsequently awarded a certificate of appreciation. The scheme is a campaign to promote upward social mobility aiming at promoting mentoring culture in the community and providing work exposure to help youth from disadvantaged backgrounds move upward in society. There are three key components under the scheme, namely the school-based mentoring programme, the summer job tasting programme and the "Be a Government Official for a Day" programme. By joining this scheme, we hope to enhance our understanding and communication with today's youth, attract more young people to join our industry, as well as raise a sense of belonging and cohesion amongst staff via collaboration in planning activities under the scheme.

Volunteering and Community Services

During the Reporting Period, the Group joined The Community Chest Virtual Walk for Millions 2021/2022 held by the Community Chest of Hong Kong and also supported several charitable organisations and institutions such as Lok Sin Tong, the Community Chest of Hong Kong, the Hong Kong Lutheran Social Service, the College of Professional and Continuing Education ("**CPCE**") of the Hong Kong Polytechnic University Health Conference 2022 and Hong Kong Employment Development Service by offering donations and event sponsorship. We also continued to show support to charity organisations such as the Medecins Sans Frontieres Hong Kong and Orbis Hong Kong by placing donation boxes at our medical centres. During the Reporting Period, the Group donated approximately HK$3.7 million to various charitable organisations.

Community Participation and Investment *(continued)*

Awards and Recognitions

We are honoured to have received recognition for our corporate responsibility efforts from a number of prominent organisations, including but not limited to the following:

Award/Recognitions	Awarding Organisation	Year of Award
10 year + Caring Company 10年+商界展關懷	The Hong Kong Council of Social Service	2021–2022
HKIM Market Leadership 市場領袖大獎	Hong Kong Institute of Marketing	2021–2022
Happiness at Work Promotional Scheme 2022 「開心工作間」推廣計劃2022	Promoting Happiness Index Foundation and The Chinese Manufacturers' Association of Hong Kong	2022
HKSAR 25th Anniversary Enterprise Outstanding Contribution Awards 香港回歸25周年企業貢獻大獎	Metro Broadcast	2022
Health Partnership Awards 2021 2021健康同行夥伴大獎	ET NET	2021
Partner Employer Award 「友商有良」嘉許計劃	The Hong Kong General Chamber of Small and Medium Business	2021
Outstanding Corporate Social Responsibility Entrepreneur Award 2021 2021卓越社會責任企業家大獎	Hong Kong Commercial Daily	2021
ERB Manpower Developer Award Scheme ERB人才企業嘉許計劃	Employees Retraining Board	2022–2023
The Community Chest Virtual Walk for Millions 公益金線上百萬行	The Community Chest of Hong Kong	2022

These awards reaffirm our dedicated efforts to nurture a robust relationship with the communities we operate in. Looking forward, we will continue to empower volunteerism and altruism in the community with our expertise in the healthcare industry to make real and lasting contribution.

GREEN OPERATIONS

The Group's commitment to the health of our planet is stronger than ever. Not only do we recognise that embracing green operations directly contribute to improving overall performance and efficiency, we also recognise the undeniable connection between our physical and emotional well-being and the health of the environment. Therefore, the Group emphasise the importance of its environmental strategy and goals setting, effluent and waste management, as well as medical packaging consumption. Other aspects such as air and greenhouse gases ("**GHG**") emissions, and climate change are relatively immaterial to the Group. Nevertheless, we shall continue to invest our time and resources in measures that help minimise unnecessary disruption or mitigate any adverse impacts to our natural environment.

Environmental Policy and Targets

The Group is committed to proactively managing our environmental impact as an integral part of our operations. As a step forward for the Group, we formalised our commitment to the environment by following and implementing the Environmental Policy. The policy is to provide transparency into our environmental sustainability work, as well as setting out how we plan to operate our business responsibly to create long-term and sustainable value. The policy is reviewed at least annually by the ESG Committee, and is made available to all staff members so that environmental stewardship can be promoted amongst the Group.

As stipulated in the Environmental Policy, the Group is responsible for and committed to reducing the harmful effects our operations have on both the local and global environment mainly by way of Scope 2 GHG emissions by using electricity and generation of solid wastes by disposal of hazardous and non-hazardous wastes. Below are the commitments set out in the Environmental Policy as well as steps taken to achieve the set environmental targets.

Environmental Policy Commitments and Steps Taken to Achieve Environmental Targets
• Identify and mitigate the adverse impacts of air and GHG emissions, wastewater discharge, waste generation, natural resources consumption and significant climate-related issues; • Identify and comply with all relevant environmental legislation; • Promote environmental awareness among all staff; and • Adhere to the procedures in the office and medical centres, as set out in the policy.[3]

[3] The procedures of waste handling, resource consumption and emissions mitigation in the office and medical centres are set out in the following sections.

Environmental Policy and Targets *(continued)*

To evaluate and validate the effectiveness of our ESG policies and management systems, as well as to reduce environmental impact brought by the operations of the Group, during the Reporting Period, the Group closely monitored the environmental targets and the interim performance in achieving each target are detailly described as follow.

Environmental Issues	Targets	Interim Performance
Emissions	By year ended 30 June 2024 ("**FY2024**"), reduce GHG emissions (Scope 1 & 2) intensity (by location) by 5%, compared with that for the year ended 30 June 2018 ("**FY2018**") baseline.	GHG emissions (Scope 1 & 2) intensity (by location) for FY2022: 7.32tCO_2e (FY2018: 10.83tCO_2e), reduced by 32.41% as compared to FY2018 baseline. (During the Reporting Period, the number of locations for the calculation of emissions reduction was 58 (3 medical centres were excluded due to limitation in data collection).)
Waste Management	By FY2024, all plastic bags with the logos of the Group procured for all our medical centres will be completely degradable.	All plastic bags with the logos of the Group procured for all the medical centres providing general practice services are completely degradable for FY2022.
Energy Consumption	By FY2024, reduce energy consumption intensity (by location) by 5%, compared to a FY2018 baseline.	Energy consumption intensity (by location) for FY2022: 64,571.74MJ (FY2018: 72,216.45MJ), reduced by 10.59% as compared to FY2018 baseline. (During the Reporting Period, the number of locations for the calculation of energy use efficiency was 58 (3 medical centres were excluded due to limitation in data collection).)
Water Consumption	By FY2024, maintain water consumption intensity (by location) not greater than the FY2018 baseline.	Water consumption intensity (by location) for FY2022: 42.49m^3 (FY2018: 60.29m^3), reduced by 29.52% as compared to FY2018 baseline. (During the Reporting Period, the number of locations for the calculation of water efficiency was 47 (14 medical centres were excluded due to limitation in data collection).)

Environmental Policy and Targets *(continued)*

For meaningful comparisons, the intensity used in the above targets (except the waste management) is based on the number of locations where corresponding data is available. As we are committed to measuring and reporting on our progress in a transparent and authentic way, the relevant quantitative data and unit regarding the above targets are also set out in the section "Key Performance Table".

The Environmental Policy in relation to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste was adopted on 28 September 2020 and was last reviewed on 28 April 2021. It covers the entire operations of the Group in Hong Kong. The Environmental Policy was approved by the Board and implemented by the ESG Committee of the Group.

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to air and GHG emissions, and discharges into water and land:

- Air Pollution Control Ordinance (Cap 311 of the Laws of Hong Kong) which provides for abating, prohibiting and controlling pollution of the atmosphere.

- Water Pollution Control Ordinance (Cap 358 of the Laws of Hong Kong) which controls the pollutions of the water of Hong Kong.

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance by monitoring the air and GHG emissions through electricity usage and discharges of water used in the operations of the Group.

During the Reporting Period, the following laws and regulations had a significant impact on the Group in relation to generation of hazardous and non-hazardous waste:

- Pharmacy and Poisons Ordinance (Cap 138 of the Laws of Hong Kong), which governs the manufacture, supply and labeling of, and the keeping of records relating to pharmaceutical product and advanced therapy products.

- Antibiotics Ordinance (Cap 137 of the Laws of Hong Kong), which controls the sale and supply of certain antibiotic substances.

- Dangerous Drugs Ordinance (Cap 134 of the Laws of Hong Kong), which governs the use of medications being supplied and dispensed which are classified as dangerous drugs under the Ordinance.

- Waste Disposal Ordinance (Cap 354 of the Laws of Hong Kong), Waste Disposal (Clinical Waste) (General) Regulation (Cap 354O of the Laws of Hong Kong), and Waste Disposal (Chemical Waste) (General) Regulation (Cap 354C of the Laws of Hong Kong) which govern the control and regulation of the production, storage, collection and disposal of clinical waste.

The Group was not aware of any material non-compliance with the above laws and regulations, and has ensured its compliance by engaging qualified third-party clinical/chemical waste collector licenced by the Environmental Protection Department of the Hong Kong Government for the waste disposal and monitoring by Operations Department and Procurement Department.

Waste Management

We believe that waste is a sign of inefficiency in our operations and places an avoidable burden on planetary resources. Hence, we strive to reduce waste, promote the effectiveness of resources, and engage in responsible waste management practices. The operations of our healthcare medical services produce both hazardous (clinical and chemical) solid wastes and non-hazardous solid wastes.

Hazardous Clinical and Chemical Waste

Clinical wastes mainly consist of sharp boxes that contain clinical use sharps and needles. Chemical wastes on the other hand, primarily consists of Part I poisons and antibiotic preparations and Part II poisons and non-poison pharmaceutical products, as classified in the Pharmacy and Poisons Ordinance (Cap. 138 of the Laws of Hong Kong), Antibiotics Ordinance (Cap. 137 of the Laws of Hong Kong) and Dangerous Drugs Ordinance (Cap. 134 of the Laws of Hong Kong).

To properly dispose of clinical wastes, the Group engages a qualified third-party clinical waste collector licenced by the Environmental Protection Department of the Hong Kong Government. The clinical wastes are put in separately labelled garbage bins and bags prior to being collected by the qualified clinical waste collector.

Regarding the disposal of chemical wastes, the Group engages a chemical waste collector authorised by the Environmental Protection Department of the Hong Kong Government. Collection of wastes are performed on a regular basis. Prior to collection, chemical wastes are separated and categorised. They are then discarded into labelled, leakproof and puncture resistant containers. The containers are subsequently placed in a chemical waste storage area in the medical centres temporarily.

To ensure the proper handling of both clinical and chemical waste, the Environmental Policy further requires the Group to monitor waste separation procedures monthly. Waste handling trainings are also regularly provided to all staff in medical centres. During the Reporting Period, we collected approximately 1.61 and 0.41 tonnes of clinical and chemical wastes respectively, which represents a total of approximately 2.02 tonnes of hazardous waste.

Non-hazardous Domestic Waste

The collection and treatment of domestic wastes in our office and medical centres are handled by respective management offices. Currently, we do not have a monitoring system in place to record the amount of non-hazardous waste generated. Nevertheless, a data estimation was performed during the Reporting Period.

To estimate the amount of non-hazardous waste generated, non-hazardous wastes were collected and weighed at the office for 5 consecutive days. In doing so, we were able to estimate the weight of each bag of non-hazardous waste. Using this methodology, our office and medical centres produce approximately 6.82 and 47.48 tonnes of non-hazardous waste respectively annually, which represents a total of approximately 54.30 tonnes of non-hazardous waste. During the Reporting Period, the amount of paper consumption was also recorded at our office and medical centres. The quantification assumes that there was no paper in storage prior to the Reporting Period, and that all purchased papers were consumed within the Reporting Period. Based on the aforementioned methodology, approximately 5.44 tonnes of paper were consumed by the Group during the Reporting Period, and 2.67 tonnes of paper were recycled.

Waste Management *(continued)*

Non-hazardous Domestic Waste *(continued)*

To reduce the amount of waste generated in our office and medical centres, the Group has adopted the following measures:

Waste Reduction Measures	Paper Reduction Measures
• Collect used fluorescent lamps, ink cartridges, batteries, and CDs for recycling; • Install recycling bins for paper and plastic, among others in a prominent location; • Replace disposable paper cups and cutlery with reusable glasses and cutlery; and • Encourage customers to bring reusable bags.	• Set computer defaults to print double-sided when possible; • Use electronic messages for internal information distribution; and • Implement a spreadsheet system such as an online application system for leave and electronic payslip.

Resource Efficiency

With the advent of global climate change, depleting natural resources, and rising expectations on corporate environmental performance, pursuing resource efficiency is a major priority of the Group. By using resources responsibly and efficiently, it is our intention to reduce our environmental footprint and achieve greater corporate social responsibility. The policies on efficient use of resources were set out in the Environmental Policy. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved by the Board and implemented by disseminating guidelines by the ESG Committee.

The resources consumed in our operations largely include packaging materials, electricity, water, and paper. During the Reporting Period, various measures were adopted to minimise unnecessary usage of these resources. As paper usage has already been covered in the "Waste Management" subsection above, only initiatives regarding conservation of packaging materials, energy, and water are covered below.

Packaging Materials

Packaging plays a critical role in maintaining the quality, safety, and integrity of our products. All medications prescribed must be packaged individually and labelled properly with relevant patient and drug information for identification purposes. Plastic packaging, including plastic bags, drug bags, potion bottles, ointment boxes and thermal labels, were currently used in our medical centres, but as set out in our Environmental Policy, we are striving and assessing the possibility to preserve and recycle plastic packaging materials whenever possible, as well as purchase sustainable packaging materials.

To quantify the amount of packaging materials consumed during the Reporting Period, the quantification methodology in estimating packaging materials consumption was performed in a similar manner to that of paper. It is assumed that the materials purchased were consumed within the Reporting Period and that there were no packaging materials in storage prior to the Reporting Period. Based on the aforementioned methodology, approximately 8.24 tonnes of plastic were consumed and approximately 2.24 tonnes of other packaging materials, which represents a total of 10.48 tonnes of packaging materials, were consumed by the Group during the Reporting Period.

Resource Efficiency *(continued)*

Energy Consumption

The energy consumption in the Reporting Period decreased by 480,942.72 MJ, representing a decrease of approximately 11.38% from FY2021. During the Reporting Period, the majority of the Group's energy consumption stemmed from electricity consumption in the office and medical centres. A proportion of the energy usage can also be traceable to gasoline consumption used for powering mobile vehicles owned by the Group.

		FY2022			FY2021		
Indicator	Unit	Office & Warehouse	Medical Centres	Total	Office & Warehouse	Medical Centres	Total
Energy Consumption							
Purchased Electricity (Indirect Consumption)	kWh	133,206.92	868,135.80	1,001,342.72	127,417.48	1,016,329.07	1,143,746.56
Gasoline Consumption (Direct Consumption)	L	4,022.11	–	4,022.11	3,234.54	–	3,234.54
Total Energy Consumption	MJ	619,871.85	3,125,288.88	3,745,160.73	567,318.80	3,658,784.66	4,226,103.45
Energy Consumption Intensity by FTE	MJ/Person	6,390.43	12,601.97	10,855.54	6,753.80	15,635.83	13,289.63
Energy Consumption Intensity by No. of Locations	MJ/No.	–	–	64,571.74	–	–	66,032.87

All figures in the above table are approximate quantities.

The calculation of unit conversion was based on, including but not limited to the "Energy Statistics Manual" issued by the International Energy Agency.

To reduce the energy consumption and achieve the energy consumption targets, the Group has adopted several energy-saving practices in the office and medical centres. For further details, please refer to the subsection "Air Emissions".

Resource Efficiency *(continued)*

Water Consumption

The availability of clean water in health facilities is critical to providing quality healthcare. From personal hygiene to washing tools and equipment used on the patients, water is vital in maintaining a hygienic, healthy, and safe environment within the medical centres. During the Reporting Period, the Group consumed approximately 1,996.91 m^3 of water in total, indicating a decrease of 13.37% from the previous Reporting Period. We had no issues in sourcing water that is fit for purpose.

Due to the nature of the Group's operations as a healthcare industry that prioritises clean and safe sanitation facilities, clean water must be made available at all times. The Group must ensure the health and safety of all employees, customers and other relevant stakeholders. However, the Group will still strive to maintain efficient use of water and in order to achieve our water efficiency target, we have adopted the following measures in our office and medical centres:

Water Consumption Measures

- Put up water conservation signs to raise awareness on water conservation;
- Remind the staff to use water conscientiously; and
- Carry out regular leakage tests.

Emissions Management

Air Emissions

The Group's air emissions mainly stemmed from the operation of company vehicles, which generates air pollutants, including nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and particulate matter ("**PM**").

		FY2022			FY2021		
Indicators	Unit	Office and Warehouse	Medical Centres	Total	Office and Warehouse	Medical Centres	Total
NOx Emissions	kg	1.37	–	1.37	1.40	–	1.40
SOx Emissions	kg	0.06	–	0.06	0.05	–	0.05
PM Emissions	kg	0.10	–	0.10	0.10	–	0.10

All figures in the above table are approximate quantities.

The calculation method of air emissions and the related emission factors were based on, including but not limited to, "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

Emissions Management *(continued)*

GHG Emissions

Regarding GHG emissions, scope 1 direct GHG emissions largely derived from mobile combustion of fossil fuels, due to the use of our Group's own vehicles. Scope 2 energy indirect GHG emissions are traceable to the fossil fuels used to generate purchase electricity we use in our operations.

To accurately quantify and assess the Group's GHG emissions, we engaged an independent consultant to evaluate our overall GHG emissions. The Group would provide data collected to the independent consultant for quantification purposes. The quantification process makes reference to both local and international guidelines, including the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" published by the Environmental Protection Department and the Electrical and Mechanical Services Department of the Hong Kong Government, "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange, as well as other international standards such as the "Greenhouse Gas Protocol" published by the World Resources Institute and World Business Council for Sustainable Development. We also utilised the latest emission factors, which are periodically published by relevant power companies.

		FY2022			FY2021		
Indicators	Unit	Office & Warehouse	Medical Centres	Total	Office & Warehouse	Medical Centres	Total
Scope 1 Direct Emissions – Mobile Combustion Sources	tCO_2e	10.70	–	10.70	12.03	–	12.03
Scope 2 Energy Indirect Emissions – Purchased Electricity	tCO_2e	51.95	361.90	413.85	47.14	406.07	453.22
Scope 1 & 2 Emissions	tCO_2e	62.65	361.90	424.55	59.17	406.07	465.24
Scope 1 & 2 Emissions Intensity by FTE	tCO_2e/ Person	0.65	1.46	1.23	0.70	1.74	1.46
GHG Emissions (Scope 1 & 2) Intensity by No. of Locations	tCO_2e/No.	–	–	7.32	–	–	7.27

All figures in the above table are approximate quantities.

Emissions Management *(continued)*

We recognise the impact of our GHG and air emissions and are determined to play an active role in managing and minimising our environmental impacts. To ensure that we fulfil our emission targets, during the Reporting Period we were committed to adopting the following measures in our office and medical centres:

Emissions Reduction Measures

- Turn off all electrical appliances when not in use:
  - Turn off lights during lunch hour manually or adopt automatic sensors;
  - Require staff to switch off their computers (including their screen) after work; and
  - The last person leaving the office after work must check and ensure all electrical appliances are turned off;
- Set indoor temperature at 25.5°C;
- Maintain all electrical appliances such as lamps, computers and fridges regularly to ensure efficiency;
- Analyse electricity consumption data periodically to review energy conservation measures for continuous improvement;
- Maximise use of natural light as far as practicable and adopt energy efficient lighting (e.g. LED and T5 fluorescent lamps);
- Install environmental protection posters and signs in prominent locations (e.g. washrooms, next to printer, pantry);
- Source various paper suppliers with sustainability initiatives; and
- Source plastic bags suppliers which produces reusable, recyclable or compostable plastic bags.

Looking forward, the Group will continue to assess, record, and annually disclose its GHG and air emissions, as well as evaluate the effectiveness of current measures to further improve our environmental sustainability.

Climate Change

Climate change is considered relatively immaterial to the Group's operations. Nevertheless, it is an international environmental problem that has detrimental health and safety consequences to individuals and communities. As a healthcare service provider, our commitment to improving people's health and well-being is certainly at risk. To mitigate and adapt to the direct impacts of climate risk, we have adopted appropriate measures to prepare our operations and staff members to react to extreme weather events.

Recognising that extreme weather events (such as storms, floods or heatwaves that may damage our properties or significantly impact our business activities) are becoming more frequent and intense, the Staff Handbook provides clear and comprehensive guidelines to all staff members on how to handle typhoons and rainstorm warnings. During the Reporting Period, we recorded and analysed the locations of our medical centres which are street facing. Through this record, we are able to track which medical centres face a greater risk from extreme weather events, and subsequently devise appropriate risk management strategies to manage the climate-related risks. As at 30 June 2022, 20 out of 57 medical centres were street facing and the Group considered that the impact of extreme weather to our business was relatively immaterial.

Climate Change *(continued)*

Other measures that have been adopted in our office and medical centres include the following:

Climate Change Mitigation and Adaptation Measures

- Review and update the Typhoon Policy within the Staff Handbook on an annual basis;
- Monitor and review significant climate-related risks and opportunities on an annual basis;
- Maintain ongoing communication and engagement with internal and external stakeholders regarding our climate-related performance; and
- Attend regular climate-related issues training.

In addition, the Group considers that the warmer weather caused by the climate change does not have material impact on the business of the Group during the past few years and the Group shall review and monitor this climate-related risk on an ongoing basis.

The above policies on identification and mitigation of significant climate-related issues was set out in the Environmental Policy. They cover all the medical centres and office of the Group in Hong Kong. These policies were approved by the Board and implementing by disseminating guidelines by ESG Committee.

KEY PERFORMANCE TABLE*

Key Performance Indicators	Unit	FY2022 Office & Warehouse	FY2022 Medical Centres	FY2022 Total	FY2021 Office & Warehouse	FY2021 Medical Centres	FY2021 Total
Environmental KPIs							
Greenhouse Gas Emissions							
GHG Emissions (Scope 1 & 2)	tCO_2e	62.65	361.90	424.55	59.17	406.07	465.24
GHG Emission (Scope 1 & 2) Intensity by Revenue[4]	tCO_2e/ HK$'million	–	–	0.38	–	–	0.71
GHG Emissions (Scope 1 & 2) Intensity by FTE	tCO_2e/Person	0.65	1.46	1.23	0.70	1.74	1.46
GHG Emission (Scope 1 & 2) Intensity by No. of Locations[5, 8]	tCO_2e/No.	–	–	7.32	–	–	7.27
Energy Consumption							
Electricity Consumption	kWh	133,206.92	868,135.80	1,001,342.72	127,417.48	1,016,329.07	1,143,746.56
Gasoline Consumption	L	4,022.11	–	4,022.11	3,234.54	–	3,234.54
Total Energy Consumption	MJ	619,871.85	3,125,288.88	3,745,160.73	567,318.80	3,658,784.66	4,226,103.45
Energy Consumption Intensity by Revenue[4]	MJ/HK$'million	–	–	3,338.55	–	–	6,454.90
Energy Consumption Intensity by FTE	MJ/Person	6,390.43	12,601.97	10,855.54	6,753.80	15,635.83	13,289.63
Energy Consumption Intensity by No. of Locations[6, 8]	MJ/No.	–	–	64,571.74	–	–	66,032.87
Water Consumption							
Water Consumption	m^3	114.07	1,882.84	1,996.91	182.40	2,122.58	2,304.98
Water Consumption Intensity by Revenue[4]	m^3/ HK$'million	–	–	1.78	–	–	3.52
Water Consumption Intensity by FTE	m^3/Person	1.18	7.59	5.79	2.17	9.07	7.25
Water Consumption Intensity by No. of Locations[7, 8]	m^3/No.	–	–	42.49	–	–	45.20
Waste Disposed							
Chemical Waste	Tonnes	–	0.41	0.41	–	0.23	0.23
Clinical Waste	Tonnes	–	1.61	1.61	–	1.15	1.15
Hazardous Waste Intensity by Revenue[4]	Tonnes/ HK$'million	–	–	0.0018	–	–	0.0021
Hazardous Waste Intensity by FTE	Tonnes/Person	–	0.0059	0.0059	–	0.0043[9]	0.0043[9]
Other Non-hazardous Waste	Tonnes	6.82	47.48	54.30	6.74	52.82	59.56
Non-hazardous Waste Intensity by Revenue[4]	Tonnes/ HK$'million	–	–	0.05	–	–	0.09
Non-hazardous Waste Intensity by FTE	Tonnes/person	0.07	0.19	0.16	0.08	0.23	0.19
Paper Consumed	Tonnes	1.56	3.88	5.44	1.95	3.91	5.85
Paper Recycled	Tonnes	2.67	–	2.67	1.62	–	1.62
Packaging Material							
Plastic	Tonnes	–	8.24	8.24	–	8.14	8.14
Others	Tonnes	–	2.24	2.24	–	2.07	2.07
Packaging Material Intensity by Revenue[4]	Tonnes/ HK$'million	–	–	0.01	–	–	0.02
Packaging Material Intensity by FTE	Tonnes/Person	–	0.04	0.03	–	0.04	0.03

4 During the Reporting Period, the Group generated a total revenue of HK$1,121,793,000 (FY2021: HK$654,712,000).

5 The baseline figure from FY2018 of GHG emissions intensity (by location) is 10.83 tCO_2e.

6 The baseline figure from FY2018 of energy usage intensity (by location) is 72,216.45 MJ.

7 The baseline figure from FY2018 of water consumption intensity (by location) is 60.29 m^3.

8 During the Reporting Period, the number of locations for the calculation (by location) of GHG emissions (Scope 1 & 2) intensity and energy consumption intensity was 58 (FY2021: 64) respectively and for water consumption intensity was 47 (FY2021: 51).

9 Figures are re-stated.

* *All figures in the above table are approximate quantities.*

KEY PERFORMANCE TABLE *(continued)*

Key Performance Indicators	Unit	FY2022 Office & Warehouse	FY2022 Medical Centres	FY2022 Total	FY2021 Office & Warehouse	FY2021 Medical Centres	FY2021 Total
Social KPIs							
Workforce							
Workforce by Employment Type							
Full-time[10]	Persons	97	248	345	84	234	318
Part-time[10]	Persons	3	51	54	2	55	57
FTE by Gender							
Male	Persons	29	2	31	23	2	25
Female	Persons	68	246	314	61	232	293
FTE by Employment Level							
Management	Persons	12	–	12	12	0	12
General	Persons	85	248	333	72	234	306
FTE by Age Group							
<30	Persons	29	132	161	23	137	160
30–40	Persons	36	95	131	32	79	111
41–50	Persons	21	16	37	24	11	35
>50	Persons	11	5	16	5	7	12
FTE by Geographical Region							
Hong Kong	Persons	97	248	345	84	234	318
Turnover Rate							
Turnover Rate (FTE)							
Turnover Rate[11]	%	34	62	55	20	53	45
Turnover Rate by Gender (FTE)							
Male[12]	%	35	0	32	22	0	20
Female[12]	%	34	63	57	20	53	47
Turnover Rate by Age Group (FTE)							
<30[12]	%	35	84	76	20	67	61
30–40[12]	%	44	34	37	30	29	29
41–50[12]	%	31	37	33	12	52	26
>50[12]	%	0	33	14	0	35	22
Turnover Rate by Geographical Region (FTE)							
Hong Kong	%	34	62	55	20	53	45
Occupational Health and Safety							
Work-Related Fatalities[13]	Cases	0	0	0	0	0	0
Lost Days Due To Work Injury[14]	Days	–	–	38	–	–	63

10 As of 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), of which 345 full time employees and 54 part-time employees fall within the reporting scope of the ESG Report.

11 Turnover rate (FTE) = number of employees who left employment/average numbers of employees for the Reporting Period x 100%.

12 The data for FY2021 has been re-stated for meaningful comparison as the turnover rate calculation includes FTE only and excludes part-time employees.

13 There were no work-related fatalities cases reported in FY2022, FY2021 and FY2020 respectively.

14 Work injuries refer to those were reported under the Employees' Compensation Ordinance.

KEY PERFORMANCE TABLE *(continued)*

Key Performance Indicators	Unit	FY2022 Office & Warehouse	FY2022 Medical Centres	FY2022 Total	FY2021 Office & Warehouse	FY2021 Medical Centres	FY2021 Total
Social KPIs							
Training and Development							
Percentage of FTE Trained	%	–	–	98.84	–	–	100.00
Breakdown of FTE Trained by Gender							
Male	%	–	–	8.50	–	–	8.00
Female	%	–	–	91.50	–	–	92.00
Breakdown of FTE Trained by Employee Category							
Management	%	–	–	3.23	–	–	4.00
General	%	–	–	96.77	–	–	96.00
Average Training Hours by Gender (FTE)							
Male[15]	Hours	–	–	9.33	–	–	6.76
Female[15]	Hours	–	–	5.97	–	–	2.28
Average Training Hours by Employee Category (FTE)							
Management[15]	Hours	–	–	26.00	–	–	24.83
General[15]	Hours	–	–	5.60	–	–	1.76
Supply Chain							
Number of Suppliers by Geographical Region[16]							
Asia excluding Hong Kong and Mainland China	No.	–	–	42	–	–	38
Australia	No.	–	–	3	–	–	3
Canada	No.	–	–	1	–	–	3
Europe	No.	–	–	44	–	–	45
Hong Kong	No.	–	–	292	–	–	262
Mainland China	No.	–	–	2	–	–	2
UK	No.	–	–	5	–	–	4
US	No.	–	–	10	–	–	10
Product and Service							
Products Recall Rate for Safety and Health Reasons	%	–	–	0.00	–	–	0.00
Products and Service Related Complaints	Cases	–	–	136	–	–	95
Anti-corruption							
Concluded Legal Cases Regarding Corrupt Practices	Cases	0	0	0	0	0	0

15 Average training hours by category = total training hours by category for the Reporting Period/number of trained employees by category as at the end of the Reporting Period.

16 The geographical region of suppliers is determined by (i) the primary location where products or services are provided by each supplier to the Group; or (ii) the country of origin of majority of products supplied by each supplier to the Group as at the end of the Reporting Period.

STOCK EXCHANGE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Mandatory Disclosure Requirements		
Governance Structure		
	A statement from the board containing the following elements: i) a disclosure of the board's oversight of ESG issues; ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Approach to Sustainability – Sustainability Governance; Sustainability Strategy; Aligning Sustainability Approach with the United Nations SDGs
Reporting Principles		
	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG Report: **Materiality:** The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be discussed. **Consistency:** The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About this Report – Reporting Standards; Reporting Principles Approach to Sustainability – Aligning Sustainability Approach with the United Nations SDGs; Stakeholder Engagement; Materiality Assessment

STOCK EXCHANGE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Reporting Boundary		
	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report – Reporting Scope
"Comply or explain" Provisions		
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operations – Environmental Policy and Targets; Emissions Management; Waste Management Laws and Regulations Compliance
KPI A1.1	The types of emissions and respective emissions data.	Green Operations – Emissions Management Key Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations – Emissions Management Key Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations – Waste Management Key Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations – Waste Management Key Performance Table
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Operations – Environmental Policy and Targets; Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operations – Environmental Policy and Targets; Waste Management

STOCK EXCHANGE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operations – Resource Efficiency; Air Emissions
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operations – Resource Efficiency Key Performance Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operations – Resource Efficiency Key Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operations – Environmental Policy and Targets; Resource Efficiency; Air Emissions
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operations – Environmental Policy and Targets; Resource Efficiency
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Operations – Resource Efficiency Key Performance Table
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Green Operations – Environmental Policy and Targets
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operations – Environmental Policy and Targets
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Operations – Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Operations – Climate Change

STOCK EXCHANGE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Dedicated Workforce – Value Employee Welfare Laws and Regulations Compliance
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Table
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Dedicated Workforce – A Safe Work Environment Laws and Regulations Compliance
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Table
KPI B2.2	Lost days due to work injury.	Key Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Dedicated Workforce – A Safe Work Environment

STOCK EXCHANGE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Dedicated Workforce – Nurture and Develop Talents
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Table
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Corporate Citizenship – Labour Standards Laws and Regulations Compliance
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Corporate Citizenship – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Corporate Citizenship – Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Quality Healthcare Services – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Key Performance Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Quality Healthcare Services – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Quality Healthcare Services – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Quality Healthcare Services – Supply Chain Management

STOCK EXCHANGE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Healthcare Services – Quality of Medical Services and Products; Putting Safety First; Customer Satisfaction Corporate Citizenship – Data Privacy Protection; Intellectual Property Rights Laws and Regulations Compliance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Healthcare Services – Quality of Medical Services and Products Key Performance Table
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Healthcare Services – Customer Satisfaction Key Performance Table
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Corporate Citizenship – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Healthcare Services – Quality of Medical Services and Products; Putting Safety First
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Corporate Citizenship – Data Privacy Protection

STOCK EXCHANGE CONTENT INDEX *(continued)*

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Explanation
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Citizenship – Anti-Corruption Laws and Regulations Compliance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Key Performance Table
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate Citizenship – Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Citizenship – Anti-Corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Corporate Citizenship – Community Participation and Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Corporate Citizenship – Community Participation and Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Corporate Citizenship – Community Participation and Investment

Independent Auditor's Report

To the shareholders of Human Health Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Human Health Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 118 to 213, which comprise the consolidated statement of financial position as at 30 June 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS *(continued)*

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
As at 30 June 2022, the Group recorded gross trade receivables of HK$434,090,000 before impairment of HK$11,754,000. Management used a provision matrix and probability-weighted loss default model to calculate expected credit losses ("**ECLs**") for trade receivables. For the provision matrix, it was initially based on the Group's historical default rates, and specific factors that management considered in the estimation of the rates including the type of customers, ageing of the balances and recent historical payment patterns. Management then calibrated the matrix to adjust the historical credit loss experience with forward-looking information, such as forecasted economic conditions. For probability-weighted loss default model, it was initially using probability of default, loss given default, exposure at default and discount factor, which is adjusted for forward-looking estimates. Management has also performed an individual impairment assessment for the trade receivables relating to accounts which are long overdue with significant balances with known insolvencies and non-response to collection activities. We focused on this area because it requires a high level of management's judgement and due to the materiality of the amounts involved. Relevant disclosures are included in notes 3 and 21 to the consolidated financial statements.	We tested the controls over the Group's collection procedures and the Group's estimation of ECLs. We evaluated the competence, capabilities and objectivity of the independent valuer engaged by the Group. We, with the assistance of our internal valuation specialists, evaluated management's assessment on the provision matrix to calculate ECLs for trade receivables by taking into account the historical default rate, subsequent settlements, ageing analysis of the trade receivables and other external market information, and evaluating the forward-looking adjustment based on current local economic environment and forward-looking information that is available in the market. We also considered the adequacy of the Group's disclosure about the degree of estimation involved in arriving at the allowance amount.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill	
As at 30 June 2022, the Group had recognised goodwill of HK$31,964,000 relating to the acquisition of several subsidiaries through business combinations. Assessment on the impairment of goodwill requires significant management's estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate. Relevant disclosures are included in notes 3 and 15 to the consolidated financial statements.	Our audit procedures included, inter alia, evaluating the Group's policies and procedures and assessing the valuation methodology used by management to estimate value in use of the cash-generating units to which goodwill was allocated. We also evaluated the process by which management's future cash flow forecasts were prepared. In addition, we performed a sensitivity analysis and assessed the budgeted gross margins, the growth rate and expenditure assumptions with reference to the Group's historical pattern. We have also involved our internal expert to assist us in evaluating the assumptions and methodologies, including the discount rate, used in the estimation of value in use of the related cash-generating units. Furthermore, we evaluated the adequacy of disclosures on the impairment assessment.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of financial assets at fair value	
The Group has unlisted equity investments, investment in redeemable preference shares and unlisted investment funds which are measured at fair value. As at 30 June 2022, the financial assets at fair value amounting to HK$94,410,000 were categorised as Level 3 within the fair value hierarchy. For Level 3 valuation, the Group has applied valuation techniques to determine the fair value of the financial assets at fair value that are not quoted in active markets. These valuation techniques, in particular those that included significant unobservable inputs, involved subjective judgements and assumptions. The sensitivity of the assumptions used may have material impact on the valuation of these financial assets at fair value. Relevant disclosures are included in notes 3 and 38 to the financial statements.	We evaluated the competence, capabilities and objectivity of the independent valuer engaged by the Group. We obtained and reviewed the subscription agreements or sales and purchase agreements of the financial assets. We focused on valuation methodologies and assumptions used for the valuation of financial assets that were categorised as Level 3 within the fair value hierarchy. We, with the assistance of our internal valuation specialists, evaluated the valuation techniques, inputs and assumptions, such as market comparables, discount rates, volatility, through comparison with the valuation methodologies that are commonly used in the market and checking unobservable inputs used against available market information. Furthermore, we evaluated the adequacy of the related disclosures in the notes to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT *(continued)*

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sai Yu.

Ernst & Young
Certified Public Accountants
Hong Kong

29 September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
REVENUE	5	**1,121,793**	654,712
Cost of services rendered		**(462,108)**	(278,023)
Gross profit		**659,685**	376,689
Other income and gains	5	**32,321**	26,915
Administrative expenses		**(241,833)**	(230,625)
Other losses		**–**	(2,217)
Finance costs	7	**(2,934)**	(2,932)
Share of profits/(losses) of an associate		**(1,977)**	990
PROFIT BEFORE TAX	6	**445,262**	168,820
Income tax expense	10	**(69,953)**	(24,367)
PROFIT FOR THE YEAR		**375,309**	144,453
OTHER COMPREHENSIVE INCOME			
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		**2,224**	(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		**(240)**	855
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**1,984**	6,402
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**377,293**	150,855
Profit attributable to:			
Owners of the Company		**375,309**	144,453
Total comprehensive income attributable to:			
Owners of the Company		**377,293**	150,855
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic		**HK98.9 cents**	HK38.1 cents
Diluted		**HK98.9 cents**	HK38.1 cents

Consolidated Statement of Financial Position

30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**224,378**	65,343
Investment properties	14	**27,300**	–
Goodwill	15	**31,964**	31,964
Other intangible assets	16	**5,379**	6,990
Investment in an associate	17	**1,175**	3,216
Financial assets at fair value through other comprehensive income	18	**11,285**	9,016
Financial assets at fair value through profit or loss	19	**83,125**	57,604
Deposits and other receivables	22	**37,139**	18,411
Deferred tax assets	29	**4,936**	3,972
Total non-current assets		**426,681**	196,516
CURRENT ASSETS			
Inventories	20	**18,329**	13,961
Trade receivables	21	**422,336**	233,486
Prepayments, deposits and other receivables	22	**18,887**	20,418
Tax recoverable		**–**	693
Pledged deposits	23	**2,049**	2,049
Cash and cash equivalents	23	**270,332**	145,265
Total current assets		**731,933**	415,872
CURRENT LIABILITIES			
Trade payables	24	**40,375**	34,191
Other payables and accruals	25	**77,361**	59,925
Lease liabilities	34	**39,248**	41,756
Contract liabilities	26	**5,717**	7,397
Interest-bearing bank borrowings	28	**42,216**	11,659
Tax payables		**96,177**	30,389
Total current liabilities		**301,094**	185,317
NET CURRENT ASSETS		**430,839**	230,555
TOTAL ASSETS LESS CURRENT LIABILITIES		**857,520**	427,071
NON-CURRENT LIABILITIES			
Other long-term payables	25	**7,681**	1,943
Lease liabilities	34	**107,006**	13,661
Deferred tax liabilities	29	**887**	1,336
Total non-current liabilities		**115,574**	16,940
NET ASSETS		**741,946**	410,131

Consolidated Statement of Financial Position (continued)

30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	*30*	**3,796**	3,796
Reserves	*32*	**738,150**	406,335
Total equity		**741,946**	410,131

Mr. Chan Kin Ping, BBS, JP
Director

Dr. Pang Lai Sheung
Director

Consolidated Statement of Changes In Equity

Year ended 30 June 2022

		Attributable to owners of the Company						
	Notes	Share capital HK$'000	Share premium* HK$'000	Other reserve* HK$'000	Exchange reserve* HK$'000	Share option reserve* HK$'000	Retained profit* HK$'000	Total equity HK$'000
At 1 July 2020		3,796	190,221	19,021	(1,253)	1,813	45,451	259,049
Profit for the year		–	–	–	–	–	144,453	144,453
Other comprehensive income for the year:								
Fair value loss on financial instruments at fair value through other comprehensive income		–	–	(751)	–	–	–	(751)
Gain on disposal of a financial instrument at fair value through other comprehensive income		–	–	6,298	–	–	–	6,298
Exchange differences on translation of foreign operations		–	–	–	855	–	–	855
Total comprehensive income for the year		–	–	5,547	855	–	144,453	150,855
Equity-settled share option arrangements	31	–	–	–	–	227	–	227
At 30 June 2021 and 1 July 2021		**3,796**	**190,221**	**24,568**	**(398)**	**2,040**	**189,904**	**410,131**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**375,309**	**375,309**
Other comprehensive income for the year:								
Fair value gain on financial instruments at fair value through other comprehensive income, net		**-**	**-**	**2,224**	**-**	**-**	**-**	**2,224**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**(240)**	**-**	**-**	**(240)**
Total comprehensive income for the year		**-**	**-**	**2,224**	**(240)**	**-**	**375,309**	**377,293**
Final 2021 dividend	11	**-**	**-**	**-**	**-**	**-**	**(45,546)**	**(45,546)**
Equity-settled share option arrangements	31	**-**	**-**	**-**	**-**	**68**	**-**	**68**
At 30 June 2022		**3,796**	**190,221**	**26,792**	**(638)**	**2,108**	**519,667**	**741,946**

* These reserve accounts comprise the consolidated reserves of HK$738,150,000 (2021: HK$406,335,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**445,262**	168,820
Adjustments for:			
Depreciation	6	**61,463**	65,987
Amortisation of other intangible assets	6	**1,611**	1,611
Write-down of inventories to net realisable value	6	**58**	110
Equity-settled share option expenses		**68**	227
Impairment of trade receivables, net	6	**1,099**	10,655
Impairment of property, plant and equipment	6	**10,957**	–
Share of losses/(profits) of an associate		**1,977**	(990)
Loss/(gain) on disposal of items of property, plant and equipment	6	**(30)**	2,574
Loss/(gain) on early termination of leases	34	**(2)**	5
Changes in fair value of investment properties	14	**(959)**	–
Fair value gain of financial assets at fair value through profit or loss	5,6	**(25,521)**	(2,634)
Overprovision for reinstatement costs	27	**(1,012)**	(283)
Interest on bank borrowings	7	**476**	298
Interest on lease liabilities	7	**2,426**	2,634
Interest in discounted amounts of provision for reinstatement cost arising from the passage of time	7	**32**	–
COVID-19-related rent concessions from lessors	5	**(2,543)**	(5,092)
Interest income	5	**(199)**	(293)
		495,163	243,629
Increase in inventories		**(4,426)**	(1,972)
Increase in trade receivables		**(189,949)**	(208,120)
(Increase)/decrease in prepayments, deposits and other receivables		**(23,950)**	8,875
Increase in trade payables		**6,184**	15,073
Increase in other payables and accruals		**19,158**	28,090
(Decrease)/increase in contract liabilities		**(1,680)**	3,802
Cash generated from operations		**300,500**	89,377
Interest received		**199**	293
Hong Kong profits tax paid, net		**(4,885)**	(4,177)
Net cash flows from operating activities		**295,814**	85,493

Consolidated Statement of Cash Flows (continued)

Year ended 30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**135**	329
Proceeds from disposal of a financial asset at fair value through other comprehensive income		**–**	10,360
Purchase of investment properties	*14*	**(26,341)**	–
Purchase of items of property, plant and equipment		**(76,516)**	(14,054)
Purchase of a financial asset at fair value through other comprehensive income		**(45)**	–
Settlement of provisions	*27*	**(359)**	(759)
Increase in time deposits with maturity of more than three months when acquired		**(100,093)**	(650)
Net cash flows used in investing activities		**(203,219)**	(4,774)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**35,520**	–
Repayment of bank loans		**(4,963)**	(3,894)
Bank loan interest paid		**(401)**	(238)
Lease interest		**(2,426)**	(2,634)
Repayment of principal portion of lease liabilities		**(49,631)**	(51,994)
Dividend paid		**(45,546)**	(542)
Net cash flows used in financing activities		**(67,447)**	(59,302)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**25,148**	21,417
Cash and cash equivalents at beginning of year		**120,755**	98,754
Effect of foreign exchange rate changes, net		**(174)**	584
CASH AND CASH EQUIVALENTS AT END OF YEAR		**145,729**	120,755

Consolidated Statement of Cash Flows (continued)

Year ended 30 June 2022

	Notes	2022 HK$'000	2021 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**144,690**	99,263
Non-pledged time deposits	23	**125,642**	46,002
Cash and cash equivalents as stated in the consolidated statement of financial position		**270,332**	145,265
Pledged time deposits with maturity less than three months when acquired		**1,039**	1,039
Non-pledged time deposits with maturity more than three months when acquired		**(125,642)**	(25,549)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**145,729**	120,755

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**").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Actmax Limited	Hong Kong	HK$2	–	100	Provision of general practice services
Actwise Limited	Hong Kong	HK$1	–	100	Investment holding
Be Health Specialist Limited	Hong Kong	HK$5,000,100	–	100	Provision of specialties services
Happy Reach Limited	Hong Kong	HK$1	–	100	Properties holding
Human Health Associate Limited	Hong Kong	HK$2	–	100	Provision of general practice services
Human Health (H.K.) Limited	Hong Kong	HK$2	–	100	Head office management
Human Health Medical Services Limited	Hong Kong	HK$2	–	100	Management of consultancy agreements with doctors and dentists
Impact Medical Imaging Centre Company Limited	Hong Kong	HK$7,500,000	–	100	Provision of medical imaging services

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid-up registered capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Keen Will Aesthetics Limited	Hong Kong	HK$2	–	100	Provision of medical aesthetic and wellness services
Poly Dental Services Limited	Hong Kong	HK$100	–	100	Provision of dental services
We Health International Limited	BVI	US$12,150	–	100	Investment holding
We Health Medical Diagnostic Limited	Hong Kong	HK$1	–	100	Provision of medical and wellness services
Win Ocean Limited	Hong Kong	HK$1	–	100	Provision of general practice services
盈健企業管理諮詢(上海)有限公司 ("**Yingjian Qiye**")#	People's Republic of China ("**PRC**")/ Mainland China	Registered capital of HK$22,500,000	–	100	Investment holding

Wholly-foreign-owned enterprise under PRC Law.

The above table lists the subsidiaries of the company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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.

2.1 BASIS OF PREPARATION *(continued)*

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, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*

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.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework* [1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
HKFRS 17	*Insurance Contracts* [2]
Amendments to HKFRS 17	*Insurance Contracts* [2, 5]
Amendments to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Corporative Information* [2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* [2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies* [2]
Amendments to HKAS 8	*Definition of Accounting Estimates* [2]
Amendments to HKAS 12	*Deferred tax related to Assets and Liabilities arising from a Single Transaction* [2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use* [1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract* [1]
Annual improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 [1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 July 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-Current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of the associates is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investment in an associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 June. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Computer	25%
Office and medical equipment	25%
Furniture and fixtures	25%
Motor vehicles	25%
Leasehold improvements	Over the shorter of lease terms and 33.3%
Building	Over the shorter of lease terms and 4%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademark

Trademark is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 12 years.

Customer lists

Customer lists are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	27 years
Properties	1 to 6 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement *(continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets *(continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities is as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provision for reinstatement costs is recognised based on past experience of the actual costs incurred.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue generated from the rendering of integrated healthcare services is recognised when the services are rendered, given that the integrated healthcare service is generally completed within a short period of time.

Revenue recognised from sale of goods to customers is recognised when the wellness related product is transferred to the customers upon sales. Payment of the transaction price is due within 90 days upon the delivery of goods.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividend are disclosed in the notes to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of an overseas subsidiary and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of a subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Current tax and deferred tax

The Group is subject to income taxes in Hong Kong. The Group carefully evaluates tax implications of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. Judgement is required in determining the amount of the provision for tax as there are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 30 June 2022 was HK$31,964,000 (2021: HK$31,964,000). Further details are given in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

Provision for obsolete inventories and write-down of inventories to net realisable value

The Group reviews an ageing analysis of its inventories at the end of each reporting period, and makes allowances if there are obsolete and slow-moving inventory items identified that are no longer suitable for use or selling. The Group also reviews the expiration of its inventory items at the end of each reporting period, and makes allowances if there are inventory items identified that are expired. The estimated net realisable value of the Group's inventories is based primarily on the latest selling prices and current market conditions. As at 30 June 2022, the carrying amount of inventories was HK$18,329,000 (2021: HK$13,961,000). Further details are given in note 20 to the financial statements.

Fair values of financial assets at fair value

The fair values of financial assets at fair value that are not quoted in active markets are determined by using valuation techniques. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modeling techniques. As at 30 June 2022, the carrying amount of financial assets at fair value was HK$94,410,000 (2021: HK$66,620,000). Further details are given in notes 18 and 19 to the financial statements.

4. 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.

4. SEGMENT INFORMATION *(continued)*

	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*
Segment revenue								
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
Reconciliation								
Elimination of intersegment sales							**(8,673)**	(10,392)
							1,121,793	654,712
Segment results	**489,028**	215,387	**(677)**	(8,254)	**8,303**	6,824	**496,654**	213,957
Reconciliation								
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							**375,309**	144,453
Segment assets	**712,305**	379,562	**161,705**	62,494	**63,685**	52,296	**937,695**	494,352
Reconciliation								
Elimination of intersegment receivables							**(53,121)**	(41,857)
Corporate and other allocated assets							**274,040**	159,893
Total assets							**1,158,614**	612,388
Segment liabilities	**196,835**	116,754	**154,130**	58,625	**26,116**	20,730	**377,081**	196,109
Reconciliation								
Elimination of intersegment payables							**(53,121)**	(41,857)
Corporate and other allocated liabilities							**92,708**	48,005
Total liabilities							**416,668**	202,257

4. SEGMENT INFORMATION *(continued)*

	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
Other segment information								
Depreciation	**35,294**	38,331	**10,308**	12,275	**5,996**	6,516	**51,598**	57,122
Unallocated depreciation							**9,865**	8,865
Total							**61,463**	65,987
Amortisation of other intangible assets	**737**	736	**346**	347	**528**	528	**1,611**	1,611
Impairment of trade receivables, net	**108**	92	**989**	10,563	**2**	–	**1,099**	10,655
Impairment of property, plant and equipment	**10,957**	–	**-**	–	**-**	–	**10,957**	–
Loss/(gain) on disposal of items of property, plant and equipment, net	**1**	38	**9**	2,538	**-**	(5)	**10**	2,571
Unallocated loss/(gain) on disposal of items of property, plant and equipment, net							**(40)**	3
							(30)	2,574
Finance costs	**1,305**	1,881	**814**	271	**190**	126	**2,309**	2,278
Unallocated finance costs							**625**	654
							2,934	2,932
Capital expenditures #	**5,407**	1,320	**635**	1,659	**350**	665	**6,392**	3,644
Unallocated capital expenditures #							**75,443**	1,116
							81,835	4,760

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

4. SEGMENT INFORMATION *(continued)*

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.

5. REVENUE, OTHER INCOME AND GAINS

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

	2022	2021
	HK$'000	*HK$'000*
Revenue		
Integrated healthcare services income	**1,121,793**	650,848
Trading of wellness related products	**–**	3,864
	1,121,793	654,712

(i) Disaggregated revenue information

	2022	2021
	HK$'000	*HK$'000*
Types of goods and services		
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
	1,121,793	654,712

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

(i) Disaggregated revenue information *(continued)*

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 ***HK$'000***	2021 *HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Integrated healthcare services income	**4,909**	1,016

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.

The following table shows unsatisfied performance obligation resulting from the provision of integrated healthcare services.

	2022 ***HK$'000***	2021 *HK$'000*
At end of year		
Expected to be recognised within one year	**5,717**	7,397

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.

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

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

	2022 **HK$'000**	2021 HK$'000
Other income and gains		
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	**256**	139
	32,321	26,915

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 the Employment Support Scheme ("**ESS**") and Retailed 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.

Notes to the Financial Statements

6. PROFIT BEFORE TAX

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

	2022	2021
	HK$'000	*HK$'000*
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 (note i)	**61,463**	65,987
Amortisation of other intangible assets (note i)	**1,611**	1,611
Fair value loss of financial assets at fair value through profit or loss (included in other losses)	**–**	2,217
(Gain)/loss on disposal of items of property, plant and equipment, net	**(30)**	2,574
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) (note iii)	**3,825**	4,561
	107,403	107,904
Impairment of trade receivables, net (note i)	**1,099**	10,655
Impairment of property, plant and equipment (note i)	**10,957**	–
Write-down of inventories to net realisable value (note ii)	**58**	110

Notes:

(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.

7. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
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	32	–
	2,934	2,932

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 HK$'000	2021 HK$'000
Fees	540	540
Other emoluments		
Salaries, allowances and benefits in kind	8,988	9,010
Discretionary performance-related bonuses	3,425	–
Equity-settled share option expense	24	116
Pension scheme contributions	72	72
	12,509	9,198
	13,049	9,738

8. DIRECTORS' REMUNERATION *(continued)*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2022 **HK$'000**	2021 HK$'000
Dr. Lui Sun Wing	**180**	180
Mr. Chan Yue Kwong Michael	**180**	180
Mr. Sin Kar Tim	**180**	180
	540	540

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2022						
Executive directors:						
Mr. Chan Kin Ping, BBS, JP *	-	2,316	671	-	18	3,005
Dr. Pang Lai Sheung	-	2,316	671	-	18	3,005
Dr. Sat Chui Wan	-	2,256	1,090	15	18	3,379
Mr. Poon Chun Pong	-	2,100	993	9	18	3,120
	-	8,988	3,425	24	72	12,509
2021						
Executive directors:						
Mr. Chan Kin Ping, BBS, JP*	-	2,413	-	-	18	2,421
Dr. Pang Lai Sheung	-	2,414	-	-	18	2,432
Dr. Sat Chui Wan	-	2,350	-	71	18	2,439
Mr. Poon Chun Pong	-	1,833	-	45	18	1,896
	-	9,010	-	116	72	9,198

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2021: Nil).

* Mr. Chan Kin Ping, BBS, JP is also the chief executive officer of the Company during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2021: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2021: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,065**	1,986
Discretionary performance-related bonuses	**562**	–
Pension scheme contributions	**18**	18
	2,645	2,004

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2022	2021
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**1**	–

10. 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	2021
	HK$'000	*HK$'000*
Current		
Charge for the year	**71,370**	26,730
(Overprovision)/underprovision in prior years	**(4)**	218
Deferred (note 29)	**(1,413)**	(2,581)
Total tax charge for the year	**69,953**	24,367

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate are as follows:

	2022	2021
	HK$'000	*HK$'000*
Profit before tax	**445,262**	168,820
Tax at the statutory tax rate of 16.5%	**73,468**	27,855
Adjustments in respect of current tax of previous periods	**(4)**	218
Income not subject to tax	**(4,949)**	(3,238)
Expenses not deductible for tax	**920**	630
Tax losses not recognised	**1,095**	1,477
Tax losses utilised from previous periods	**(1,040)**	(4,289)
Temporary difference not recognised	**302**	2,042
Profits or losses attributable to an associate	**326**	(163)
Others	**(165)**	(165)
Tax charge at the Group's effective rate of 15.7% (2021: 14.4%)	**69,953**	24,367

Notes to the Financial Statements

11. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Proposed final dividend – HK30 cents (2021: HK12 cents) per ordinary share	**113,866**	45,546

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

12. 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.

13. PROPERTY, PLANT AND EQUIPMENT

	Right of use assets			Owned assets							
	Leasehold land HK$'000	Properties HK$'000	Sub-total HK$'000	Building HK$'000	Computer HK$'000	Office and medical equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000	Total HK$'000
30 June 2022											
At 1 July 2021:											
Cost	-	125,427	125,427	-	13,608	31,977	2,626	1,564	31,893	81,668	207,095
Accumulated depreciation	-	(71,652)	(71,652)	-	(9,282)	(27,466)	(2,499)	(684)	(30,169)	(70,100)	(141,752)
	-	53,775	53,775	-	4,326	4,511	127	880	1,724	11,568	65,343
At 1 July 2021, net of accumulated depreciation	-	53,775	53,775	-	4,326	4,511	127	880	1,724	11,568	65,343
Additions	54,565	149,875	204,440	12,315	3,079	3,279	449	1,171	6,977	27,270	231,710
Disposals	-	(150)	(150)	-	(88)	(16)	(1)	-	-	(105)	(255)
Impairment	-	(10,957)	(10,957)	-	-	-	-	-	-	-	(10,957)
Depreciation provided during the year	(1,197)	(53,052)	(54,249)	(270)	(2,145)	(2,703)	(98)	(395)	(1,603)	(7,214)	(61,463)
At 30 June 2022, net of accumulated depreciation and impairment	53,368	139,491	192,859	12,045	5,172	5,071	477	1,656	7,098	31,519	224,378
At 30 June 2022:											
Cost	54,565	216,619	271,184	12,315	15,730	34,388	2,669	2,735	35,889	103,726	374,910
Accumulated depreciation and impairment	(1,197)	(77,128)	(78,325)	(270)	(10,558)	(29,317)	(2,192)	(1,079)	(28,791)	(72,207)	(150,532)
Net carrying amount	53,368	139,491	192,859	12,045	5,172	5,071	477	1,656	7,098	31,519	224,378
30 June 2021											
At 1 July 2021:											
Cost	-	150,394	150,394	-	12,660	45,199	2,918	1,718	35,448	97,943	248,337
Accumulated depreciation	-	(64,834)	(64,834)	-	(7,894)	(36,366)	(2,721)	(1,718)	(31,359)	(80,058)	(144,892)
	-	85,560	85,560	-	4,766	8,833	197	-	4,089	17,885	103,445
At 1 July 2020, net of accumulated depreciation	-	85,560	85,560	-	4,766	8,833	197	-	4,089	17,885	103,445
Additions	-	28,214	28,214	-	1,541	1,525	34	899	761	4,760	32,974
Disposals	-	(2,186)	(2,186)	-	(45)	(2,229)	(4)	-	(625)	(2,903)	(5,089)
Depreciation provided during the year	-	(57,813)	(57,813)	-	(1,936)	(3,618)	(100)	(19)	(2,501)	(8,174)	(65,987)
At 30 June 2021, net of accumulated depreciation	-	53,775	53,775	-	4,326	4,511	127	880	1,724	11,568	65,343
At 30 June 2021:											
Cost	-	125,427	125,427	-	13,608	31,977	2,626	1,564	31,893	81,668	207,095
Accumulated depreciation	-	(71,652)	(71,652)	-	(9,282)	(27,466)	(2,499)	(684)	(30,169)	(70,100)	(141,752)
Net carrying amount	-	53,775	53,775	-	4,326	4,511	127	880	1,724	11,568	65,343

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Right-of-use assets included in the Group's property, plant and equipment:

	Leasehold land *HK$'000*	Properties *HK$'000*	Total *HK$'000*
As at 1 July 2020	–	85,560	85,560
Additions	–	16,814	16,814
Lease modification	–	11,400	11,400
Disposal and early termination	–	(2,186)	(2,186)
Depreciation charge	–	(57,813)	(57,813)
As at 30 June 2021 and 1 July 2021	**–**	**53,775**	**53,775**
Additions	**54,565**	**96,641**	**151,206**
Lease modification	**–**	**53,234**	**53,234**
Disposal and early termination	**–**	**(150)**	**(150)**
Impairment	**–**	**(10,957)**	**(10,957)**
Depreciation charge	**(1,197)**	**(53,052)**	**(54,249)**
As at 30 June 2022	**53,368**	**139,491**	**192,859**

At 30 June 2022, the Group's property, plant and equipment with a carrying value of HK$65,412,000 (2021: Nil) were pledged to secure the mortgage loans granted to the Group as detailed in note 28 to the financial statements.

Impairment assessment of property, plant and equipment

As at 30 June 2022, the Group's management identified certain cash generating units ("**CGUs**") which were underperformed during the year and estimated the corresponding recoverable amounts. Based on management's estimates, an impairment loss of HK$10,957,000 (2021: Nil) was recognised to write down the carrying amounts of the property, plant and equipment of the CGUs to their aggregate recoverable amounts of HK$109,000 as at 30 June 2022. The recoverable amounts of the CGUs are determined based on value in use calculations using cash flow projections based on financial budgets covering a period of the remaining lease terms plus the anticipated renewal period approved by senior management. The pre-tax discount rates applied for the cash flow projection is 15.4%.

14. INVESTMENT PROPERTIES

	2022 HK$'000	2021 HK$'000
Carrying amount at 1 July	–	–
Additions	26,341	–
Net gain from a fair value adjustment	959	–
Carrying amount at 30 June	27,300	–

The Group's investment properties consist of two commercial properties and one car park space in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of asset, i.e., commercial and car park space, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 30 June 2022 based on valuations performed by Graval Consulting Limited, independent professionally qualified valuers, at HK$27,300,000. Each year, the Group's finance team decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance team has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 34 to the financial statements.

At 30 June 2022, the Group's investment properties with a carrying value of HK$27,300,000 (2021: Nil) were pledged to secure the mortgage loans granted to the Group as detailed in note 28 to the financial statements.

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 June 2022			
	Quoted prices in active market (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Recurring fair value measurement for:				
Commercial properties	-	-	25,400	25,400
Car park space	-	-	1,900	1,900
	-	-	27,300	27,300

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 (2021: Nil).

Reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy:

	Commercial properties *HK$'000*	Car park space *HK$'000*	Total *HK$'000*
Carrying amount at 1 July 2020, 30 June 2021 and 1 July 2021	–	–	–
Additions	24,508	1,833	26,341
Net gain from a fair value adjustment recognised in profit and loss	892	67	959
Carrying amount at 30 June 2022	**25,400**	**1,900**	**27,300**

14. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Set out below is a summary of the valuation technique used and the key inputs to the valuation of the Group's properties held for own use:

	Valuation technique	Significant Unobservable input	Range	
			2022	2021
Commercial properties	Direct comparison approach	Market unit selling price (per sq. ft.)	**HK$11,122 to HK$11,910**	N/A
Car park space	Direct comparison approach	Market unit selling price (per car park)	**HK$1,800,000 to HK$2,000,000**	N/A

Under the direct comparison approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by referring to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the investment properties, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price of each investment properties.

The key input was the market price of investment properties, where a significant increase/(decrease) in the market price would result in a significant increase/(decrease) in the fair value of the investment properties.

15. GOODWILL

	HK$'000
At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	
Cost	31,964
Accumulated impairment	–
Net carrying amount	31,964

Impairment testing of goodwill

The carrying amount of the goodwill acquired through acquisitions of subsidiaries is allocated to the following cash-generating units:

	2022 **HK$'000**	2021 HK$'000
General practice services	**5,897**	5,897
Specialties services	**2,774**	2,774
Dental services	**23,293**	23,293
	31,964	31,964

General practice services cash-generating unit

The recoverable amount of the general practice services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 15.4% (2021: 12.1%) for the year ended 30 June 2022. The growth rate used to extrapolate the cash flows of the general practice services cash-generating unit beyond the five-year period is 2.5% (2021: 2.5%). This growth rate does not exceed the average growth rate of the healthcare industry. Senior management of the general practice services cash-generating unit believes that this growth rate is justified, given the established business model adopted by the Group. The Group has an extensive medical centre network which has enjoyed the economies of scale to obtain optimum operational efficiency.

15. GOODWILL *(continued)*

Specialties services cash-generating unit

The recoverable amount of the specialties services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a six-year period approved by senior management. The discount rate applied to the cash flow projections is 13.0% (2021: 11.5%) for the year ended 30 June 2022. The growth rate used to extrapolate the cash flows of the specialties services cash-generating unit beyond the six-year period is 2.5% (2021: 2.5%). This growth rate does not exceed the average growth rate of the healthcare industry. Senior management of the specialties services cash-generating unit believes that this growth rate is justified, given the established business model adopted by the Group. The Group has an extensive medical centre network which has enjoyed the economies of scale to obtain optimum operational efficiency.

Dental services cash-generating unit

The recoverable amount of the dental services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 13.4% (2021: 11.1%) for the year ended 30 June 2022. The growth rate used to extrapolate the cash flows of the dental services cash-generating unit beyond the five-year period is 2.5% (2021: 2.5%). This growth rate does not exceed the average growth rate of the healthcare industry. Senior management of the dental services cash-generating unit believes that this growth rate is justified, given the medical centre network established by the Group. The Group has an extensive medical centre network which has enjoyed the economies of scale to obtain optimum operational efficiency.

Assumptions were used in the value in use calculation of the general practice services, specialties services and dental services cash-generating units at 30 June 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Growth rates – The growth rates are determined with reference to the historical growth rates for the relevant unit, adjusted for expected business, market development and economic condition.

The values assigned to the key assumptions on market development of industries and discount rates are consistent with external information sources.

16. OTHER INTANGIBLE ASSETS

	Trademark	Customer lists	Total
	HK$'000	*HK$'000*	*HK$'000*
30 June 2022			
Cost at 1 July 2021, net of accumulated amortisation	**3,378**	**3,612**	**6,990**
Amortisation provided during the year	**(633)**	**(978)**	**(1,611)**
At 30 June 2022, net of accumulated amortisation	**2,745**	**2,634**	**5,379**
At 30 June 2022:			
Cost	**7,600**	**9,780**	**17,380**
Accumulated amortisation	**(4,855)**	**(7,146)**	**(12,001)**
Net carrying amount	**2,745**	**2,634**	**5,379**
30 June 2021			
Cost at 1 July 2020, net of accumulated amortisation	4,011	4,590	8,601
Amortisation provided during the year	(633)	(978)	(1,611)
At 30 June 2021, net of accumulated amortisation	3,378	3,612	6,990
At 30 June 2021:			
Cost	7,600	9,780	17,380
Accumulated amortisation	(4,222)	(6,168)	(10,390)
Net carrying amount	3,378	3,612	6,990

17. INVESTMENT IN AN ASSOCIATE

	2022	2021
	HK$'000	*HK$'000*
Share of net assets	**1,175**	3,216

On 24 April 2015, Yingjing Qiye and Ping An Health Internet Holdings Limited ("**Ping An Health**"), which is a third party to the Group, have set up a limited company in the PRC named 平安盈健醫療管理(上海)有限公司 ("**Pingan Yingjian**"), which acts as the Group's medical services provider in Mainland China.

Particulars of the Group's associate are as follows:

			Percentage of			
Name	**Particulars of registered capital**	**Place of registration and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
平安盈健醫療管理(上海)有限公司 ("**Pingan Yingjian**")	Renminbi ("**RMB**") 35,000,000	PRC/Mainland China	50	40	50	Provision of medical services

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2022	2021
	HK$'000	*HK$'000*
Share of the associate's profit/(loss) for the year	**(1,977)**	990
Share of the associate's total comprehensive income/(loss) for the year	**(1,977)**	990
Aggregate carrying amount of the Group's investment in an associate	**1,175**	3,216

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 HK$'000	2021 HK$'000
Unlisted equity investments, at fair value		
– Heals Healthcare	**3,714**	6,310
– Unlisted company	**7,571**	2,706
	11,285	9,016

Management irrevocably designated the above equity investments as financial assets at fair value through other comprehensive income, as the Group considers these investments to be strategic in nature.

On 10 December 2018, the Group subscribed 156,667 ordinary shares of Heals Healthcare (Asia) Limited ("**Heals Healthcare**"), an independent third party, at a deemed consideration of HK$13,040,000. On 3 May 2021, the Group disposed of 51,804 shares at a consideration of HK$10,361,000.

On 24 January 2018, the Group acquired 100,000 ordinary shares of an unlisted company incorporated in Hong Kong, at a consideration of HK$3,500,000. On 26 July 2021, the Group acquired additional 38,793 ordinary shares at a consideration of HK$45,000. At 30 June 2022, the Group has 13.1% equity interest in the above-mentioned company.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK$'000	2021 HK$'000
Investment in redeemable preference shares	**30,549**	20,320
Unlisted investment funds	**52,576**	37,284
	83,125	57,604

During the year ended 30 June 2019, the Group subscribed redeemable preference shares in an unlisted company established in the British Virgin Island, at a consideration of US$3,000,000 (equivalent to HK$23,550,000). As the rights and obligations of the ownership over this redeemable preference shares are substantially different from the ownership of ordinary shares of the unlisted company, the Group's investment in this redeemable preference shares is measured at fair value through profit or loss.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

During the year ended 30 June 2019, the Group entered into an amended and restated exempted limited partnership agreement with Inno Healthcare Limited in relation to the formation of New Journey Healthcare LP ("**Limited Partnership**") and subscribed 8.8% of the committed fund size amounting to RMB30,000,000 (equivalent to HK$34,125,000). As detailed in the Company's announcement dated 10 January 2020, following the change of composition of the Limited Partnership in late 2019, the Group was the holder of approximately 73.2% of the partnership interest in the Limited Partnership as at 30 June 2022 and 2021, and Limited Partnership invested in New Journey Hospital Group. Pursuant to the terms of the limited partnership agreement, the directors of the Company considered the control of the limited partnership remained with the general partner and the Group as a limited partner does not have any controlling power nor exert any significant influence over the limited partnership.

20. INVENTORIES

	2022	2021
	HK$'000	*HK$'000*
Pharmaceutical supplies	**18,329**	13,961

21. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**434,090**	244,141
Impairment	**(11,754)**	(10,655)
	422,336	233,486

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 receivables 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.

21. TRADE RECEIVABLES *(continued)*

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	2021
	HK$'000	*HK$'000*
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	**4,459**	3,529
	422,336	233,486

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

	2022	2021
	HK$'000	*HK$'000*
At beginning of year	**10,655**	–
Impairment losses, net (note 6)	**1,099**	10,655
At end of year	**11,754**	10,655

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

21. TRADE RECEIVABLES *(continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2022

Group A	Current	Past due ≤181 days	Past due > 181 days but ≤365 days	Past due > 365 days	Total
Expected credit loss rate	**0.02%**	**0.05%**	**4.65%**	**86.67%**	**0.08%**
Gross carrying amount (HK$'000)	**194,813**	**226,258**	**1,463**	**120**	**422,654**
Expected credit losses (HK$'000)	**37**	**109**	**68**	**104**	**318**

Group B	Current	Past due ≤181 days	Past due > 181 days but ≤365 days	Past due > 365 days	Total
Expected credit loss rate	**0%**	**0%**	**100%**	**100%**	**100%**
Gross carrying amount (HK$'000)	**–**	**–**	**1,301**	**10,135**	**11,436**
Expected credit losses (HK$'000)	**–**	**–**	**1,301**	**10,135**	**11,436**

As at 30 June 2021

Group A	Current	Past due ≤181 days	Past due > 181 days but ≤365 days	Past due > 365 days	Total
Expected credit loss rate	0%	0%	2.04%	78.85%	0.04%
Gross carrying amount (HK$'000)	118,897	109,700	49	104	228,750
Expected credit losses (HK$'000)	5	4	1	82	92

Group B	Current	Past due ≤181 days	Past due > 181 days but ≤365 days	Past due > 365 days	Total
Expected credit loss rate	0%	0.58%	66.53%	100%	68.63%
Gross carrying amount (HK$'000)	–	2,242	7,766	5,383	15,391
Expected credit losses (HK$'000)	–	13	5,167	5,383	10,563

21. TRADE RECEIVABLES *(continued)*

The Group categories the customers by making reference to the customer type in the following groups:

Group A: Independent customers of integrated healthcare services

Group B: Independent customers of the trading of wellness related products and the provision of medical aesthetic services

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Prepayments	5,332	2,849
Deposits	49,391	31,481
Other receivables	1,303	4,499
	56,026	38,829
Less: Non-current portion	(37,139)	(18,411)
	18,887	20,418

Deposits and other receivables mainly represent rental deposits. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 30 June 2022 and 2021, the Group assessed the loss allowance and the expected credit loss rate under the application of HKFRS 9 were minimal.

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

23. CASH AND CASH EQUIVALENTS

	2022 HK$'000	2021 HK$'000
Cash and bank balances	**144,690**	99,263
Time deposits	**127,691**	48,051
	272,381	147,314
Less: Pledged time deposits for credit facilities	**(2,049)**	(2,049)
	270,332	145,265

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$5,304,000 (2021: HK$5,490,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rate. Short-term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

24. 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:

	2022 HK$'000	2021 HK$'000
Within 1 month	**27,057**	27,586
1 to 3 months	**12,543**	6,515
Over 3 months	**775**	90
	40,375	34,191

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).

25. OTHER PAYABLES AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Other payables	**34,147**	22,602
Accruals	**39,905**	32,217
Provision for reinstatement costs (note 27)	**10,990**	7,049
	85,042	61,868
Less: Non-current portion	**(7,681)**	(1,943)
	77,361	59,925

Other payables and accruals are unsecured, non-interest-bearing and are normally repayable on demand.

26. CONTRACT LIABILITIES

	30 June 2022 HK$'000	30 June 2021 HK$'000	1 July 2020 HK$'000
Short-term advances received from customers			
Integrated healthcare services	**5,717**	7,397	3,595

Contract liabilities represented short-term advances received to render integrated healthcare services. The decrease in contract liabilities in 2022 was mainly due to the decrease in short-term advances received from customers in relation to the rendering of integrated healthcare services at the end of the year. The increase in contract liabilities in 2021 was mainly due to the increase in short-term advances received from customers in relation to the rendering of integrated healthcare services at the end of the year.

27. PROVISIONS

	Reinstatement cost HK$'000
At 1 July 2020	7,947
Additional provision	144
Overprovision in prior years	(283)
Amounts utilised during the year	(759)
At 30 June 2021 and 1 July 2021	7,049
Additional provision	5,280
Accretion of interest recognised during the year (note 7)	32
Overprovision in prior years	(1,012)
Amounts utilised during the year	(359)
At 30 June 2022	**10,990**

	2022 HK$'000	2021 HK$'000
Current liabilities	**3,309**	5,106
Non-current liabilities	**7,681**	1,943
	10,990	7,049

The Group provides for reinstatement costs for its medical centres, as estimated based on past experience of the actual costs incurred. The estimation basis is reviewed on an ongoing basis and revised where appropriate. The timing of outflows is expected to be utilised in one to six years.

28. INTEREST-BEARING BANK BORROWINGS

	2022			2021		
	Contractual interest rate (%)	**Maturity**	***HK$'000***	Contractual interest rate (%)	Maturity	*HK$'000*
Current:						
Bank loans – secured	**HIBOR + 1.75**	**2024**	**7,764**	HIBOR + 2	2024	11,659
Bank loans – secured	**HIBOR + 1.2**	**2036**	**34,452**	–	–	–
			42,216			11,659

28. INTEREST-BEARING BANK BORROWINGS *(continued)*

	2022 **HK$'000**	2021 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**42,216**	11,659

The Group's bank loans are secured by:

(a) the corporate guarantees of the Company and certain of its subsidiaries;

(b) mortgages over the Group's property, plant and equipment situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$65,412,000; and

(c) mortgages over the Group's investment properties situated in Hong Kong, which had an aggregate carrying value at the end of the reporting period of HK$27,300,000.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Accelerated depreciation allowance HK$'000	**Business combination** HK$'000	**Total** HK$'000
At 1 July 2020	183	1,419	1,602
Deferred tax credited to profit or loss during the year (note 10)	–	(266)	(266)
At 30 June 2021 and 1 July 2021	183	1,153	1,336
Deferred tax credited to profit or loss during the year (note 10)	(183)	(266)	(449)
At 30 June 2022	**–**	**887**	**887**

29. DEFERRED TAX *(continued)*

Deferred tax assets

	Losses available for offsetting against future taxable profits	Depreciation in excess of depreciation allowance	Right-of-use assets	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2020	–	1,657	–	–	1,657
Deferred tax credited to profit or loss during the year (note 10)	2,244	71	–	–	2,315
At 30 June 2021 and 1 July 2021	2,244	1,728	–	–	3,972
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(971)	92	1,808	35	964
At 30 June 2022	**1,273**	**1,820**	**1,808**	**35**	**4,936**

The Group has tax losses arising in Hong Kong of HK$104,669,000 (2021: HK$103,837,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets in respect of these losses of HK$96,956,000 (2021: HK$90,242,000) have not been recognised as they have arisen in subsidiaries that have been loss-making for some time and in the opinions of the directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to the shareholders.

30. SHARE CAPITAL

Shares

	2022	2021
	HK$'000	*HK$'000*
Issued and fully paid: 379,552,233 (2021: 379,552,233) ordinary shares at HK$0.01 each	**3,796**	3,796

The Company has authorised share capital of HK$100,000,000 divided into 10,000,000,000 ordinary shares of HK$0.01 each.

31. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 17 February 2016, the Company adopted a share option scheme (the "**Scheme**") for the purpose of providing incentives or rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of the Group. Eligible participants of the Scheme include any director, employee (whether full time or part time), executive, officer, consultant, adviser, supplier, customer or agent of the Group or such other persons who in the sole opinion of the Company's board of directors have contributed to and/or will contribute to the Group. The Scheme became effective on 1 April 2016, the date of the Listing, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares which may be issued upon exercise of all share options to be granted under the Scheme shall not in aggregate exceed 10% of the total number of shares of the Company in issue at the Listing Date. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period shall not exceed 1% of the shares of the Company in issue up to the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is a proposed grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at the date of grant or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period (if any) and ends on a date not later than the last day of the 10-year period after the date on which the option is duly accepted by the grantee in accordance with the terms of the Scheme.

The exercise price of share options is determinable by the directors, but must be at least the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

31. SHARE OPTION SCHEME *(continued)*

The following share options were outstanding under the Scheme during the year:

	Year ended 30 June			
	2022		2021	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
	HK$ per share	***'000***	*HK$ per share*	*'000*
At 1 July	**2.205**	**2,490**	2.205	2,490
Granted during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year	**–**	**–**	–	–
At 30 June	**2.205**	**2,490**	2.205	2,490
Exercisable at the end of the year	**2.208**	**2,428**	2.209	1,583

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.6 years (2021: 1.6 years) and the weighted average exercise price is HK$2.205 (2021: HK$2.205).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2022

Number of options ***'000***	**Exercise price*** ***HK$ per share***	**Exercise period**
762	**2.214**	**4-10-19 to 3-10-22**
762	**2.214**	**4-10-20 to 3-10-22**
786	**2.214**	**4-10-21 to 3-10-22**
59	**2.090**	**1-6-21 to 31-5-27**
59	**2.090**	**1-6-22 to 31-5-27**
62	**2.090**	**1-6-23 to 31-5-27**
2,490		

31. SHARE OPTION SCHEME *(continued)*

2021

Number of options *'000*	Exercise price* *HK$ per share*	Exercise period
762	2.214	4-10-19 to 3-10-22
762	2.214	4-10-20 to 3-10-22
786	2.214	4-10-21 to 3-10-22
59	2.090	1-6-21 to 31-5-27
59	2.090	1-6-22 to 31-5-27
62	2.090	1-6-23 to 31-5-27
2,490		

* The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted on 4 October 2016 and 28 May 2018 were HK$1,899,000 and HK$223,000 respectively. The Group recognised a share option expense of HK$68,000 during the year ended 30 June 2022 (2021: HK$227,000).

The fair value of equity-settled share options granted was estimated as at the date of grant using the Binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

		Options granted on 4 October 2016	**Options granted on 28 May 2018**
Underlying stock price		HK$2.19	HK$2.09
Exercise price		HK$2.214	HK$2.09
Contractual option life		6 years	9 years
Risk-free rate		1.25%	2.86%
Expected dividend yield		0.00%	0.96%
Expected volatility of underlying shares		38%	64%
Exercise multiple	Directors:	2.80	N/A
	Employees:	2.20	2.20
Weighted average estimated fair value for	Directors:	HK$0.8236	N/A
each share option	Employees:	HK$0.8184	HK$1.2413

31. SHARE OPTION SCHEME *(continued)*

Expected volatility was determined by using the historical volatility of the similar industry as the Company's share price over the previous years. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The exit rate in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No other feature of the options granted was incorporated into the measurement of fair value. The fair value of the option is subject to the above inputs and the limitation to the binomial model.

At the end of the reporting period, the Company had 2,490,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 2,490,000 additional ordinary shares of the Company and additional share capital of HK$24,900 (before issue expenses) and share premium of HK$7,588,000 (after transfer of the share options' fair value from the share option reserve upon exercise).

At the date of approval of these financial statements, the Company had 2,490,000 share options outstanding under the Scheme, which represented approximately 0.7% of the Company's shares in issue as at that date.

The share option reserve comprises the fair value of share options granted which are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 121 of the financial statements.

33. NOTE TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the acquisition of property, plant and equipment included the provision for reinstatement costs of HK$5,280,000 (2021: HK$144,000) included in the other payables and accruals.

(ii) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$143,163,000 (2021: HK$16,670,000) and HK$143,163,000 (2021: HK$16,670,000), respectively, in respect of lease arrangement of properties.

33. NOTE TO THE STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000	Interest-bearing bank borrowings HK$'000
At 1 July 2020	86,614	15,553
Other changes:		
Addition of leases	16,670	–
Lease modification	11,400	–
Finance costs	2,634	238
COVID-19-related rent concessions from lessors	(5,092)	–
Early termination	(2,181)	
Changes from financing cash flows	(54,628)	(4,132)
At 30 June 2021 and 1 July 2021	55,417	11,659
Other changes:		
Addition of leases	89,929	–
Lease modification	53,234	–
Finance cost	2,426	401
COVID-19-related rent concessions from lessors	(2,543)	–
Early termination	(152)	–
Changes from financing cash flows	(52,057)	30,156
At 30 June 2022	**146,254**	**42,216**

34. LEASES

The Group as a lessee

The Group entered into various lease agreements for office premises and medical centres. These leases have remaining non-cancellable lease terms of between 1 to 6 years. All leases held by the Group comprise fixed payments over the lease term.

34. LEASES *(continued)*

The Group as a lessee *(continued)*

The carrying amount of lease liabilities and the movement during the year are as follows:

Lease liabilities

	Properties
	HK$'000
At 1 July 2020	86,614
Additions	16,670
Lease modification	11,400
Finance costs	2,634
Payments	(54,628)
Early termination	(2,181)
COVID-19-related rent concessions from lessors	(5,092)
At 30 June 2021 and 1 July 2021	55,417
Additions	89,929
Lease modification	53,234
Finance costs	2,426
Payments	(52,057)
Early termination	(152)
COVID-19-related rent concessions from lessors	(2,543)
At 30 June 2022	**146,254**

Future lease payments are due as follows:

	Contractual undiscounted payments 30 June 2022	**Interest 30 June 2022**	**Carrying amount 30 June 2022**
	HK$'000	***HK$'000***	***HK$'000***
Not later than one year	**44,676**	**(5,428)**	**39,248**
Later than one year and not later than two years	**35,812**	**(3,908)**	**31,904**
Later than two years and more	**80,733**	**(5,631)**	**75,102**
	161,221	**(14,967)**	**146,254**

34. LEASES *(continued)*

The Group as a lessee *(continued)*

	Contractual undiscounted payments 30 June 2021 *HK$'000*	Interest 30 June 2021 *HK$'000*	Carrying amount 30 June 2021 *HK$'000*
Not later than one year	42,986	(1,230)	41,756
Later than one year and not later than two years	10,913	(249)	10,664
Later than two years and more	3,047	(50)	2,997
	56,946	(1,529)	55,417

The present value of future lease payments are analysed as:

	30 June 2022 ***HK$'000***	30 June 2021 *HK$'000*
Current liabilities	**39,248**	41,756
Non-current liabilities	**107,006**	13,661
	146,254	55,417

The amounts recognised in profit or loss in relation to leases are as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Interest on lease liabilities	**2,426**	2,634
Depreciation charge of right-of-use assets	**54,249**	57,813
Impairment of right-of-use assets	**10,957**	–
COVID-19-related rent concessions from lessors	**(2,543)**	(5,092)
Loss/(gain) on early termination of leases	**(2)**	5
Total amount recognised in profit or loss	**65,087**	55,360

34. LEASES *(continued)*

The Group as a lessor

The Group leases its investment properties (note 14) consisting of two commercial properties and one car park space located in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$261,000 (2021: Nil), details of which are included in note 5 to the financial statements.

At 30 June 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with third-party tenants are as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Within one year	**520**	–
After one year but within two years	**433**	–
	953	–

35. CAPITAL COMMITMENTS

The Group had the following capital commitments.

	2022 ***HK$'000***	2021 *HK$'000*
Contracted, but not provided for:		
Medical equipment	**1,235**	118
Office equipment	**20**	–
IT equipment	**1,265**	–
Leasehold land and building	**–**	57,420
	2,520	57,538

36. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Relationship	Nature	**2022** **HK$'000**	2021 HK$'000
Maxland Limited				
Rental paid	(1)	(i)	**2,800**	2,952
Fees payable to doctors and dentists who are related parties	(2)	(ii)	**14,249**	40,097
Integrated healthcare services income charged to a related party	(3)	(iii)	**16,097**	17,270
Donation to a related party	(3)	(iv)	**3,300**	–

Nature of transactions

i. The rental paid were charged by this related party for the leases of two medical centres at a total amount of HK$246,000 (2021: HK$246,000) per month, on a mutually agreed basis, which approximated to market rates.

ii. The fees represented the professional fees payable to these doctors and dentists for their professional services rendered to the Group. The fees were determined based on the terms as set out in the respective service contracts entered into by the parties and at a rate considered by the directors to be the market rate.

iii. The income represented the service income charged for the integrated healthcare services provided by the Group. The income was determined based on the terms as set out in the respective service contracts entered into by the parties and at a rate considered by the directors to be the market rate.

iv. During the year, a subsidiary of the Company donated HK$3,300,000 to a related party for public welfare services.

36. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Relationship of related parties

1. Mr. Chan Kin Ping, BBS, JP and Dr. Pang Lai Sheung, controlling shareholders of the Company, have beneficial interests in these related parties.

2. These doctors and dentists are also directors of certain subsidiaries of the Group or senior management of the Group or associate of controlling shareholder of the Company.

3. Mr. Chan Kin Ping, BBS, JP, controlling shareholder of the Company, is also a director of the related party.

(b) Compensation of key management personnel of the Group

	2022	2021
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**8,988**	9,010
Discretionary performance-related bonus	**3,425**	–
Equity-settled share option expense	**24**	116
Pension scheme contributions	**72**	72
	12,509	9,198

Further details of Directors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of note (a) items (i) and fees payable to Dr. Chan Siu Yu, Dr. Lau Wai Man and Dr. Seto Siu Keung included in note (a) item (ii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
2022				
Financial assets at fair value through other comprehensive income	–	11,285	–	11,285
Financial assets at fair value through profit or loss	83,125	–	–	83,125
Trade receivables	–	–	422,336	422,336
Financial assets included in prepayments, deposits and other receivables	–	–	50,694	50,694
Pledged deposits	–	–	2,049	2,049
Cash and cash equivalents	–	–	270,332	270,332
	83,125	11,285	745,411	839,821

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
2021				
Financial assets at fair value through other comprehensive income	–	9,016	–	9,016
Financial assets at fair value through profit or loss	57,604	–	–	57,604
Trade receivables	–	–	233,486	233,486
Financial assets included in prepayments, deposits and other receivables	–	–	26,489	26,489
Pledged deposits	–	–	2,049	2,049
Cash and cash equivalents	–	–	145,265	145,265
	57,604	9,016	407,289	473,909

37. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities

	Financial liabilities at amortised cost	
	2022	2021
	HK$'000	*HK$'000*
Trade payables	**40,375**	34,191
Financial liabilities included in other payables and accruals	**8,725**	7,650
Interest-bearing bank borrowings	**42,216**	11,659
Lease liabilities	**146,254**	55,417
	237,570	108,917

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At the end of the reporting period, the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets

As at 30 June 2022

	Carrying amount	**Fair value**
	HK$'000	***HK$'000***
Financial assets at fair value through profit or loss	**83,125**	**83,125**
Financial assets at fair value through other comprehensive income	**11,285**	**11,285**
Deposits, non-current portion	**32,958**	**32,958**
	127,368	**127,368**

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

As at 30 June 2021

	Carrying amount *HK$'000*	Fair value *HK$'000*
Financial assets at fair value through profit or loss	57,604	57,604
Financial assets at fair value through other comprehensive income	9,016	9,016
Deposits, non-current portion	8,920	8,920
	75,540	75,540

Management has assessed that the fair values of the current portion of financial assets included in prepayment, deposits and other receivables, trade receivables, pledged deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of deposits and other receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate to their carrying amounts.

The valuation methodologies on estimating the fair values of Heals Healthcare and an unlisted company were changed from the Black-Scholes option pricing model with reference to the enterprise value to sales ("**EV/Sales**") and discount for lack of marketability ("**DLOM**") to adjusted prices of recent transactions of the investments as at 30 June 2022. The directors believe that the estimated fair value which results from the recent market prices is reasonable and the most appropriate value at the end of the reporting period.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

The valuation methodologies on estimating the fair value of the investment in redeemable preference shares were changed from the Black-Scholes option pricing model with reference to price-to-book ratio ("**P/B**") and DLOM to adjusted prices of recent transactions of the investment as at 30 June 2022. As at 30 June 2022 and 2021, the fair values of the unlisted investment funds have been estimated based on adjusted prices of recent transactions of the investment as at 30 June 2022 and 2021. The directors believe that the estimated fair value which results from the recent market prices is reasonable and the most appropriate value at the end of the reporting period.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss or other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2022 and 30 June 2021:

As at 30 June 2022

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment – Heals Healthcare	Market approach	Price adjustment and DLOM	Price adjustment: -40.18% DLOM: 15.8%	10% increase in price adjustment would result in decrease in fair value by HK$393,000 while an 10% decrease in price adjustment would result in increase in fair value by HK$404,000; 10% increase in DLOM would result in decrease in fair value by HK$69,000, 10% decrease in DLOM would result in increase in fair value by HK$70,000
– Unlisted company	Market approach	Price adjustment	Price adjustment: -36.51%	10% increase in price adjustment would result in decrease in fair value by HK$435,000, while 10% decrease in price adjustment would result in increase in fair value by HK$435,000

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

As at 30 June 2022 *(continued)*

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investment in redeemable preference shares	Market approach	Price adjustment and DLOM	Price adjustment: -14.91% DLOM: 15.8%	10% increase in price adjustment would result in decrease in fair value by HK$249,000, while 10% decrease in price adjustment would result in increase in fair value by HK$251,000; 10% increase in DLOM would result in decrease in fair value by HK$573,000, while 10% decrease in DLOM would result in increase in fair value by HK$574,000.
Unlisted investment funds	Market approach	Price adjustment, volatility and risk-free rate	Price adjustment: -24.50% Volatility: 38.15% Risk-free rate: 1.88%	10% increase in price adjustment would result in decrease in fair value by HK$1,512,000, while 10% decrease in price adjustment would result in increase in fair value by HK$1,508,000; 10% absolute increase in volatility would result in decrease in fair value by HK$159,000, while 10% absolute decrease in volatility would result in increase in fair value by HK$97,000; 2% absolute increase in risk-free rate would result in decrease in fair value by HK$111,000, while 2% absolute decrease in risk-free rate would result in increase in fair value by HK$112,000

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

As at 30 June 2021

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investment – Heals Healthcare	Market approach	EV/Sales and DLOM	EV/Sales: 5.58 DLOM: 15.8%	10% increase in EV/Sales would result in increase in fair value by HK$779,000 while an 10% decrease in EV/Sales would result in decrease in fair value by HK$766,000; 10% increase in DLOM would result in decrease in fair value by HK$118,000, 10% decrease in DLOM would result in increase in fair value by HK$119,000
– Unlisted company	Market approach	EV/Sales and DLOM	EV/Sales: 6.74 DLOM: 15.8%	10% increase/decrease in EV/Sales would result in increase/decrease in fair value by HK$259,000; 10% increase in DLOM would result in decrease in fair value by HK$48,000, while 10% decrease in DLOM would result in increase in fair value by $49,000

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

As at 30 June 2021 *(continued)*

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investment in redeemable preference shares	Market approach	P/B and DLOM	P/B: 5.86 DLOM: 15.8%	10% increase in P/B would result in increase in fair value by HK$725,000, while 10% decrease in P/B would result in decrease in fair value by HK$761,000; 10% increase in DLOM would result in decrease in fair value by HK$382,000, while 10% decrease in DLOM would result in increase in fair value by HK$381,000.
Unlisted investment funds	Market approach	Volatility and risk-free rate	Volatility: 38.32% Risk-free rate: 2.51%	10% absolute increase in volatility would result in decrease in fair value by HK$383,000, while 10% absolute decrease in volatility would result in increase in fair value by HK$384,000; 2% absolute increase in risk-free rate would result in decrease in fair value by HK$132,000, while 2% absolute decrease in risk-free rate would result in increase in fair value by HK$128,000

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets at fair value through other comprehensive income	**–**	**–**	**11,285**	**11,285**
Financial assets at fair value through profit or loss	**–**	**–**	**83,125**	**83,125**
	–	**–**	**94,410**	**94,410**

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through other comprehensive income	–	–	9,016	9,016
Financial assets at fair value through profit or loss	–	–	57,604	57,604
	–	–	66,620	66,620

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)

Fair value hierarchy *(continued)*

The movements in fair value measurements within Level 3 during the year ended are as follows:

	HK$'000
Financial assets at fair value through other comprehensive income	
At 1 July 2020	13,829
Disposal	(4,062)
Change in fair value recognised in other comprehensive income during the year	(751)
At 30 June 2021 and 1 July 2021	9,016
Additions	45
Change in fair value recognised in other comprehensive income during the year	2,224
At 30 June 2022	**11,285**
Financial assets at fair value through profit or loss	
At 1 July 2020	54,970
Change in fair value recognised in profit or loss during the year	2,634
At 30 June 2021 and 1 July 2021	57,604
Change in fair value recognised in profit or loss during the year	25,521
At 30 June 2022	**83,125**

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Assets for which fair values are disclosed:

As at 30 June 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits, non-current portion	**–**	**32,958**	**–**	**32,958**

As at 30 June 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits, non-current portion	–	8,920	–	8,920

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from Group's financial instruments are credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 30 June 2022 and 2021. The amounts presented are gross carrying amounts for financial assets.

As at 30 June 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables*	-	-	-	434,090	434,090
Financial assets included in prepayments, deposits and other receivables					
– Normal**	50,694	-	-	-	50,694
Pledged deposits					
– Not yet past due	2,049	-	-	-	2,049
Cash and cash equivalents					
– Not yet past due	270,332	-	-	-	270,332
	323,075	-	-	434,090	757,165

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 30 June 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Trade receivables*	–	–	–	244,141	244,141
Financial assets included in prepayments, deposits and other receivables					
– Normal**	26,489	–	–	–	26,489
Pledged deposits					
– Not yet past due	2,049	–	–	–	2,049
Cash and cash equivalents					
– Not yet past due	145,265	–	–	–	145,265
	173,803	–	–	244,141	417,944

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Credit risk concentration

The Group had certain concentrations of credit risk as the trade receivables in terms of the following percentages were due from the Group's largest external debtor and the Group's five largest external debtors out of the Group's total trade receivables.

	2022	2021
Due from the Group's largest external debtor	**86%**	82%
Due from the Group's five largest external debtors	**94%**	92%

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period based on the contractual undiscounted payments is as follows:

	On demand *HK$'000*	Less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
As at 30 June 2022						
Trade payables	**–**	**40,375**	**–**	**–**	**–**	**40,375**
Financial liabilities included in other payables and accruals	**–**	**8,725**	**–**	**–**	**–**	**8,725**
Interest-bearing bank borrowings	**42,216**	**–**	**–**	**–**	**–**	**42,216**
Lease liabilities	**–**	**10,298**	**34,378**	**100,535**	**16,010**	**161,221**
	42,216	**59,398**	**34,378**	**100,535**	**16,010**	**252,537**

	On demand *HK$'000*	Less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	1 to 5 years *HK$'000*	Total *HK$'000*
As at 30 June 2021					
Trade payables	–	34,191	–	–	34,191
Financial liabilities included in other payables and accruals	–	7,650	–	–	7,650
Interest-bearing bank borrowings	11,659	–	–	–	11,659
Lease liabilities	–	12,466	30,520	13,960	56,946
	11,659	54,307	30,520	13,960	110,446

In respect of interest-bearing bank borrowings of HK$42,216,000 (2021: HK$11,659,000), the loan agreement contains a repayment on demand clause giving the bank the unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Notwithstanding the above clause, the directors do not consider that the loans will be called in its entirety within 12 months, and they consider that the loan will be repaid in accordance with the maturity dates as set out in the loan agreement.

In accordance with the terms of the loan, the contractual undiscounted payments at 30 June 2022 for the interest-bearing bank borrowings in respect of the Group are HK$1,735,000 (2021: HK$1,533,000) within three months, HK$5,175,000 (2021: HK$3,065,000) in three to twelve months, HK$15,266,000 (2021: HK$7,416,000) in one to five years, and HK$26,772,000 (2021: Nil) over five years.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2022 and 30 June 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debts include interest-bearing bank borrowings. Total capital represents equity attributable to the owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Net debt (interest-bearing bank borrowings)	**42,216**	11,659
Equity attributable to owners of the Company	**741,946**	410,131
Capital and net debt	**784,162**	421,790
Gearing ratio	**5.4%**	2.8%

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022	2021
	HK$'000	HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	99	99
Amount due from a subsidiary	–	–
	99	99
CURRENT ASSETS		
Prepayments, deposits and other receivables	109	161
Amounts due from subsidiaries	181,553	182,691
Dividend receivable from a subsidiary	113,866	46,000
Cash and cash equivalents	48,103	43,718
Total current assets	343,631	272,570
CURRENT LIABILITIES		
Other payables and accruals	945	942
Amounts due to subsidiaries	48,057	53,433
Total current liabilities	49,002	54,375
NET CURRENT ASSETS	294,629	218,195
Net assets	294,728	218,294
EQUITY		
Share capital	3,796	3,796
Reserves (note)	290,932	214,498
Total equity	294,728	218,294

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium *HK$'000*	Other reserve *HK$'000*	Share option reserve *HK$'000*	Retained profits/ (accumulated losses) *HK$'000*	Total *HK$'000*
At 1 July 2020	190,221	99	1,813	(10,425)	181,708
Profit and total comprehensive income for the year	–	–	–	32,563	32,563
Equity-settled share option arrangements	–	–	227	–	227
At 30 June 2021 and 1 July 2021	190,221	99	2,040	22,138	214,498
Profit and total comprehensive income for the year	–	–	–	121,912	121,912
Final 2021 dividend	–	–	–	(45,546)	(45,546)
Equity-settled share option arrangements	–	–	68	–	68
At 30 June 2022	**190,221**	**99**	**2,108**	**98,504**	**290,932**

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 September 2022.

Five Years' Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interest of the Group for the last five financial years, as extracted from published audited financial statements is set out below:

	Year ended 30 June				
	2018 *HK$'000*	2019 *HK$'000*	2020 *HK$'000*	2021 *HK$'000*	**2022** ***HK$'000***
Revenue	518,020	528,585	453,737	654,712	**1,121,793**
Net profits/(losses) attributable to					
Owners of the Company	24,111	26,624	(40,374)	144,453	**375,309**
Non-controlling interests	(946)	(277)	–	–	**–**
	23,165	26,347	(40,374)	144,453	**375,309**

	As at 30 June				
	2018 *HK$'000*	2019 *HK$'000*	2020 *HK$'000*	2021 *HK$'000*	**2022** ***HK$'000***
Total assets	343,406	408,677	427,994	612,388	**1,158,614**
Total liabilities	(69,166)	(95,078)	(168,945)	(202,257)	**(416,668)**
Non-controlling interests	(660)	–	–	–	**–**
	273,580	313,599	259,049	410,131	**741,946**