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Human Health Holdings Limited

盈健醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1419)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

- The Group's revenue for the Interim Period of FY2023 was approximately HK\$681.3 million, representing an increase of approximately HK\$292.7 million or 75.3% from the Interim Period of FY2022.
- Gross profit for the Interim Period of FY2023 was approximately HK\$467.8 million, representing an increase of approximately HK\$252.3 million or 117.1% from the Interim Period of FY2022. Gross profit margin increased from approximately 55.5% for the Interim Period of FY2022 to approximately 68.7% for the Interim Period of FY2023.
- Profit attributable to owners of the Company for the Interim Period of FY2023 was approximately HK\$268.1 million, representing an increase of approximately HK\$177.7 million or 196.5% from the Interim Period of FY2022.
- Basic earnings per share for the Interim Period of FY2023 amounted to approximately HK70.6 cents (Basic earnings per share for the Interim Period of FY2022: approximately HK23.8 cents).

The board (the “**Board**”) of directors (the “**Directors**”) of Human Health Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the six months ended 31 December 2022 (the “**Interim Period of FY2023**”) together with the comparative figures for the six months ended 31 December 2021 (the “**Interim Period of FY2022**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 31 December 2022

		Six months ended 31 December	
	<i>Notes</i>	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
REVENUE	4	681,274	388,544
Cost of services rendered		<u>(213,434)</u>	<u>(173,049)</u>
Gross profit		467,840	215,495
Other income and gains	4	5,542	2,202
Administrative expenses		(136,727)	(107,639)
Other losses		(6,252)	(346)
Finance costs	6	(4,136)	(1,098)
Share of losses of an associate		<u>(1,175)</u>	<u>(388)</u>
PROFIT BEFORE TAX	5	325,092	108,226
Income tax expense	7	<u>(56,980)</u>	<u>(17,798)</u>
PROFIT FOR THE PERIOD		<u>268,112</u>	<u>90,428</u>
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive (loss)/income that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income, net		(93)	298
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(448)</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		<u>(541)</u>	<u>298</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>267,571</u>	<u>90,726</u>
Profit attributable to:			
Owners of the Company		<u>268,112</u>	<u>90,428</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>267,571</u>	<u>90,726</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted		<u>HK70.6 cents</u>	<u>HK23.8 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

		31 December 2022	30 June 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		216,563	224,378
Investment properties		26,300	27,300
Goodwill		31,964	31,964
Other intangible assets		4,573	5,379
Investment in an associate		–	1,175
Financial assets at fair value through other comprehensive income		11,192	11,285
Financial assets at fair value through profit or loss		79,570	83,125
Deposits and other receivables		67,327	37,139
Deferred tax assets		3,709	4,936
		<hr/>	<hr/>
Total non-current assets		441,198	426,681
CURRENT ASSETS			
Inventories		29,530	18,329
Trade receivables	10	291,398	422,336
Prepayments, deposits and other receivables		20,589	18,887
Tax recoverable		2,104	–
Pledged deposits		2,050	2,049
Cash and cash equivalents		542,923	270,332
		<hr/>	<hr/>
Total current assets		888,594	731,933
CURRENT LIABILITIES			
Trade payables	11	45,607	40,375
Other payables and accruals		60,257	77,361
Lease liabilities		43,107	39,248
Contract liabilities		16,836	5,717
Interest-bearing bank borrowings		39,318	42,216
Tax payables		123,320	96,177
		<hr/>	<hr/>
Total current liabilities		328,445	301,094
NET CURRENT ASSETS			
		<hr/>	<hr/>
		560,149	430,839
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		1,001,347	857,520

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
NON-CURRENT LIABILITIES		
Other long term payables	7,256	7,681
Lease liabilities	97,677	107,006
Deferred tax liabilities	755	887
	<hr/>	<hr/>
Total non-current liabilities	105,688	115,574
	<hr/>	<hr/>
NET ASSETS	895,659	741,946
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Share capital	3,796	3,796
Reserves	891,863	738,150
	<hr/>	<hr/>
Total equity	895,659	741,946
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE 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 period, 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.

2.1 BASIS OF PREPARATION AND PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accounts (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

These unaudited interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2022, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022. Details of any changes in accounting policies are set out in note 2.2. The adoption of the new and revised Hong Kong Financial Reporting Standard (“**HKFRSs**”) has no material effect on these unaudited interim condensed consolidated financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these unaudited interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 2.3.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2022.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to nearest thousand except when otherwise indicated.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

2.3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 30 June 2022.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) General practice services segment engages in the provision of general medical consultation and related services;
- (b) Specialties services segment engages in the provision of specialist services and related medical services; and
- (c) Dental services segment which comprises the provision of dental services and related treatment.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, share of losses of an associate, as well as head office and corporate income and expenses are excluded from such measurement.

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.

Six months ended 31 December

	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:								
Revenue from external customers	588,497	294,240	57,903	60,672	34,874	33,632	681,274	388,544
Intersegment sales	1,249	1,401	2,720	3,453	9	7	3,978	4,861
							<u>685,252</u>	<u>393,405</u>
<i>Reconciliation:</i>								
Elimination of intersegment sales							<u>(3,978)</u>	<u>(4,861)</u>
							<u><u>681,274</u></u>	<u><u>388,544</u></u>
Segment results	359,592	134,025	(5,778)	4,986	6,558	4,351	360,372	143,362
Interest income							2,376	74
Corporate and unallocated income							2,305	1,216
Corporate and unallocated expenses							(38,786)	(36,038)
Share of losses of an associate							<u>(1,175)</u>	<u>(388)</u>
Profit before tax							325,092	108,226
Income tax expense	(55,745)	(17,007)	(287)	(791)	(948)	–	<u>(56,980)</u>	<u>(17,798)</u>
Profit for the period							<u><u>268,112</u></u>	<u><u>90,428</u></u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Integrated healthcare services income	<u>681,274</u>	<u>388,544</u>
Disaggregated revenue information		
Types of services		
General practice services	588,497	294,240
Specialties services	57,903	60,672
Dental services	<u>34,874</u>	<u>33,632</u>
	<u>681,274</u>	<u>388,544</u>

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

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

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income and gains		
Bank interest income	2,232	74
Government subsidies	1,185	248
COVID-19 related rent concessions from lessors	–	847
Fair value gain of financial assets at fair value through profit or loss	1,697	560
Fair value gain of investment properties	–	400
Interest income in discounted amounts of rental deposit arising from the passage of time	144	–
Rental income from investment properties	260	–
Others	<u>24</u>	<u>73</u>
	<u>5,542</u>	<u>2,202</u>

5. PROFIT BEFORE TAX

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

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of pharmaceutical supplies	39,371	44,369
Fees payable to doctors and dentists	88,863	85,789
Laboratory expenses	2,297	2,232
Depreciation charge*	35,087	29,012
Amortisation of other intangible assets*	806	806
Fair value loss of financial assets at fair value through profit or loss (included in other losses)	5,252	346
Fair value loss of investment properties (included in other losses)	1,000	–
Loss/(gain) on disposal of items of property, plant and equipment	8	(121)
Auditor's remuneration	991	734
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	67,931	53,249
Equity-settled share option expense	8	28
Pension scheme contributions (defined contribution schemes)**	2,244	1,925
	<u>70,183</u>	<u>55,202</u>
 (Reversal of write-down)/write-down of inventories to net realisable value***	 <u>(191)</u>	 <u>173</u>

* The depreciation charge and amortisation of other intangible assets for the period are included in administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

** As at 31 December 2022 and 2021, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

*** The (reversal of write-down)/write-down of inventories to net realisable value is included in cost of services rendered in the condensed consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	748	141
Interest on lease liabilities	3,292	957
Interest in discounted amounts of provision for reinstatement costs arising from the passage of time	96	–
	<u>4,136</u>	<u>1,098</u>

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 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 (six months ended 31 December 2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 31 December 2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 31 December 2021: 16.5%). No provision for the People's Republic of China ("PRC") corporate income tax has been made as the Group's PRC subsidiary had no estimated assessable profits for the period (six months ended 31 December 2021: Nil).

	Six months ended	
	31 December	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current		
Charge for the period	55,885	17,848
Overprovision in prior years	–	(1)
Deferred	1,095	(49)
	<hr/>	<hr/>
Total tax charge for the period	<u>56,980</u>	<u>17,798</u>

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2022 (six months ended 31 December 2021: Nil).

On 2 December 2022, the Company approved the declaration of the final dividend of HK30 cents for the year ended 30 June 2022 (for the year ended 30 June 2021: HK12 cents) per ordinary share amounting to a total of approximately HK\$113,866,000 (for the year ended 30 June 2021: HK\$45,546,000).

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

The calculation of the basic earnings per share amount is based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the Company of HK\$268,112,000 (six months ended 31 December 2021: HK\$90,428,000), and the weighted average number of ordinary shares of 379,552,233 (six months ended 31 December 2021: 379,552,233) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 31 December 2022 and 31 December 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.

10. TRADE RECEIVABLES

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Trade receivables	303,152	434,090
Impairment	(11,754)	(11,754)
	<u>291,398</u>	<u>422,336</u>

Most of the patients of the medical and dental practices settle in cash and credit cards. Payments by patients using medical cards or corporate customers will normally be settled within 1 to 6 months. The Group allows an average credit period of 90 days to its trade customers under other business activities. The Group seeks to maintain strict control over its outstanding receivables and has personnel to monitor the implementation of measures to minimise the credit risk.

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

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

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Within 2 months	230,143	131,565
2 to 4 months	53,667	146,392
4 to 6 months	4,780	139,920
Over 6 months	2,808	4,459
	<u>291,398</u>	<u>422,336</u>

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
At the beginning of year	11,754	10,655
Impairment losses, net	–	1,099
	<u>11,754</u>	<u>11,754</u>

An impairment analysis is performed of 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.

11. 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:

	31 December 2022 <i>HK\$'000</i> (Unaudited)	30 June 2022 <i>HK\$'000</i> (Audited)
Within 1 month	33,010	27,057
1 to 3 months	12,353	12,543
Over 3 months	244	775
	45,607	40,375

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

The trade payables of the Group included fees payable to doctors and dentists who are related parties of the Group for the amount of approximately HK\$2,122,000.

FINANCIAL REVIEW

Financial performance for the Interim Period of FY2023

Revenue

Our revenue represents the value of healthcare services and comprises revenue from general practice services, specialties services and dental services. The following table sets forth the breakdown of our revenue by service type:

	Interim Period of FY2023 HK\$'000	Interim Period of FY2022 HK\$'000	% of change
General practice services	588,497	294,240	100.0%
Specialties services	57,903	60,672	-4.6%
Dental services	34,874	33,632	3.7%
	<u>681,274</u>	<u>388,544</u>	75.3%

In the Interim Period of FY2023, the Group recorded revenue amounted to approximately HK\$681.3 million, representing an increase of approximately HK\$292.7 million or 75.3% as compared with the Interim Period of FY2022.

Our revenue from general practice services increased by approximately HK\$294.3 million or 100.0% from the Interim Period of FY2022 to approximately HK\$588.5 million for the Interim Period of FY2023. The increase was mainly attributable to the increase in demand of preventive, testing, vaccination and outreach services including the Coronavirus Disease 2019 (“COVID-19”) related services as compared with Interim Period of FY2022.

Our revenue from specialties services decreased by approximately HK\$2.8 million or 4.6% from the Interim Period of FY2022 to approximately HK\$57.9 million for the Interim Period of FY2023. The decrease was mainly attributable to the decrease in patient visits of specialties services.

Our revenue from dental services increased by approximately HK\$1.2 million or 3.7% from the Interim Period of FY2022 to approximately HK\$34.9 million for the Interim Period of FY2023. The increase was mainly attributable to the increase in average spending per visit of the dental services.

Cost of services rendered

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

	Interim Period of FY2023 HK\$'000	Interim Period of FY2022 HK\$'000	% of change
Fees payable to doctors and dentists	88,863	85,789	3.6%
Other direct cost	83,094	40,486	105.2%
Cost of pharmaceutical supplies	39,371	44,369	-11.3%
Laboratory expenses	2,297	2,232	2.9%
(Reversal of write-down)/write-down of inventories to net realisable value	(191)	173	-210.4%
	<u>213,434</u>	<u>173,049</u>	23.3%

Our cost of services rendered increased by approximately HK\$40.4 million or 23.3% from the Interim Period of FY2022 to approximately HK\$213.4 million for the Interim Period of FY2023. The increase was mainly due to the increase in other direct cost such as hiring of contract professional staff for the Interim Period of FY2023.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$252.3 million or 117.1% from the Interim Period of FY2022 to approximately HK\$467.8 million for the Interim Period of FY2023. Our gross profit margin increased from approximately 55.5% for the Interim Period of FY2022 to approximately 68.7% for Interim Period of FY2023 which was mainly due to (i) the increase in gross profit margin of general practice services; and (ii) the increase in proportion of revenue contributed by general practice services with higher gross profit margin.

The following table sets forth the breakdown of our gross profit and gross profit margin by service type.

	Interim Period of FY2023		Interim Period of FY2022	
	<i>HK\$'000</i>	<i>Gross profit margin %</i>	<i>HK\$'000</i>	<i>Gross profit margin %</i>
General practice services	430,101	73.1%	178,790	60.8%
Specialties services	23,640	40.8%	23,071	38.0%
Dental services	14,099	40.4%	13,634	40.5%
	<u>467,840</u>	<u>68.7%</u>	<u>215,495</u>	<u>55.5%</u>

Our gross profit margin for general practice services increased from approximately 60.8% for the Interim Period of FY2022 to approximately 73.1% for the Interim Period of FY2023 mainly due to the percentage increase in revenue being higher than the percentage increase in cost of service rendered of general practice services.

Our gross profit margin for specialties services increased from approximately 38.0% for the Interim Period of FY2022 to approximately 40.8% for the Interim Period of FY2023 due to the percentage decrease in cost of service rendered being higher than the percentage decrease in revenue of specialties services.

Our gross profit margin for dental services remained stable at approximately 40.4% for the Interim Period of FY2023 when compared to approximately 40.5% for the Interim Period of FY2022.

Other income and gains

Our other income and gains increased by approximately HK\$3.3 million from the Interim Period of FY2022 to approximately HK\$5.5 million for the Interim Period of FY2023 which was mainly due to the (i) increase in bank interest income of approximately HK\$2.2 million; (ii) increase in gain in fair value change of financial assets at fair value through profit or loss of approximately HK\$1.1 million; (iii) increase in subsidies provided by the Hong Kong Government under the Employment Support Scheme of approximately HK\$0.9 million; and (iv) offset by the decrease in rent concession of approximately HK\$0.8 million.

Administrative expenses

Our administrative expenses increased by approximately HK\$29.1 million or 27.0% from approximately HK\$107.6 million for the Interim Period of FY2022 to approximately HK\$136.7 million for the Interim Period of FY2023 which was mainly due to (i) the increase in amortisation of right of use assets of approximately HK\$4.4 million; (ii) the increase in depreciation of approximately HK\$1.7 million; (iii) the increase in staff cost and directors' emolument of approximately HK\$13.5 million; (iv) the increase in property management fee of approximately HK\$2.6 million; and (v) the increase in logistic cost of HK\$4.1 million.

Other losses

Our other losses increased by approximately HK\$5.9 million from the Interim Period of FY2022 to approximately HK\$6.3 million for the Interim Period of FY2023 which was mainly due to (i) the increase in loss in the fair value change of financial assets at fair value through profit or loss of approximately HK\$4.9 million; and (ii) increase in loss in fair value change of investment properties of approximately HK\$1.0 million.

Finance cost

Our finance cost increased by approximately HK\$3.0 million from the Interim Period of FY2022 to approximately HK\$4.1 million for the Interim Period of FY2023 which was mainly due to the increase in interest on lease liabilities of approximately HK\$2.3 million.

Share of losses of an associate

Our share of losses of an associate was approximately HK\$1.2 million for the Interim Period of FY2023 which represents an increase of approximately HK\$0.8 million from the Interim Period of FY2022. The increase was mainly due to the increase in administrative expenses of the associate.

Income tax expense

Income tax expense increased by approximately HK\$39.2 million or 220.1% from approximately HK\$17.8 million for the Interim Period of FY2022 to approximately HK\$57.0 million for the Interim Period of FY2023. The increase was mainly due to the increase in assessable income. Our effective tax rate increased from approximately 16.4% for the Interim Period of FY2022 to approximately 17.5% for the Interim Period of FY2023.

Profit for the period

As a result of the foregoing, profit for the period increased by approximately HK\$177.7 million or 196.5% from approximately HK\$90.4 million for the Interim Period of FY2022 to approximately HK\$268.1 million for the Interim Period of FY2023. Our net profit margin increased from approximately 23.3% for the Interim Period of FY2022 to approximately 39.4% for the Interim Period of FY2023.

Profit attributable to owners of the Company

The Group's profit attributable to owners of the Company was approximately HK\$268.1 million for the Interim Period of FY2023, representing the increase of approximately HK\$177.7 million or 196.5% from the Interim Period of FY2022. The increase was primarily attributable to (i) the increase in revenue of general practice services arising from the increase in demand for the preventive, testing, vaccination and outreach services including COVID-19 related services as compared with the Interim Period of FY2022; (ii) the increase in gross profit arising from the increase in revenue; and (iii) offset by the increase in income tax expense due to the increase in taxable income.

BUSINESS REVIEW AND OUTLOOK

Business Review for the Interim Period of FY2023

During the Interim Period of FY2023, the Group managed to diversify its scope of services, continued to stay at the forefront to fight against the COVID-19 pandemic, increased its medical services market share through strengthened partnership with the Hong Kong Government and strategic partners, and bolstered its leading position in the healthcare sector, which enabled the Group to deliver inspiring results for the Interim Period of FY2023. The Group managed to record revenues of approximately HK\$681.3 million for the Interim Period of FY2023, representing an increase of approximately 75.3% as compared with the Interim Period of FY2022, and the profit attributable to owners of the Company for the Interim Period of FY2023 was approximately HK\$268.1 million, representing a significant increase of approximately 196.5% as compared with the Interim Period of FY2022.

Robust Growth of General Practice Services

Along with the normalised landscape of COVID-19 in Hong Kong, the demand for COVID-19 related services and products during the Interim Period of FY2023 gradually dropped but remained strong due to the fifth wave of pandemic raged during the first half of 2022. To continuously fulfill its social responsibility and seize the market opportunities, the Group spared no efforts to support Hong Kong citizens by providing comprehensive services covering testing, vaccination, quarantine support and treatment, telemedicine, preventive, public to private outpatient and respective outreach services, as well as selling healthcare related products and services through a variety of channels.

For the provision of testing services, the Group continued to provide COVID-19 testing services at various designated locations in Hong Kong, including community testing centres, mobile testing stations and elderly homes.

In regard to the provision of vaccination services, the Group provided COVID-19 vaccination services in all of its medical centres with general practice services and operated various community vaccination centres as well as public hospital vaccination stations. To better provide convenient services to the public and cope with the demands in vaccination from special groups, the Group also provided outreach vaccination services to the community. Furthermore, the Group continued to engage in the Vaccination Subsidy Scheme by providing flu vaccine and pneumococcal vaccine, as well as promoting other vaccination programs such as the HPV vaccine, herpes zoster vaccine, and osteoporosis vaccine.

In terms of the provision of quarantine assistance and treatment services, the Group further deepened its cooperation with the Hong Kong Government. During the period, the Group provided medical support to the holding centres located at AsiaWorld-Expo and Tsing Yi, aiming to provide care for the elderly of elderly homes with needs in order to protect their health.

Besides that, the Group further utilised its telemedicine services to cater the needs of the community and to support the home isolated people by offering telemedicine services and drugs for treatment.

Regarding the provision of preventive services, considering the pandemic compels citizens to attach greater importance to healthcare, the Group was well-positioned to grasp the business opportunities generated from the rising demand in the disease prevention services by providing health monitoring, overall health enhancement programmes and early detection services via various channels. The Group also continued to promote early detection services such as dementia and stroke risk assessment and participated in the Public Private Partnership Programme and Colorectal Cancer Screening Programme and various community care related programmes at the same time.

In relation to the sale of healthcare products and services, the Group has recorded steady growth on its sales of consumer goods as well as healthcare related products and services. In view of the strong demand on the healthcare products and services as many people are suffering from “Long COVID” symptoms, the Group has offered wider range of goods such as probiotics and other supplements to be sold in its healthcare centres with new brand name of “InHealth Plus 健康滙” as well as its online shopping platform.

Stable Performance in Specialties and Dental Segments

During the Interim Period of FY2023, the overall performance of specialties services and dental services of the Group remained stable as compared with that of the Interim Period of FY2022. With the ease of the pandemic, the Group noticed a slight increase in number of patient visits of both specialties and dental services for the Interim Period of FY2023 as compared with that in the past six months.

The revenue generated from the specialties services of the Group during the Interim Period of FY2023 amounted to approximately HK\$57.9 million (Interim Period of FY2022: approximately HK\$60.7 million). In view of the growth potential of specialties services due to the strong demand on medical and healthcare services during post-pandemic era and reopening of the border of the PRC with more visitors from the Greater Bay Area and neighbouring regions visiting Hong Kong, the Group has expanded several specialties services such as Otorhinolaryngology, Gastroenterology & Hepatology and General Surgery by engaging respective specialists during the Interim Period of FY2023.

In respect of dental services, the Group continued its strategy of developing high-end dental services during the Interim Period of FY2023 and the revenue of dental services amounted to approximately HK\$34.9 million, an increase of 3.7% as compared with the Interim Period of FY2022.

Development of Rehabilitation Services

During the Interim Period of FY2023, the Group has taken a solid step by the establishment of a Work Injury Rehabilitation Office and started providing services under the “Pilot Rehabilitation Programme for Employees Injured at Work” (the “**Pilot Programme**”) launched by the Labour Department of Hong Kong, which further diversified and strengthened the Group’s medical services layout. The Pilot Programme aims to provide private out-patient rehabilitation treatment services for the participating injured construction employees who are expected to be absent from work or have been absent from work for six weeks or more after work injury, in a timely and well-coordinated manner and to prevent injury from developing into chronic illness as well as to facilitate their early recovery and return to work.

With the strategic partnership with the CUHK Medical Centre Limited, the Pilot Programme has progressed well, contributing a steady income stream to the Group. The Group remains positive towards the rehabilitation market potential in Hong Kong and keeps optimising its services to provide professional rehabilitation and case management services to the injured employees under the Pilot Programme as well as to further facilitate the overall development of the medical services of the Group.

Steady Momentum of PRC Business Development

Influenced by the outbreak of the Omicron variants in Mainland China during the Interim Period of FY2023, the business of the Shanghai Human Health Integrated Medical Centre (上海盈健門診部) – the medical centre operated by Pingan Yingjian Medical Management (Shanghai) Limited* (平安盈健醫療管理(上海)有限公司) (“**Pingan Yingjian**”, the associate of the Group) was affected under pressure brought by the stringent prevention measures adopted in Shanghai. Nevertheless, the overall operation of the medical centre in Shanghai remained stable by adopting clear and progressive business strategies with the implementation of cost control measures. Moreover, the Group is pleased to see that the spread of Omicron variants has been under control and city-wide restrictions ended, and remains optimistic on the economic outlook of the PRC and the growing opportunities in the PRC market. In view

* For identification purpose only

of the expansion of the medical centre in Shanghai in October 2021, the huge growth potential of healthcare industry during the post-pandemic era in the PRC, along with the reopening of the border of the PRC, the Group has entered into a loan agreement with Pingan Yingjian for the provision of shareholder's loan of RMB10.5 million for a term of three years on 5 January 2023 by utilising the unutilised net proceeds from the initial public offering of the Company for the expansion in the PRC market. The loan to Pingan Yingjian will be used as its working capital for the existing and expanded business.

Investment in IT Infrastructure and Optimisation of Stakeholders Engagement

During the Interim Period of FY2023, continuous efforts in IT infrastructure and digital transformation has been made to optimise the Group's scope of services, strengthen its stakeholder engagement and enhance customer satisfaction and diversion.

The development of the next-generation integrated clinic operating platform together with the well-established digital registration programme are expected to empower the Group to better manage its business engagement with consumer (B2C), corporate partners (B2B) as well as the Hong Kong Government (B2G), to deliver one-stop and personalised customer services, to generate internal synergy with much streamlined and automated process, to increase data security and accuracy, and to reduce operating cost while improving management and operational efficiency.

Brand Recognitions and Affirmations

During the Interim Period of FY2023, the Group makes continuous efforts in proactively taking corporate social responsibilities, optimising its healthcare related services provided to the citizens and safeguarding the health of the community. Along with increased customer satisfaction and engagement, the Group garnered "Social Capital Builder Awards 2022-24" (2022-24社會資本動力獎) by Home and Youth Affairs Bureau & Community Investment and Inclusion Fund and "Partner Employer Award 2022" (2022友商有良嘉許計劃) by The Hong Kong General Chamber of Small and Medium Business as recognitions to its contribution to the society.

Professional Services Provided by the Group

As at 31 December 2022, the Group operated 58 medical centres in Hong Kong under the following brand names with 102 service points.



As one of the leading one-stop healthcare service providers in Hong Kong, during the Interim Period of FY2023, the Group continued to provide a series of healthcare services including but not limited to general practice services, specialties services, dental services, Chinese medicine, physiotherapy, diagnostics and imaging, day procedure and endoscopy, medical aesthetics and wellness services as well as COVID-19 related services to cater customers' different types of medical and wellness needs.

During the Interim Period of FY2023, the Group provided the following comprehensive healthcare services:

General Practice Services	Specialties Services	Dental Services
<ul style="list-style-type: none"> • 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 • Rehabilitation and case management services 	<p><u>Specialties</u></p> <ul style="list-style-type: none"> • 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 <p><u>Other Services</u></p> <ul style="list-style-type: none"> • Physiotherapy • Medical aesthetics • Medical diagnostic • Endoscopy • Nutritionist services • Health and wellness services • Trading of wellness related products 	<ul style="list-style-type: none"> • General Dentistry • Dental implants • 3D guided implant surgery • Crowns, bridge and dentures • Periodontics • Prosthodontics • Orthodontics • Endodontics • Cosmetics dentistry • Laser dentistry • Veneers and Teeth whitening • Oral and maxillofacial surgery • CAD/CAM Dentistry • Panoramic radiography • Cone-beam computed tomography • Laser Gum Bleaching and Graphite Tattoo Removal • Gingival Margin Recontouring • Upper lip repositioning

The Group attributes its prominent market position to its experienced professional team comprised of general practitioner, specialist, dentist and others such as clinical psychologist, physiotherapist, registered nurse, pharmacist, dental hygienist and nutritionist with a total number of 595 members, to provide comprehensive, professional and person-centric care services to the community.

Business Outlook

During the Interim Period of FY2023, the economic condition in Hong Kong progressively recovered from the “normalisation” of the pandemic and the easing of social distance measures for Hong Kong citizen and quarantine procedures for inbound passengers adopted by the Hong Kong Government. The market potential of healthcare services sector and public-private partnerships are expected to grow in Hong Kong in the long run during the post-pandemic era. In addition, it is expected that the reopening of Hong Kong and Mainland China’s borders would attract demand from visitors. Nevertheless, looking forward to the year of 2023, the expected drop of demand for COVID-19 related services and the uncertainty on the pace of economic recovery in Hong Kong shall pose challenges to the Group’s business. Therefore, the Board remains cautious towards the Group’s upcoming business growth and financial performance sustainability for the second half of FY2023.

In light of this, the Group will make unremitting efforts to optimise the business strategy according to market trends, improve operation efficiency and effectiveness, expand service scope, enhance stakeholder engagement, and reinforce collaboration with the Hong Kong Government as well as other strategic partners, so as to ensure the sustainable development of the Group under challenging circumstances.

Stepped-up Collaboration with Hong Kong Government and Strategic Partners

As its pivotal and effective strategy of development, the Group will continue to work hand-in-hand with the Hong Kong Government on different projects. In addition, the Group has been and will be consistently looking for strategic partners with shared vision and values, which include educational organisations, medical groups, pharmaceuticals, logistic companies, telecommunication companies, insurance companies and innovative & technology companies for the establishment of collaborations which were in the common interest of all the parties involved.

Even though the COVID-19 controlling measures have gradually been eased, the variants of the virus are still posing threat to the public's health. To maintain our position to safeguard the community, the Group will continue to provide telemedicine service to patients who are infected. The Group expects that there would be certain demand for COVID-19 testing and vaccination services and intends to grasp the market opportunities in the post-pandemic era. The Group will, as always, fully cooperate with the Hong Kong Government on pandemic prevention and control in safeguarding the community unceasingly.

Looking into the second half of FY2023, it is worth to mention that the Hong Kong Government has released the Primary Healthcare Blueprint to formulate the direction of development and strategies for strengthening Hong Kong's primary healthcare system, focusing on prevention and early detection and diagnosis. The major directions of primary healthcare reform include developing a community-based primary healthcare system to further develop the district-based, family-centric community healthcare system based on the service model of district health centres as well as strengthening the concept of "Family Doctor for All". It also recommended to introduce the Chronic Disease Co-Care Scheme to provide targeted subsidies to citizens for diagnosis and management of target chronic diseases, in particular hypertension and diabetes, in the private healthcare service sector. Another direction of the reform is to strengthen primary healthcare governance by establishing a two-way referral mechanism between primary healthcare services and specialist and hospital services. The blueprint also recommends making wider use of market capacity and adopting the co-payment principle in providing government-subsidised primary healthcare programmes. The Group, as a leading private healthcare service provider shall fully collaborate with the Hong Kong Government with an aim to maintain a sustainable and healthy healthcare system that supports every citizen in Hong Kong in the decades ahead.

In terms of the collaboration with strategic partners, in February 2023, the Group has formed a strategic cooperation with UMP Healthcare Holdings Limited. Leveraging the resources, networks and professional talents of both parties, the Group believes the synergy created from such collaboration would benefit its long-term business operations by strengthening the business-to-business market as well as business-to-consumer market and further enhance effectiveness and efficiency of the Group's medical facilities and consolidate its leading position in the healthcare industry.

Establishment of a Mega Health Hub

As the general public's awareness of health issues has significantly increased after several waves of the pandemic, the Group has seen ever-increasing demand for services addressing physical wellness, mental health, rehabilitation, and early detection as well as the "Long COVID" treatment. The Group is highly optimistic towards the future prospect of the post-pandemic healthcare, wellness as well as the rehabilitation services market and coupled with the reopening of the border of the PRC, the Group expects more customers visits from Greater Bay Area for medical and healthcare services. In view of this, the Group has been building a mega health hub at Star House located in Tsim Sha Tsui, to provide one-stop medical and health-tech related services. The health hub is expected to launch during the first half of 2023, facilitating the Group to optimise its medical services network and deliver customised healthcare solutions with an all-around service portfolio to its customers.

The one-stop services provided at the health hub are expected to include specialties services, day surgery centre, medical aesthetics services, physical examination, early detection services, nutritionist and wellness management services, COVID-19 related services, and a creative activity centre offering health lectures, aromatherapy treatment, products and services for sub-health, etc.

As a part of the new strategies and business model adopted in regard to the health hub, the Group has planned to form a joint venture with a biotechnology company which focuses on multi-cancer early detection solutions. The joint venture is proposed to provide health check and early detection services at the mega health hub. The Group intends to further expand the service scopes delivered in the health hub by continuously looking for potential collaboration opportunities with other strategic partners.

Ongoing Investment in IT Infrastructure and Digitalisation

The Group, apart from continuously expanding the products and services offered on its online sales platform and promoting its digital registration programme to streamline the registration procedures, increase data security and accuracy and improve customers' service experience, is determined to keep expediting the upgrade and enhancement of its IT infrastructure and digitalisation through multifold means, which is critical to increasing the scalability, and strengthening the operational governance of the Group. The Group strongly believes the ongoing investment in technological upgrades shall empower it to augment stakeholder engagement and customer diversion and experience with highly simplified and automated

processes, and yield improved operational efficiency. By collecting and analysing big data, it enables the Group to deliver customised products and services to its customers, identify business opportunities and ultimately increase its market share and stabilise its market leadership position.

With an aim for digitalisation, 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 has been introduced (and will be further developed) to its sales and customer service teams, 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 be launched in several medical centres of the Group in coming months, which will bring new digital health experience to the customers.

Outlook for Second Half of FY2023

Looking ahead for the second half of FY2023, the Group will continue to explore business opportunities in both Hong Kong and the PRC markets, to provide top-notch medical and wellness services to the community in response to the changes in the market, and to bring long-term returns to its shareholders. Meanwhile, the Group is always committed to expanding its market share, increasing its scale and efficiency, enhancing its stakeholder engagement, bolstering its digitisation and automation, and ultimately consolidating its leading position in the healthcare industry.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group had net current assets of approximately HK\$560.1 million (as at 30 June 2022: approximately HK\$430.8 million), which included cash and cash equivalents and pledged deposits of approximately HK\$545.0 million (as at 30 June 2022: approximately HK\$272.4 million). As at 31 December 2022, the Group had interest-bearing bank borrowings of approximately \$39.3 million which comprise (i) bank mortgage loans of approximately HK\$33.5 million (as at 30 June 2022: approximately HK\$34.4 million) 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\$5.8 million (as at 30 June 2022: approximately HK\$7.8 million) which will be matured in 2024 at an interest rate of Hong Kong Interbank Offered Rate plus 1.75%. As at 31 December 2022, the Group had unutilised loan facility of approximately HK\$14.9 million (as at 30 June 2022: approximately HK\$12.9 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 31 December 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 4.2% (as at 30 June 2022: approximately 5.4%).

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the Interim Period of FY2023. The capital of the Company comprises ordinary shares and other reserves.

CHARGES ON GROUP ASSETS

As at 31 December 2022, a fixed deposit of approximately HK\$1.0 million (as at 30 June 2022: approximately HK\$1.0 million) has been pledged to a bank to secure overdrafts of the Group. In addition, a fixed deposit of approximately HK\$1.0 million (as at 30 June 2022: 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. Properties which were held by the Group have been pledged to banks for the bank mortgage loans of approximately HK\$33.5 million (as at 30 June 2022: HK\$34.4 million).

FOREIGN EXCHANGE EXPOSURE

The Group conducts business primarily in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong dollars and Renminbi. Currently, the Group has not entered into any foreign exchange contracts or other financial instruments to hedge against the fluctuations in the exchange rate between Renminbi and Hong Kong dollars. However, the Group monitors foreign exchange exposure regularly and would consider if there is a need to hedge against significant foreign currency exposure when necessary.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries, associates and joint ventures during Interim Period of FY2023 and up to the date of this announcement.

CAPITAL COMMITMENTS

	31 December 2022 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital expenditures	<u>25,006</u>	<u>2,520</u>

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2022 (as at 30 June 2022: Nil).

EMPLOYEES

As at 31 December 2022, the Group had 541 full-time employees (as at 31 December 2021: 446) and 1,137 part-time employees (as at 31 December 2021: 681).

We recruit personnel from the open market and we formulate our recruitment policy based on market conditions, our business demands and expansion plans. We offer different remuneration packages to our employees based on their position. Generally, we pay basic salary 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.

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 31 December 2022, the proceeds has been utilised as follows:

	Net proceeds (after reallocation on 24 February 2021) <i>HK\$ million</i>	Utilised amounts <i>HK\$ million</i>	Unutilised amounts <i>HK\$ million</i>
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 ^(Note)
Acquisition of established medical centres in Hong Kong	2.8	2.8	–
Brand building	5.1	5.1	–
Enhancement of IT infrastructure	5.1	5.1	–
Working capital and other general corporate purposes	8.5	8.5	–
	<u>84.8</u>	<u>76.8</u>	<u>8.0</u>

Note: The unutilised amount have been used for expansion in the PRC market in February 2023.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Interim Period of FY2023 (the Interim Period of FY2022: Nil).

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 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 the Interim Period of FY2023.

Under the code provision C.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Chan Kin Ping, BBS, JP as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership of the Group and enables more effective and efficient overall strategic planning. In addition, since the major decisions of the Group, including but not limited to material transactions undertaken by the Group and corporate governance, will require discussion and approval by all Board members, the Board believes that the other Board members have sufficient power in scrutinising and/or monitoring the exercise of power by the chairman and chief executive officer. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company as and when appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. In response to a specific enquiry made by the Company, all Directors have confirmed their compliance with the Model Code during the Interim Period of FY2023.

Directors of the subsidiaries of the Company and relevant employees (as defined in the Listing Rules) are also required to comply with the Model Code in respect of their dealings in the Company's securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 17 February 2016 (the "**Share Option Scheme**") where certain eligible persons may be granted share options to subscribe for the ordinary Shares for their contribution to, and continuing efforts to promote the interests of the Group and for such other purposes as the Board may approve from time to time. On 4 October 2016 and 28 May 2018, the Group granted share options to certain eligible persons to subscribe for 2,740,000 ordinary Shares and 460,000 ordinary Shares respectively (the "**Share Options**") pursuant to the Share Option Scheme. As at 31 December 2022, 3,200,000 Share Options were granted and 180,000 Share Options remained outstanding. 2,310,000 Share Options lapsed and no Share Option has been exercised or cancelled during the Interim Period of FY2023.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed, with the management of the Company, the unaudited consolidated interim results for the Interim Period of FY2023, including the accounting principles and practices adopted by the Group, and discussed the internal controls, going concern issues and financial reporting matters related to the preparation of the interim results of the Group for the Interim Period of FY2023.

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

During the Interim Period of FY2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.humanhealth.com.hk. The interim report of the Company for the Interim Period of FY2023 shall be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 24 February 2023

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

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