



# 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 REPORT 2022



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In case of any inconsistency, the English text of this interim 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 ACS

## AUTHORISED REPRESENTATIVES

Dr. Sat Chui Wan  
Ms. Man Ching Yan

## REGISTERED OFFICE

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Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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## LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

Howse Williams  
27th Floor, Alexandra House  
18 Chater Road  
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## AUDITOR

Ernst & Young  
Registered Public Interest Entity Auditor  
27/F., One Taikoo Place  
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## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Hutchins Drive  
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Grand Cayman KY1-1111  
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# Corporate Information

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East  
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## PRINCIPAL BANKERS

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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](http://www.humanhealth.com.hk)

## SHARE INFORMATION

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

# Management Discussions and Analysis

## FINANCIAL REVIEW

### Financial Performance for the six months ended 31 December 2021 (the "Interim Period of FY2022")

#### Revenue

The revenue of Human Health Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**", "**we**" or "**our**") represents the value of healthcare services and comprises revenue from general practice services, specialties services and dental services. The following table sets forth the breakdown of our revenue by service type:

|                           | <b>Interim<br/>Period<br/>of FY2022<br/>HK\$'000</b> | Interim<br>Period<br>of FY2021<br>HK\$'000 | % of change |
|---------------------------|--|--|-------------|
| General practice services | <b>294,240</b>                                       | 134,503                                    | 118.8%      |
| Specialties services      | <b>60,672</b>  | 66,484                                     | -8.7%       |
| Dental services           | <b>33,632</b>  | 29,677                                     | 13.3%       |
|                           | <b>388,544</b>                                       | 230,664                                    | 68.4%       |

In the Interim Period of FY2022, the Group recorded revenue amounted to approximately HK\$388.5 million, representing an increase of approximately HK\$157.9 million or 68.4% as compared with the six months ended 31 December 2020 (the "**Interim Period of FY2021**").

Our revenue from general practice services increased by approximately HK\$159.7 million or 118.8% from the Interim Period of FY2021 to approximately HK\$294.2 million for the Interim Period of FY2022. The increase was mainly attributable to the expansion of the scope of general practice service such as preventive, testing, vaccination and outreach services including the Coronavirus Disease 2019 ("**COVID-19**") related services.

Our revenue from specialties services decreased by approximately HK\$5.8 million or 8.7% from the Interim Period of FY2021 to approximately HK\$60.7 million for the Interim Period of 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\$4.0 million or 13.3% from the Interim Period of FY2021 to approximately HK\$33.6 million for the Interim Period of FY2022. The increase was mainly due to the increase in patient visits and the average spending per visit of the dental services.

# Management Discussions and Analysis

## Cost of services rendered

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

|  | <b>Interim<br/>Period<br/>of FY2022<br/>HK\$'000</b> | Interim<br>Period<br>of FY2021<br>HK\$'000 | % of change  |
|--|--|--|--------------|
| Fees payable to doctors and dentists                 | <b>85,789</b>  | 79,776                                     | 7.5%         |
| Other direct cost                                    | <b>40,486</b>  | 3,890                                      | 940.8%       |
| Cost of pharmaceutical supplies                      | <b>44,369</b>  | 34,030                                     | 30.4%        |
| Laboratory expenses                                  | <b>2,232</b>   | 1,880                                      | 18.7%        |
| Write-down of inventories to net<br>realisable value | <b>173</b>   | 2,119                                      | -91.8%       |
|  | <b><u>173,049</u></b>                                | <u>121,695</u>                             | <u>42.2%</u> |

Our cost of services rendered increased by approximately HK\$51.4 million or 42.2% from the Interim Period of FY2021 to approximately HK\$173.0 million for the Interim Period of FY2022. This 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 the Interim Period of FY2022.

## Gross profit and gross profit margin

Our gross profit increased by approximately HK\$106.5 million or 97.8% from the Interim Period of FY2021 to approximately HK\$215.5 million for the Interim Period of FY2022 as a result of the increase in revenue as well as gross profit margin. Our gross profit margin increased to approximately 55.5% for Interim Period of FY2022 from approximately 47.2% for the Interim Period of FY2021 which was mainly due to the increase in gross profit margin for general practice services.

## Management Discussions and Analysis

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

|                           | Interim Period of FY2022 |                              | Interim Period of FY2021 |                              |
|---------------------------|--------------------------|------------------------------|--------------------------|------------------------------|
|                           | <i>HK\$'000</i>          | <i>Gross profit margin %</i> | <i>HK\$'000</i>          | <i>Gross profit margin %</i> |
| General practice services | <b>178,790</b>           | <b>60.8%</b>                 | 72,246                   | 53.7%                        |
| Specialties services      | <b>23,071</b>            | <b>38.0%</b>                 | 25,150                   | 37.8%                        |
| Dental services           | <b>13,634</b>            | <b>40.5%</b>                 | 11,573                   | 39.0%                        |
|                           | <b>215,495</b>           | <b>55.5%</b>                 | 108,969                  | 47.2%                        |

Our gross profit margin for general practice services increased from approximately 53.7% for the Interim Period of FY2021 to approximately 60.8% for the Interim Period of FY2022 mainly as a result of the diversification of the scope of services with different cost structures.

Our gross profit margin for specialties services remained stable and slightly increased from approximately 37.8% for the Interim Period of FY2021 to approximately 38.0% for the Interim Period of FY2022.

Our gross profit margin for dental services increased from approximately 39.0% for the Interim Period of FY2021 to approximately 40.5% for the Interim Period of FY2022 mainly due to the increase in average spending per visit of the dental services associated with the relatively smaller increase in cost of services rendered.

### Other income and gains

Our other income and gains decreased by approximately HK\$22.8 million from the Interim Period of FY2021 to approximately HK\$2.2 million for the Interim Period of FY2022 which was mainly due to (i) the decrease in the subsidies provided by the Hong Kong Government under the Employment Support Scheme of approximately HK\$15.9 million; (ii) the decrease in COVID-19-related rent concession of approximately HK\$2.3 million; and (iii) the decrease in gain in fair value change of financial assets at fair value through profit or loss of approximately HK\$5.0 million.

### Administrative expenses

Our administrative expenses decreased by approximately HK\$4.8 million or 4.3% from approximately HK\$112.4 million for the Interim Period of FY2021 to approximately HK\$107.6 million for the Interim Period of FY2022 which was mainly due to (i) the absence of impairment of trade receivables for the Interim Period of FY2022, which amounted to approximately HK\$10.7 million for the Interim Period of FY2021; (ii) the decrease in amortisation of right-of-use assets of approximately HK\$4.5 million; and (iii) offset by the increase in salaries and related expenses of approximately HK\$10.3 million.

# Management Discussions and Analysis

## Other losses

Our other losses represent the losses in fair value change of financial assets at fair value through profit or loss of approximately HK\$0.3 million which was attributable to the fair value loss of the investment in New Journey Healthcare LP (the “**Limited Partnership**”).

## Finance cost

Our finance cost was approximately HK\$1.1 million for the Interim Period of FY2022 (Interim period of FY2021: HK\$1.7 million) due to the decrease in interest expenses on lease liabilities.

## Share of losses or profits of an associate

Our share of losses of an associate was approximately HK\$0.4 million for the Interim Period of FY2022 which represents a decrease of profits of approximately HK\$0.5 million from a share of profits of approximately HK\$0.1 million for the Interim Period of FY2021. The decrease was mainly due to the increase in administrative expenses of the associate.

## Income tax expense

Our income tax expense increased by approximately HK\$16.4 million or 1,173.1% from approximately HK\$1.4 million for the Interim Period of FY2021 to approximately HK\$17.8 million for the Interim Period of FY2022. The increase was mainly due to the increase in assessable profits. Our effective tax rate increased from approximately 7.6% for the Interim Period of FY2021 to approximately 16.4% for the Interim Period of FY2022.

## Profit for the period

As a result of the foregoing, our profit for the period increased by approximately HK\$73.5 million or 435.3% from approximately HK\$16.9 million for the Interim Period of FY2021 to approximately HK\$90.4 million for the Interim Period of FY2022. Our net profit margin increased from approximately 7.3% for the Interim Period of FY2021 to approximately 23.3% for the Interim Period of FY2022.

## Profit attributable to owners of the Company

The Group's profit attributable to owners of the Company was approximately HK\$90.4 million for the Interim Period of FY2022, representing an increase of approximately HK\$73.5 million or 435.3% from the Interim Period of FY2021. The increase was primarily attributable to (i) the increase in revenue of general practice services due to the expansion of the scope of general practice services such as preventive, testing, vaccination and outreach services including COVID-19 related services; (ii) the increase in gross profit arising from the increase in revenue as well as the increase in gross profit margin of general practice services due to the diversification of the scope of services with different cost structures; (iii) offset by the decrease in other income and gains mainly due to the decrease in subsidies provided by the Hong Kong Government under the Employment Support Scheme; and (iv) offset by the increase in income tax expense.

# Management Discussions and Analysis

## BUSINESS REVIEW AND OUTLOOK

### Business Review for the Interim Period of FY2022

During the Interim Period of FY2022, the COVID-19 pandemic was largely under control due to the effective preventive measures adopted by the Hong Kong Government. As a result, economic activities gradually recovered and the demand for COVID-19 related services decreased gradually as compared with that in the first six months of 2021 but remained strong as compared with that for the Interim Period of FY2021. The new business strategies adopted by the Group during the pandemic enabled the Group to deliver encouraging results for the Interim Period of FY2022. Ever since the outbreak of COVID-19, the Group being one of the leading private healthcare service providers in Hong Kong has proactively fought the pandemic with the community by providing outstanding medical and healthcare services. These include general practice as well as COVID-19 related services which turned the crisis into opportunities. The Group managed to record a revenue of approximately HK\$388.5 million for the Interim Period of FY2022, representing an increase of approximately 68.4% as compared with that for the Interim Period of FY2021, and the profit attributable to owners of the Company of approximately HK\$90.4 million for the Interim Period of FY2022, representing a significant increase of approximately 435.3% as compared with that for the Interim Period of FY2021.

### Continuous Expansion of General Practice Services

In response to different demands from the community, the Group took proactive measures and adopted new strategies to seize business opportunities by continuously expanding the scope of its general practice services. The Group extended its existing services and provided new services including provision of testing, vaccination, outreach and preventive services as well as sale of healthcare related products and services through different channels so as to increase the market share of the Group.

For the provision of testing services, the Group continuously offered different testing options to the public during the Interim Period of FY2022. In addition to the provision of testing services at all of the Group's medical centres with general practice services, the Group also strengthened its collaborations with the Hong Kong Government and different organisations to provide COVID-19 testing services at various designated locations in Hong Kong, including community testing centres and locations named in the compulsory testing notice, with well-established mobile specimen collection vehicles and outreach team of the Group to provide easily accessible testing services for the community. To further contribute to the control of the pandemic, the Group devoted extensive resources to provide testing services at the community testing centre located at the Hong Kong International Airport during the Interim Period of FY2022. Apart from serving the members of the public, the community testing centre located at the Hong Kong International Airport also served to enhance the testing capacity for the airport staff who are required to undergo regular testing and achieving the objective of "early identification, early isolation and early treatment" and breaking the chains of transmission as early as possible.

## Management Discussions and Analysis

As for the provision of vaccination services, with an aim to fully support Hong Kong Government's policy of fighting against COVID-19 pandemic and its vaccination plan, all of the Group's medical centres, the community vaccination centre as well as the public hospital vaccination station operated by the Group for the Hong Kong Government, continued to participate in the COVID-19 vaccination programme. The Group increased the types of vaccines to both CoronaVac and Comirnaty at its medical centres, together with outreach vaccination services to satisfy the general public demands in vaccination during the Interim Period of FY2022. Moreover, the Group officially launched the "COVID-19 Mobile Vaccination Station" in December 2021 to further support the Hong Kong Government's COVID-19 vaccination programme by offering convenient options for vaccination to the public, especially the elderly. Being the first and the only mobile vaccination vehicle operating in Hong Kong, the Group carried out a series of medical grade modification to the vaccination vehicle such as barrier-free design for wheelchair users and elderly and installation of HEPA air purification system and thermostats to efficiently maintain the air quality in the vaccination vehicle. Hence, the vaccination can be administered in a convenient, safe and comfortable environment with reduced travelling time. During the Interim Period of FY2022, the Group also continued to participate in the Vaccination Subsidy Scheme to provide flu vaccine to eligible individuals, promoted various vaccination campaigns such as HPV vaccine, herpes zoster vaccine and osteoporosis vaccine, etc, as well as provided outreach vaccination services to schools and elderly homes.

In regard to the provision of preventive services, since the pandemic compels citizens to attach greater importance to healthcare, the Group was aware of the rising demand for disease prevention services. The Group devoted resources to meet the aforesaid demand by providing health monitoring, health coaching and overall health enhancement programme through different channels. During the Interim Period of FY2022, the Group promoted its membership programme to provide health management services to the community through different means. This membership programme covers compatible solutions and services of wellness as well as diagnostic and imaging services. The membership programme enabled the Group to build long-term relationship with its customers 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, and leading to the elevation of their values of health. Besides that, 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 to bolster the development of the Group in public-private partnership and the business cooperation with the Hong Kong Government.

For the sale of healthcare related products and services, the Group continued to explore and develop this business through business collaborations with different organisations and professionals. The Group offered various consumer goods and healthcare products and services to its corporate clients and general public. In addition to the traditional offline services provided by the Group, the agile business models also enabled the Group to seize online business opportunities and increase market penetration through online sales. The Group launched an online shopping platform, offering various consumer goods and healthcare products and services including health check packages, vaccinations, nutrition consultations, supplements, skin care products and anti-pandemic products. During the Interim Period of FY2022, the Group further increased the variety of products sold on its e-shop. With diverse collaborations with different strategic partners, the Group's sales of consumer goods as well as healthcare related products and services gained sustainable growth.

# Management Discussions and Analysis

## Stable Performance in Specialties and Dental Segments

During the Interim Period of FY2022, the overall performance of specialties services and dental services of the Group remained stable as compared with that of the corresponding period of FY2021. With the effective measures adopted by the Hong Kong Government and higher vaccination rate of citizens in Hong Kong, the pandemic started to slow down, the aggregated gross profit of the Group's specialties services and dental services of approximately HK\$36.7 million for the Interim Period of FY2022 remained stable as compared with that of the Interim Period of FY2021.

## Expansion of People's Republic of China ("PRC") Business

During the Interim Period of FY2022, the Group's business in the PRC maintained a steady momentum as the pandemic was effectively controlled and there was high demand for high-quality medical aesthetic services in the PRC market. As a result of the market conditions and great potential of the healthcare industry in the PRC, the existing premises of Shanghai Human Health Integrated Medical Centre (上海盈健門診部) – the medical centre operated by the associate of the Group was expanded in October 2021. The Group remains optimistic on the economic development of the PRC and will continue to grasp the growing opportunities and further expand its business in the PRC market.

## Successful Acquisitions of Properties

For the purpose of facilitating the development of the Group's business and optimising its cost control measures, the Group has successfully acquired two properties located at 12th whole floor and 20th floor of Enterprise Square Two, 3 Sheung Yuet Road, Kowloon, Hong Kong as its headquarters and acquired three parking spaces in the same building (the "**Acquired Properties**") during the Interim Period of FY2022 and the acquisitions were completed on 30 November 2021 and 30 December 2021 respectively. The board of directors of the Company (the "**Board**") considered that it is in the interest of the Group and its shareholders as a whole to acquire the Acquired Properties in order to secure and establish permanent headquarters and so as to save future rental expenses. Meanwhile, the Group would be entitled to the rental income under the existing tenancy of one of the Acquired Properties. In addition, the Board considered the acquisitions suit the Group's growth and expansion plan. 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

During the Interim Period of FY2022, the Group garnered various awards including 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, the "Health Partnership Awards 2021" (2021健康同行夥伴大獎) by ET NET and the "HKIM Market Leadership" (市場領袖大獎) by Hong Kong Institute of Marketing. The Group always strives to make contributions to raise citizens' awareness of their life-long physical, mental, and spiritual health as well as to improve their values of health. These awards are recognitions and affirmations for the Group's contributions and efforts made to the society in healthcare related services in the past year.

# Management Discussions and Analysis

## Professional Services Provided by the Group

As at 31 December 2021, the Group operated 58 medical centres in Hong Kong under the following brand names with 100 service points.



As a one-stop healthcare service provider, during the Interim Period of FY2022, the Group provides a series of healthcare services including but not limited to general practice services, specialties services, dental services, Chinese medicine, physiotherapy, diagnostics and imaging, medical aesthetic and wellness services as well as COVID-19 related services to cater our customers' different types of medical and wellness needs.

# Management Discussions and Analysis

During the Interim Period of FY2022, the Group provided the following comprehensive healthcare services:

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

# Management Discussions and Analysis

## Business Outlook

The Group is proud that it managed to enhance its business performance and increase its profit significantly during the Interim Period of FY2022. Since the pandemic was well contained in Hong Kong during the Interim Period of FY2022, it was expected that the economic recovery would be stronger in the year of 2022. However, as the Delta variant and highly contagious Omicron variant outbreak around the world and the fifth wave of pandemic started in Hong Kong in late December 2021, it is believed that COVID-19 will continue to affect the macroeconomic outlook and the Group believes that the pandemic will remain severe for the first six months of 2022. It is expected that the demand for COVID-19 testing and vaccination services will still be high. Therefore, the Board remains optimistic but cautious at the same time on the Group's upcoming business growth and financial performance sustainability for the year of 2022. The Group will continue to closely monitor the development of the pandemic, optimise the business strategy according to market trends, strive to improve service quality and efficiency, expand service scopes, and strengthen collaboration with the Hong Kong Government as well as other strategic partners, to ensure the sustainable development of the Group under challenging circumstances. Additionally, the Group will also continue to be a conscientious medical group with corporate social responsibility, support the Hong Kong citizens in their fight against the prolonged pandemic, and safeguard the community with various high-quality healthcare and wellness services provided.

Given that the health awareness of the general public has gradually increased since the outbreak of COVID-19 pandemic and the demand for services covering physical wellness, mental health, pandemic prevention, cure, rehabilitation and body-mind balance increases, the Group is confident in the future prospect of healthcare and wellness services market and considers the Group's stable cash flow would enable it to ramp up its expansion plan on the above-mentioned services to cater for the specific needs of medical services and healthcare related services in the community. In February 2022, the Group entered into a tenancy offer for leasing a premise as a mega medical hub, with the prime location and a gross floor area over 38,000 square feet situated in Tsim Sha Tsui to provide one-stop medical services and health-tech related services, and to assist the Group in optimising its medical services network and delivering customised healthcare solutions with all-round service portfolio that fit the customers' physical and mental needs. In addition to the expansion of the scope of the existing medical services with state-of-the-art medical equipment and strengthened talent pool of its professional team members, the Group will also apply cutting edge technology with new strategies and business model to enhance its existing wellness services, to introduce new healthcare products and to utilise big data analytics to devise tailor-made healthcare solutions that address the needs of its customers and promote wellness services through different means. Besides, the Group will explore opportunities to cooperate with different parties for the provision of services in the medical hub in order to enrich the service scopes.

## Management Discussions and Analysis

The Group, with a belief that pioneering healthcare providers must leverage technology to provide more efficient and high-quality medical services, constantly attach great importance to innovative technologies and equipment. For instance, as to adapt to the shifting of customer behavior since the outbreak of COVID-19 pandemic and the technological development in recent years, the Group has launched its online shopping platform and shall keep exploring more healthcare and wellness related products and services to be offered on the platform to strengthen its online business and better serve customers. Apart from the online platform, the Group is determined to further enhance its IT system by establishing and launching a digital registration programme to streamline the registration procedure, increasing the data accuracy and as such, improving the service experience for its customers. Such a new system shall improve the Group's operating workflow between frontline and back office, and the efficiency and effectiveness in the provision of services as well.

In previous years, the Group consistently looked for strategic partners with shared vision and values and established collaborations which were in the common interest of all the parties involved accordingly. Looking forward, the Group intends to maintain such effective strategy through strengthening the cooperation with various institutions and organisations, in particular the Hong Kong Government. Due to the ever-changing virus and epidemiologic landscapes, the Group expects that there would be constant demand for COVID-19 testing and vaccination services. The Group has always maintained excellent and positive cooperation with the Hong Kong Government during the past few years and will further strengthen the collaboration on fighting the pandemic as well as providing other healthcare related services in the future. The Group considers the collaboration will enable the Group to stand with the community by offering medical services and preventive healthcare services and it also benefits the Group by providing stable revenue stream in the long run.

Finally, looking ahead, leveraging on the Group's position as market leader, the Group will continue to explore development opportunities in both Hong Kong and the PRC markets, to provide high quality services to the community, and to bring long-term returns to its shareholders. The Group is always committed to expanding its market share, increasing its scale and efficiency, and consolidating its leading position in the healthcare industry.

# Management Discussions and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group had net current assets of approximately HK\$196.8 million (as at 30 June 2021: approximately HK\$230.6 million) which included cash and cash equivalents and pledged deposits of approximately HK\$303.5 million (as at 30 June 2021: approximately HK\$147.3 million). As at 31 December 2021, the Group had interest-bearing bank borrowings of approximately HK\$45.1 million which comprise (i) bank mortgage loans of approximately HK\$35.4 million (as at 30 June 2021: Nil) which is payable with 180 monthly instalments at an interest rate of Hong Kong Interbank Offered Rate plus 1.2% and (ii) interest-bearing bank borrowings of approximately HK\$9.7 million (as at 30 June 2021: approximately HK\$11.7 million) which is payable on demand at an interest rate of Hong Kong Interbank Offered Rate plus 2.0%. As at 31 December 2021, the Group had unutilised loan facility of approximately HK\$11.0 million (as at 30 June 2021: approximately HK\$38.3 million). The interest-bearing bank borrowings were 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 2021, the Group's gearing ratio, which is net debt divided by the adjusted capital plus net debt, was approximately 9.0% (as at 30 June 2021: approximately 2.8%).

## CAPITAL STRUCTURE

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

## CHARGES ON GROUP ASSETS

As at 31 December 2021, a fixed deposit of approximately HK\$1.0 million has been pledged to a bank to secure overdrafts of the Group (as at 30 June 2021: 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: HK\$1.0 million). The Acquired Properties have been pledged to banks for the bank mortgage loans of approximately HK\$35.4 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.

# Management Discussions and Analysis

## SIGNIFICANT INVESTMENT

On 29 May 2019, Actwise Limited, the wholly owned subsidiary of the Company (“**Actwise**”) and Inno Healthcare Limited (“**Inno Healthcare**”), the general partner of the Limited Partnership, entered into a subscription agreement (the “**LP Subscription Agreement**”), pursuant to which Actwise subscribed for partnership interests in the Limited Partnership with the capital commitment of RMB30 million. Following the acceptance of the LP Subscription Agreement by Inno Healthcare on the same day, Actwise is admitted as a limited partner to the Limited Partnership by entering into a limited partnership agreement (the “**Limited Partnership Agreement**”). As at 31 December 2021, Actwise was the holder of approximately 73.2% of the partnership interest in the Limited Partnership and the Limited Partnership was registered as the holder of 1,684,808 shares of New Journey Hospital Group Limited.

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

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

The investment in the Limited Partnership is stated at fair value and is recorded as “financial assets at fair value through profit or loss” in the consolidated statement of financial position. As at 31 December 2021, the fair value of the investment in the Limited Partnership amounted to approximately HK\$36.9 million, which represents approximately 5.3% of the total assets of the Group as at 31 December 2021. A fair value loss of approximately HK\$0.3 million was recorded as at 31 December 2021. No dividend was received from this investment by the Group for the Interim Period of FY2022.

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

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

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

# Management Discussions and Analysis

## CAPITAL COMMITMENTS

|  | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|--|--|--|
| Contracted, but not provided for:        |  |  |
| Capital expenditures                     | <b>2,474</b>   | 118                                      |
| Purchase of leasehold land and buildings | <b>–</b>   | 57,420                                   |
|  | <b>2,474</b>   | 57,538                                   |

## CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2021.

## EMPLOYEES

As at 31 December 2021, the Group had 446 full-time employees (as at 31 December 2020: 330) and 681 part-time employees (as at 31 December 2020: 63).

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 professional staff including physiotherapist, chiropractor, radiographer, pharmacist, registered nurse, dental hygienist and nutritionist, and take into account a number of factors such as experience, skills and competencies. We assess their credentials and suitability through interviews and aptitude tests as appropriate. We also provide training programmes regularly for our employees at different levels.

# Management Discussions and Analysis

## 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 overallotment 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 2021, the proceeds has been utilised as follows:

|  | <b>Net proceeds<br/>(after<br/>reallocation on<br/>24 February<br/>2021)</b><br><i>HK\$ million</i> | <b>Utilised<br/>amounts</b><br><i>HK\$ million</i> | <b>Unutilised<br/>amounts</b><br><i>HK\$ million</i> |
|--|---|--|--|
| Expansion of network in Hong Kong<br>by setting up six new specialist<br>medical centres       | 39.1  | 39.1   | –  |
| Expansion of network in Hong Kong<br>by setting up six new general practice<br>medical centres | 5.9   | 5.9  | –  |
| Expansion in the PRC market  | 18.3  | 10.3   | 8.0  |
| Acquisition of established medical centres<br>in Hong Kong                                     | 2.8   | 2.8  | –  |
| Brand building   | 5.1   | 4.4  | 0.7  |
| Enhancement of IT infrastructure   | 5.1   | 5.1  | –  |
| Working capital and other general corporate<br>purposes  | 8.5   | 7.5  | 1.0  |
| Total  | <u>84.8</u>   | <u>75.1</u>  | <u>9.7</u>   |

It is expected that the unutilised amounts will be used on or before 30 June 2022.

# Management Discussions and Analysis

## SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On 10 February 2022, (i) Be Health Specialist Limited, a wholly owned subsidiary of the Company (“**Be Health**”) and (ii) CRE Property (Star House) Limited, CRE Property (Others) Limited and Yuen Chuen Ho Limited (collectively the “**Landlords**”) entered into the tenancy offer (the “**Tenancy Offer**”) in respect of the tenancy of Shops No. 9, 9A and 10A on G/F and Shops A, B and C on 1/F, Star House, No. 3 Salisbury Road, Kowloon, Hong Kong (the “**Premises**”) for a fixed term of six years commencing from 1 May 2022 to 30 April 2028. Upon expiration of the fixed term, Be Health shall have an option to renew for a further term of three years from 1 May 2028 to 30 April 2031 which may be exercised at the discretion of Be Health.

Pursuant to HKFRS 16, the tenancy of the Premises of Be Health will be recognised as a right-of-use asset. Therefore, the transactions contemplated under the Tenancy Offer will be regarded as an acquisition of asset by the Group (the “**Acquisition of Right-of-Use Asset**”) under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The value of right-of-use asset to be recognised by the Company under the Tenancy Offer is expected to be approximately HK\$88.86 million.

Details of the Acquisition of Right-of-Use Asset in relation to the Tenancy Offer is set out in the announcement of the Company dated 10 February 2022.

## INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Interim Period of FY2022 (the Interim Period of FY2021: Nil).

## Other Information

### 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 FY2022.

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

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the directors of the Company (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 FY2022.

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.

## Other Information

### 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 2021, 3,200,000 Share Options were granted and 2,490,000 Share Options remained outstanding. No Share Option has been exercised, cancelled or lapsed during the Interim Period of FY2022. The value of the Share Options are set out in note 17 to the financial statements of this interim report.

Details of movements of the Share Options granted under the Share Option Scheme during the Interim Period of FY2022 were as follow:

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

## Other Information

### 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 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.
- (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 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 date 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 date 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 professional 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 Siu Keung ("**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 provided 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 provided contributions to the Group in his practice area and reward should be given to the grantee.

## Other Information

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

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“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 the Shares/underlying Shares were held | Number of Shares/underlying Shares held | Approximate percentage of total issued Shares <sup>(Note (v))</sup> |
|----------------------------|--|---|---|
| Mr. Chan Kin Ping, BBS, JP | Interest of controlled corporation <sup>(Note (i))</sup> | 252,346,286 <sup>(Note (ii))</sup>      | 66.49%  |
|                            | Beneficial owner   | 6,850,000                               | 1.80%   |
| Dr. Pang Lai Sheung        | Interest of controlled corporation <sup>(Note (i))</sup> | 252,346,286 <sup>(Note (ii))</sup>      | 66.49%  |
| Dr. Sat Chui Wan           | Beneficial owner   | 960,000 <sup>(Note (iii))</sup>         | 0.25%   |
| Mr. Poon Chun Pong         | Beneficial owner   | 1,086,000 <sup>(Note (iv))</sup>        | 0.29%   |

Notes:

- (i) Mr. Chan Kin Ping, BBS, JP (“**Mr. Chan**”), Dr. Pang Lai Sheung (“**Dr. Pang**”) and Treasure Group Global Limited (“**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. 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 Chun Pong.
- (v) The percentages were calculated based on the total number of issued Shares as at 31 December 2021.

## Other Information

### INTERESTS IN SHARES OF TREASURE GROUP GLOBAL LIMITED (THE "ASSOCIATED CORPORATION")

| <b>Name of Director</b>    | <b>Capacity in which the shares were held</b> | <b>Number of shares held</b> | <b>Approximate percentage of total issued shares <sup>(Note (i))</sup></b> |
|----------------------------|---|------------------------------|--|
| 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 31 December 2021.

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 31 December 2021, 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.

## Other Information

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

As at 31 December 2021, 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 of the Company                              | Capacity in which the Shares were held                    | Number of Shares held | Approximate percentage of total issued Shares <sup>(Note (iii))</sup> |
|---|---|-----------------------|---|
| Treasure Group Global Limited   | Beneficial owner <sup>(Note (i))</sup>                    | 252,346,286           | 66.49%  |
| Capital Healthcare International Limited                                    | Beneficial owner <sup>(Note (ii))</sup>                   | 25,362,000            | 6.68%   |
| Capital Healthcare Group Co., Ltd.*<br>(首都醫療健康產業集團有限公司)                     | Interest of controlled corporation <sup>(Note (ii))</sup> | 25,362,000            | 6.68%   |
| Beijing Phoenix United Investment Management Co., Ltd.*<br>(北京鳳凰聯合投資管理有限公司) | Interest of controlled corporation <sup>(Note (ii))</sup> | 25,362,000            | 6.68%   |
| Xu Jie  | Interest of controlled corporation <sup>(Note (ii))</sup> | 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 31 December 2021.

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.

\* For identification purpose only

## Other Information

Save as disclosed above, the Directors are not aware of any other corporations or person who, as at 31 December 2021, 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.

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

During the Interim Period of FY2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **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 FY2022, 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 FY2022.

On behalf of the Board  
**Chan Kin Ping, BBS, JP**  
*Chairman*

Hong Kong, 25 February 2022

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 31 December 2021

|   | Notes | Six months ended<br>31 December |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) |
| <b>REVENUE</b>  | 4     | <b>388,544</b>                  | 230,664                         |
| Cost of services rendered   |       | <u>(173,049)</u>                | <u>(121,695)</u>                |
| Gross profit  |       | <b>215,495</b>                  | 108,969                         |
| Other income and gains  | 4     | <b>2,202</b>                    | 25,018                          |
| Administrative expenses   |       | <b>(107,639)</b>                | (112,433)                       |
| Other losses  |       | <b>(346)</b>                    | (1,648)                         |
| Finance costs   | 6     | <b>(1,098)</b>                  | (1,723)                         |
| Share of (losses)/profits of an associate   |       | <b>(388)</b>                    | 109                             |
| <b>PROFIT BEFORE TAX</b>  | 5     | <b>108,226</b>                  | 18,292                          |
| Income tax expense  | 7     | <b>(17,798)</b>                 | (1,398)                         |
| <b>PROFIT FOR THE PERIOD</b>  |       | <b>90,428</b>                   | 16,894                          |
| <b>OTHER COMPREHENSIVE INCOME</b>   |       |                                 |                                 |
| Other comprehensive income will not be reclassified to profit or loss:                    |       |                                 |                                 |
| Change in fair value of financial assets at fair value through other comprehensive income |       | <b>298</b>                      | 394                             |
| Other comprehensive income may be reclassified to profit or loss in subsequent periods:   |       |                                 |                                 |
| Exchange differences on translation of foreign operations                                 |       | <b>–</b>                        | 446                             |
| <b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>  |       | <b>298</b>                      | 840                             |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>  |       | <b>90,726</b>                   | 17,734                          |
| Profit attributable to:   |       |                                 |                                 |
| Owners of the Company   |       | <b>90,428</b>                   | 16,894                          |
| Total comprehensive income attributable to:   |       |                                 |                                 |
| Owners of the Company   |       | <b>90,726</b>                   | 17,734                          |
| <b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>          | 9     |                                 |                                 |
| Basic and diluted   |       | <b>HK23.8 cents</b>             | HK4.5 cents                     |

# Condensed Consolidated Statement of Financial Position

31 December 2021

|  | Notes | 31 December<br>2021<br>HK\$'000<br>(Unaudited) | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|--|-------|--|--|
| <b>NON-CURRENT ASSETS</b>  |       |  |  |
| Property, plant and equipment  | 10    | 127,073  | 65,343                                   |
| Investment properties  |       | 26,741   | –  |
| Goodwill   | 11    | 31,964   | 31,964                                   |
| Other intangible assets  |       | 6,184  | 6,990                                    |
| Investment in an associate   |       | 2,828  | 3,216                                    |
| Financial assets at fair value through other<br>comprehensive income | 12    | 9,359  | 9,016                                    |
| Financial assets at fair value through profit or loss                | 13    | 57,818   | 57,604                                   |
| Deposits and other receivables                                       |       | 10,447   | 18,411                                   |
| Deferred tax assets  |       | 3,888  | 3,972                                    |
| Total non-current assets   |       | <u>276,302</u>                                 | <u>196,516</u>                           |
| <b>CURRENT ASSETS</b>  |       |  |  |
| Inventories  |       | 14,370   | 13,961                                   |
| Trade receivables  | 14    | 89,950   | 233,486                                  |
| Prepayments, deposits and other receivables                          |       | 17,426   | 20,418                                   |
| Tax recoverable  |       | –  | 693                                      |
| Pledged deposits   |       | 2,049  | 2,049                                    |
| Cash and cash equivalents  |       | 301,406  | 145,265                                  |
| Total current assets   |       | <u>425,201</u>                                 | <u>415,872</u>                           |
| <b>CURRENT LIABILITIES</b>   |       |  |  |
| Trade payables   | 15    | 35,690   | 34,191                                   |
| Other payables and accruals  |       | 58,327   | 59,925                                   |
| Lease liabilities  |       | 34,675   | 41,756                                   |
| Contract liabilities   |       | 8,084  | 7,397                                    |
| Interest-bearing bank borrowings                                     |       | 45,102   | 11,659                                   |
| Tax payables   |       | 46,514   | 30,389                                   |
| Total current liabilities  |       | <u>228,392</u>                                 | <u>185,317</u>                           |
| <b>NET CURRENT ASSETS</b>  |       | <u>196,809</u>                                 | <u>230,555</u>                           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                         |       | <u>473,111</u>                                 | <u>427,071</u>                           |

# Condensed Consolidated Statement of Financial Position

31 December 2021

|   | Note | 31 December<br>2021<br>HK\$'000<br>(Unaudited) | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|---|------|--|--|
| <b>NON-CURRENT LIABILITIES</b>                      |      |  |  |
| Other long term payables                            |      | 1,939  | 1,943                                    |
| Lease liabilities                                   |      | 14,606   | 13,661                                   |
| Deferred tax liabilities                            |      | 1,203  | 1,336                                    |
| Total non-current liabilities                       |      | 17,748   | 16,940                                   |
| Net assets  |      | 455,363  | 410,131                                  |
| <b>EQUITY</b>                                       |      |  |  |
| <b>Equity attributable to owners of the Company</b> |      |  |  |
| Share capital                                       | 16   | 3,796  | 3,796                                    |
| Reserves  |      | 451,567  | 406,335                                  |
| Total equity  |      | 455,363  | 410,131                                  |

**Mr. Chan Kin Ping, BBS, JP**  
Director

**Dr. Pang Lai Sheung**  
Director

# Condensed Consolidated Statement of Changes in Equity

Six months ended 31 December 2021

|  |       | Attributable to owners of the Company |                            |                            |                               |                                   |                               |                          |
|--|-------|---------------------------------------|----------------------------|----------------------------|-------------------------------|-----------------------------------|-------------------------------|--------------------------|
|  | Notes | Share capital<br>HK\$'000             | Share premium*<br>HK\$'000 | Other reserve*<br>HK\$'000 | Exchange reserve*<br>HK\$'000 | Share option reserve*<br>HK\$'000 | Retained profits*<br>HK\$'000 | Total equity<br>HK\$'000 |
| <b>At 1 July 2020 (audited)</b>  |       | 3,796                                 | 190,221                    | 19,021                     | (1,253)                       | 1,813                             | 45,451                        | 259,049                  |
| Profit for the period  |       | -                                     | -                          | -                          | -                             | -                                 | 16,894                        | 16,894                   |
| Other comprehensive income for the period:   |       |                                       |                            |                            |                               |                                   |                               |                          |
| Fair value gain on financial assets at fair value through other comprehensive income |       | -                                     | -                          | 394                        | -                             | -                                 | -                             | 394                      |
| Exchange differences on translation of foreign operations                            |       | -                                     | -                          | -                          | 446                           | -                                 | -                             | 446                      |
| Total comprehensive income for the period  |       | -                                     | -                          | 394                        | 446                           | -                                 | 16,894                        | 17,724                   |
| Equity settled share option arrangements   | 17    | -                                     | -                          | -                          | -                             | 137                               | -                             | 137                      |
| <b>At 31 December 2020 (unaudited)</b>   |       | <u>3,796</u>                          | <u>190,221</u>             | <u>19,415</u>              | <u>(807)</u>                  | <u>1,950</u>                      | <u>62,345</u>                 | <u>276,920</u>           |
| <b>At 1 July 2021 (audited)</b>  |       | <b>3,796</b>                          | <b>190,221</b>             | <b>24,568</b>              | <b>(398)</b>                  | <b>2,040</b>                      | <b>189,904</b>                | <b>410,131</b>           |
| Profit for the period  |       | -                                     | -                          | -                          | -                             | -                                 | 90,428                        | 90,428                   |
| Other comprehensive income for the period:   |       |                                       |                            |                            |                               |                                   |                               |                          |
| Fair value gain on financial assets at fair value through other comprehensive income |       | -                                     | -                          | 298                        | -                             | -                                 | -                             | 298                      |
| Exchange differences on translation of foreign operations                            |       | -                                     | -                          | -                          | -                             | -                                 | -                             | -                        |
| Total comprehensive income for the period  |       | -                                     | -                          | 298                        | -                             | -                                 | 90,428                        | 90,726                   |
| Equity settled share option arrangements   | 17    | -                                     | -                          | -                          | -                             | 52                                | -                             | 52                       |
| Final 2021 dividend declared   | 8     | -                                     | -                          | -                          | -                             | -                                 | (45,546)                      | (45,546)                 |
| <b>At 31 December 2021 (unaudited)</b>   |       | <u><b>3,796</b></u>                   | <u><b>190,221</b></u>      | <u><b>24,866</b></u>       | <u><b>(398)</b></u>           | <u><b>2,092</b></u>               | <u><b>234,786</b></u>         | <u><b>455,363</b></u>    |

\* These reserve accounts comprise the consolidated reserves of HK\$451,567,000 as at 31 December 2021 (30 June 2021: HK\$406,335,000) in the condensed consolidated statement of financial position.



# Condensed Consolidated Statement of Cash Flows

Six months ended 31 December 2021

|  | Six months ended<br>31 December |                                 |
|--|---------------------------------|---------------------------------|
|  | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                 |                                 |
| Proceeds from disposal of items of property,<br>plant and equipment                | 135                             | 5                               |
| Purchase of investment properties  | (26,341)                        | –                               |
| Purchase of items of property, plant and equipment                                 | (61,506)                        | (1,526)                         |
| Purchase of financial assets through other<br>comprehensive income                 | (44)                            | –                               |
| Settlement of provision  | (59)                            | (516)                           |
| Increase in time deposits with maturity<br>of more than three months when acquired | (50,823)                        | (41,223)                        |
| Increase in prepayments for property, plant and<br>equipment                       | (3,160)                         | (265)                           |
| Net cash flows used in investing activities  | <u>(141,798)</u>                | <u>(43,525)</u>                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                                 |                                 |
| New bank loans   | 35,520                          | –                               |
| Repayment of bank loans  | (2,076)                         | (1,947)                         |
| Bank loan interest paid  | (88)                            | (147)                           |
| Lease interest   | (957)                           | (1,555)                         |
| Repayment of principal portion of lease liability                                  | (25,002)                        | (26,344)                        |
| Dividend paid  | (43,318)                        | (542)                           |
| Net cash flows used in financing activities  | <u>(35,921)</u>                 | <u>(30,535)</u>                 |
| <b>NET INCREASE/(DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>                    |                                 |                                 |
|  | 105,317                         | (27,571)                        |
| Cash and cash equivalents at beginning of period                                   | 131,820                         | 109,169                         |
| Effect of foreign exchange rate changes, net                                       | –                               | 312                             |
| <b>CASH AND CASH EQUIVALENTS AT END<br/>OF PERIOD</b>                              | <u><u>237,137</u></u>           | <u><u>81,910</u></u>            |

# Condensed Consolidated Statement of Cash Flows

Six months ended 31 December 2021

|   | <b>Six months ended<br/>31 December</b>  |                                 |
|---|--|---------------------------------|
|   | <b>2021<br/>HK\$'000<br/>(Unaudited)</b> | 2020<br>HK\$'000<br>(Unaudited) |
| <b>ANALYSIS OF BALANCES OF CASH AND<br/>CASH EQUIVALENTS</b>                                      |  |                                 |
| Cash and bank balances  | <b>205,704</b>                           | 80,872                          |
| Non-pledged time deposits   | <b>95,702</b>                            | 55,707                          |
|   | <hr/>                                    | <hr/>                           |
| Cash and cash equivalents as stated in the condensed consolidated statement of financial position | <b>301,406</b>                           | 136,579                         |
| Pledged time deposit with maturity less than three months when acquired                           | <b>1,038</b>                             | 1,038                           |
| Non-pledged time deposits with maturity more than three months when acquired                      | <b>(65,307)</b>                          | (55,707)                        |
|   | <hr/>                                    | <hr/>                           |
| Cash and cash equivalents as stated in the condensed consolidated statement of cash flows         | <b>237,137</b>                           | 81,910                          |
|   | <hr/> <hr/>                              | <hr/> <hr/>                     |

# 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 11th Floor, TAL Building, 45–53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. During the period, the Group was principally engaged in the provision of comprehensive, one-stop and quality healthcare services.

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

## 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 consolidated financial statements for the year ended 30 June 2021, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2021. 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 Standards (“**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 judgments 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 2021.

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.

# Notes to the Condensed Consolidated Financial Statements

## 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 2021, 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 9, HKAS 39, HKFRS 7,  
HKFRS 4 and HKFRS 16

*Interest Rate Benchmark Reform – Phase 2*

The revised HKFRS are not relevant to the preparation of the Group's interim condensed consolidated financial information.

## 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 2021.

## 3. SEGMENT INFORMATION

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

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

# Notes to the Condensed Consolidated Financial Statements

## 3. SEGMENT INFORMATION *(continued)*

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/(loss) before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, share of profits/losses of an associate, as well as head office and corporate income and expenses are excluded from such measurement.

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                           |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) |
| <b>Segment revenue:</b>                   |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Revenue from external customers           | 294,240                         | 134,503                         | 60,672                          | 66,484                          | 33,632                          | 29,677                          | 388,544                         | 230,664                         |
| Intersegment sales                        | 1,401                           | 1,602                           | 3,453                           | 3,613                           | 7                               | 22                              | 4,861                           | 5,237                           |
|   |                                 |                                 |                                 |                                 |                                 |                                 | 393,405                         | 235,901                         |
| <i>Reconciliation:</i>                    |                                 |                                 |                                 |                                 |                                 |                                 |                                 |                                 |
| Elimination of intersegment sales         |                                 |                                 |                                 |                                 |                                 |                                 | (4,861)                         | (5,237)                         |
|   |                                 |                                 |                                 |                                 |                                 |                                 | 388,544                         | 230,664                         |
| <b>Segment results</b>                    | 134,025                         | 31,011                          | 4,986                           | (6,705)                         | 4,351                           | 4,218                           | 143,362                         | 28,524                          |
| Interest income                           |                                 |                                 |                                 |                                 |                                 |                                 | 74                              | 200                             |
| Corporate and unallocated income          |                                 |                                 |                                 |                                 |                                 |                                 | 1,216                           | 19,189                          |
| Corporate and unallocated expenses        |                                 |                                 |                                 |                                 |                                 |                                 | (36,038)                        | (29,729)                        |
| Share of (losses)/profits of an associate |                                 |                                 |                                 |                                 |                                 |                                 | (388)                           | 109                             |
| Profit before tax                         |                                 |                                 |                                 |                                 |                                 |                                 | 108,226                         | 18,292                          |
| Income tax expense                        | (17,007)                        | (157)                           | (791)                           | (1,261)                         | -                               | 20                              | (17,798)                        | (1,398)                         |
| Profit for the period                     |                                 |                                 |                                 |                                 |                                 |                                 | 90,428                          | 16,894                          |

# Notes to the Condensed Consolidated Financial Statements

## 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered.

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

|   | <b>Six months ended<br/>31 December</b>  |                                 |
|---|--|---------------------------------|
|   | <b>2021<br/>HK\$'000<br/>(Unaudited)</b> | 2020<br>HK\$'000<br>(Unaudited) |
| <b>Revenue</b>                              |  |                                 |
| Integrated healthcare services income       | <b>388,544</b>                           | 228,056                         |
| Trading of wellness related products        | –  | 2,608                           |
|   | <b>388,544</b>                           | 230,664                         |
| <b>Disaggregated revenue information</b>    |  |                                 |
| Types of goods and services                 |  |                                 |
| General practice services                   | <b>294,240</b>                           | 134,503                         |
| Specialties services                        | <b>60,672</b>                            | 63,876                          |
| Dental services                             | <b>33,632</b>                            | 29,677                          |
| Trading of wellness related products        | –  | 2,608                           |
| Total revenue from contracts with customers | <b>388,544</b>                           | 230,664                         |

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:

|   |              |        |
|---|--------------|--------|
| <b>Other income and gains</b>   |              |        |
| Bank interest income  | <b>74</b>    | 200    |
| Government subsidies  | <b>248</b>   | 16,055 |
| COVID-19-related rent concessions from lessors                              | <b>847</b>   | 3,157  |
| Fair value gain of financial assets at fair value<br>through profit or loss | <b>560</b>   | 5,596  |
| Fair value gain of investment properties                                    | <b>400</b>   | –      |
| Others  | <b>73</b>    | 10     |
|   | <b>2,202</b> | 25,018 |

# Notes to the Condensed Consolidated Financial Statements

## 5. PROFIT BEFORE TAX

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

|   | <b>Six months ended<br/>31 December</b>  |  |
|---|--|--|
|   | <b>2021<br/>HK\$'000<br/>(Unaudited)</b> | <b>2020<br/>HK\$'000<br/>(Unaudited)</b> |
| Cost of pharmaceutical supplies   | <b>44,369</b>                            | 34,030                                   |
| Fees payable to doctors and dentists  | <b>85,789</b>                            | 79,776                                   |
| Laboratory expenses   | <b>2,232</b>                             | 1,880                                    |
| Depreciation charge*  | <b>29,012</b>                            | 34,522                                   |
| Amortisation of other intangible assets*                                      | <b>806</b>                               | 806                                      |
| Fair value losses of financial assets at fair value<br>through profit or loss | <b>346</b>                               | 1,648                                    |
| (Gain)/loss on disposal of items of property,<br>plant and equipment          | <b>(121)</b>                             | 44                                       |
| Auditor's remuneration  | <b>734</b>                               | 671                                      |
| Employee benefit expense (excluding directors'<br>remuneration):              |  |  |
| Wages and salaries  | <b>53,249</b>                            | 44,531                                   |
| Equity-settled share option expense   | <b>28</b>                                | 64                                       |
| Pension scheme contributions (defined contribution<br>schemes)**              | <b>1,925</b>                             | 1,785                                    |
|   | <b>55,202</b>                            | 46,380                                   |
| Impairment of trade receivables, net*   | -  | 10,655                                   |
| Write-down of inventories to net realisable value***                          | <b>173</b>                               | 2,119                                    |

\* The depreciation charge, amortisation of other intangible assets and the impairment of trade receivables, net for the period is included in administrative expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

\*\* As at 31 December 2021 and 2020, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

\*\*\* The 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.

# Notes to the Condensed Consolidated Financial Statements

## 6. FINANCE COSTS

|                               | <b>Six months ended<br/>31 December</b>  |  |
|-------------------------------|--|--|
|                               | <b>2021<br/>HK\$'000<br/>(Unaudited)</b> | <b>2020<br/>HK\$'000<br/>(Unaudited)</b> |
| Interest on bank borrowings   | 141                                      | 168                                      |
| Interest on lease liabilities | 957                                      | 1,555                                    |
|                               | <u>1,098</u>                             | <u>1,723</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 month ended 31 December 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tier profits tax rate regime. The first HK\$2,000,000 (six month ended 31 December 2020: HK\$2,000,000) of assessable profits of the subsidiary are taxed at 8.25% (six month ended 31 December 2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (six month ended 31 December 2020: 16.5%). No provision for PRC corporate income tax has been made as the Group's PRC subsidiary had no estimated assessable profits for the period (six month ended 31 December 2020: Nil).

|                                 | <b>Six months ended<br/>31 December</b>  |  |
|---------------------------------|--|--|
|                                 | <b>2021<br/>HK\$'000<br/>(Unaudited)</b> | <b>2020<br/>HK\$'000<br/>(Unaudited)</b> |
| Current                         |  |  |
| Charge for the period           | 17,848                                   | 1,614                                    |
| Over-provision in prior year    | (1)                                      | (60)                                     |
| Deferred                        | (49)                                     | (156)                                    |
|                                 | <u>17,798</u>                            | <u>1,398</u>                             |
| Total tax charge for the period |  |  |

# Notes to the Condensed Consolidated Financial Statements

## 8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

On 3 December 2021, the Company approved the declaration of the final dividend of HK12 cents for the year ended 30 June 2021 (for the year ended 30 June 2020: Nil) per ordinary share, amounting to a total of approximately HK\$45,546,000 (for the year ended 30 June 2020: Nil).

## 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\$90,428,000 (six months ended 31 December 2020: HK\$16,894,000), and the weighted average number of ordinary shares of 379,552,233 (six months ended 31 December 2020: 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 2021 and 31 December 2020 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. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, additions of property, plant and equipment and acquisition of land and building amounted to HK\$70,997,000 (six months ended 31 December 2020: HK\$1,867,000).

In addition, the Group has entered into several leases for medical centres in Hong Kong during the six months ended 31 December 2021. Addition/modification of right-of use assets amounted to HK\$19,759,000 (six months ended 31 December 2020: HK\$4,583,000) has been recognised for the current period.

## 11. GOODWILL

|   | <i>HK\$'000</i> |
|---|-----------------|
| Cost and net carrying amount at 1 July 2020, 30 June 2021, 1 July 2021 and 31 December 2021 | <u>31,964</u>   |
| At 1 July 2020, 30 June 2021, 1 July 2021 and 31 December 2021                              |                 |
| Cost  | 31,964          |
| Accumulated impairment  | <u>–</u>        |
| Net carrying amount   | <u>31,964</u>   |

# Notes to the Condensed Consolidated Financial Statements

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|  | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|--|--|--|
| Unlisted equity investments, at fair value |  |  |
| – Heals Healthcare                         | <b>5,728</b>   | 6,310                                    |
| – Unlisted company                         | <b>3,631</b>   | 2,706                                    |
|  | <b>9,359</b>   | 9,016                                    |

Management designated the above 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 dependent third party, at a deemed consideration of HK\$13,040,000. On 3 May 2021, pursuant to the deed of termination of the business alliance in Heals Healthcare entered by the Group and Heals Healthcare, the Group disposed of 51,804 shares of Heals Healthcare 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 acquire additional 38,793 share at a consideration of approximately HK\$44,000. As at 31 December 2021, the Group has 13.88% of equity interest in the above-mentioned company.

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|--|--|--|
| Investment in redeemable preference shares | <b>20,880</b>  | 20,320                                   |
| Unlisted investment funds                  | <b>36,938</b>  | 37,284                                   |
|  | <b>57,818</b>  | 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.

# Notes to the Condensed Consolidated Financial Statements

## 13. 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 31 December 2021, and the Limited Partnership was registered as the holder of 1,684,808 shares of New Journey Hospital Group Limited. 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.

## 14. TRADE RECEIVABLES

|                   | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|-------------------|--|--|
| Trade receivables | <b>100,605</b>   | 244,141                                  |
| Impairment        | <b>(10,655)</b>  | (10,655)                                 |
|                   | <b>89,950</b>  | 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.

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

# Notes to the Condensed Consolidated Financial Statements

## 14. TRADE RECEIVABLES *(continued)*

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

|                 | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|-----------------|--|--|
| Within 2 months | <b>79,102</b>  | 114,734                                  |
| 2 to 4 months   | <b>5,433</b>   | 107,246                                  |
| 4 to 6 months   | <b>2,338</b>   | 7,977                                    |
| Over 6 months   | <b>3,077</b>   | 3,529                                    |
|                 | <b>89,950</b>  | 233,486                                  |

## 15. TRADE PAYABLES

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

|                | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|----------------|--|--|
| Within 1 month | <b>35,539</b>  | 27,586                                   |
| 1 to 3 months  | <b>37</b>  | 6,515                                    |
| Over 3 months  | <b>114</b>   | 90                                       |
|                | <b>35,690</b>  | 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 fees payable to doctors and dentists who are related parties of the Group for the amount of HK\$5,114,000.

# Notes to the Condensed Consolidated Financial Statements

## 16. SHARE CAPITAL

|   | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|---|--|--|
| Issued and fully paid 379,552,233 (30 June 2020: 379,552,233)<br>ordinary shares of HK\$0.01 each | <b><u>3,796</u></b>                                      | <u>3,796</u>                             |

The Company has authorised share capital of HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

## 17. 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 option to be granted under the Scheme shall not in aggregate exceed 10% of the shares 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 to 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.

## Notes to the Condensed Consolidated Financial Statements

### 17. SHARE OPTION SCHEME *(continued)*

The exercise price of share options is determinable by the directors, but shall be at least the highest 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.

The account policy of the Group in relation to the Scheme is same as that adopted in the annual financial statements for the year ended 30 June 2021.

The following share options were outstanding under the Scheme during the period:

|                                      | Six months ended 31 December                      |                           |   |                           |
|--------------------------------------|---|---------------------------|---|---------------------------|
|                                      | 2021  |                           | 2020  |                           |
|                                      | Weighted average exercise price<br>HK\$ per share | Number of options<br>'000 | Weighted average exercise price<br>HK\$ per share | Number of options<br>'000 |
| At 1 July                            | 2.205   | 2,490                     | 2.205   | 2,490                     |
| Granted during the period            | -   | -                         | -   | -                         |
| Exercised during the period          | -   | -                         | -   | -                         |
| Lapsed during the period             | -   | -                         | -   | -                         |
| At 31 December                       | <u>2.205</u>                                      | <u>2,490</u>              | <u>2.205</u>                                      | <u>2,490</u>              |
| Exercisable at the end of the period | <u>2.211</u>                                      | <u>2,369</u>              | <u>2.214</u>                                      | <u>1,525</u>              |

The options outstanding at the end of the period have a weighted average remaining contractual life of 1.1 years (31 December 2020: 2.1 years) and the weighted average exercise price is HK\$2.205 (31 December 2020: HK\$2.205).

# Notes to the Condensed Consolidated Financial Statements

## 17. SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

### At 31 December 2021 and 2020

| Number of options<br>'000 | Exercise price*<br>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  |
| <u>62</u>                 | 2.090                             | 1-6-23 to 31-5-27  |
| <u>2,490</u>              |                                   |                    |

\* The exercise price of the 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 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\$52,000 during the six months ended 31 December 2021 (six months ended 31 December 2020: HK\$137,000).

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:

|  | Option granted<br>on 4 October<br>2016 | Option granted<br>on 28 May<br>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:<br>Employees:               | N/A<br>2.20                         |
| Weighted average estimated fair value<br>for each share option | Directors:<br>Employees:               | N/A<br>HK\$1.2413                   |
|  | HK\$0.8236<br>HK\$0.8184               |                                     |

# Notes to the Condensed Consolidated Financial Statements

## 17. 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 share options 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.

## 18. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had the following capital commitments.

|                                   | <b>31 December<br/>2021<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2021<br>HK\$'000<br>(Audited) |
|-----------------------------------|--|--|
| Contracted, but not provided for: |  |  |
| Medical equipment                 | –  | 118                                      |
| Office equipment                  | <b>313</b>   | –  |
| IT equipment                      | <b>2,083</b>   | –  |
| Leasehold improvement             | <b>78</b>  | –  |
| Leasehold land and buildings      | –  | 57,420                                   |
|                                   | <b>2,474</b>   | 57,538                                   |

# Notes to the Condensed Consolidated Financial Statements

## 19. 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 period:

|  | <i>Relationship</i> | <i>Nature</i> | <b>Six months ended</b> |                    |
|--|---------------------|---------------|-------------------------|--------------------|
|  |                     |               | <b>2021</b>             | <b>2020</b>        |
|  |                     |               | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|  |                     |               | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| Maxland Limited  |                     |               |                         |                    |
| Rental paid  | (1)                 | (i)           | <b>1,476</b>            | 1,476              |
| Fees payable to doctors and dentists who are related parties     | (2)                 | (ii)          | <b>22,824</b>           | 18,618             |
| Integrated healthcare services income charged to a related party | (3)                 | (iii)         | <b>7,794</b>            | 7,907              |

### Nature of transactions

- (i) The rental paid was charged by this related party for the lease of two medical centres at total amount of HK\$246,000 (2020: HK\$246,000) per month, on a mutually agreed basis, which approximated to market rates.
- (ii) The fees represented the professional fee 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 contract entered into by the parties and at a rate considered by the directors to be the market rate.

### 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 this related party.
- (2) These doctors and dentists are also directors of certain subsidiaries of the Group, 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.

# Notes to the Condensed Consolidated Financial Statements

## 19. RELATED PARTY TRANSACTIONS *(continued)*

### (b) Compensation of key management personnel of the Group

|   | Six month ended 31 December     |                                 |
|---|---------------------------------|---------------------------------|
|   | 2021<br>HK\$'000<br>(Unaudited) | 2020<br>HK\$'000<br>(Unaudited) |
| Salaries, allowances and benefits in kind | 4,494                           | 2,930                           |
| Equity-settled share option expense       | 23                              | 72                              |
| Pension scheme contributions              | 36                              | 36                              |
|   | <u>4,553</u>                    | <u>3,038</u>                    |

The related party transactions in respect of note (a) item (i) and fees payable to Dr. Chan Siu Yu, Dr. Lau Wai Man and Dr. Seto Siu Keung included in note (a) item (ii) also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At the end of the reporting period, the carrying amounts and fair values 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 31 December 2021 (Unaudited)

|   | Carrying amount<br>HK\$'000 | Fair value<br>HK\$'000 |
|---|-----------------------------|------------------------|
| Financial assets at fair value through profit or loss             | 57,818                      | 57,818                 |
| Financial assets at fair value through other comprehensive income | 9,359                       | 9,359                  |
| Deposits, non-current portion                                     | 7,316                       | 7,316                  |
|   | <u>74,493</u>               | <u>74,493</u>          |

# Notes to the Condensed Consolidated Financial Statements

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### Financial assets *(continued)*

#### As at 30 June 2021 (Audited)

|  | Carrying<br>amount<br><i>HK\$'000</i> | Fair value<br><i>HK\$'000</i> |
|--|---------------------------------------|-------------------------------|
| Financial assets at fair value through profit or loss                | 57,604                                | 57,604                        |
| Financial assets at fair value through other comprehensive<br>income | 9,016                                 | 9,016                         |
| Deposits, non-current portion  | <u>8,920</u>                          | <u>8,920</u>                  |
|  | <u>75,540</u>                         | <u>75,540</u>                 |

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 fair values of financial instruments and assesses 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.

As at 31 December 2021 and 30 June 2021, the fair values of an unlisted company have been estimated based on Black-Scholes option pricing model with reference to the enterprise value to sales ratio ("**EV/Sales**") and discount for lack of marketability ("**DLOM**"). The valuation methodologies on estimating the fair values of Heals Healthcare were changed from Black-Scholes option pricing model with reference to EV/Sales and DLOM as at 30 June 2021 to adjusted price of recent transaction of the investment as at 31 December 2021. The directors believe that estimated fair value result from the recent market prices is reasonable and the most appropriate value at the end of the reporting period.

# Notes to the Condensed Consolidated Financial Statements

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

As at 31 December 2021 and 30 June 2021, the fair values of the investment in redeemable preference shares have been estimated based on Black-Scholes option pricing model with reference to price-to-book ratio (“P/B”) and DLOM. The valuation methodologies on estimating the fair values of the unlisted investment funds were changed from adjusted prices of recent transactions of the investment as 30 June 2021 to Black-Scholes option pricing model with reference to P/B and DLOM as at 31 December 2021.

### Fair value hierarchy

The following tables illustrate the fair value hierarchy of the Group’s financial instruments:

#### Assets measured at fair value:

#### As at 31 December 2021

|  | Fair value measurement using                                   |  |  | Total<br>HK\$’000 |
|--|--|--|--|-------------------|
|  | Quoted<br>prices in<br>active markets<br>(Level 1)<br>HK\$’000 | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$’000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$’000 |                   |
| Financial assets at fair value through<br>profit or loss             | -  | -  | 57,818   | 57,818            |
| Financial assets at fair value through<br>other comprehensive income | -  | -  | 9,359  | 9,359             |
|  | <u>-</u>   | <u>-</u>   | <u>67,177</u>  | <u>67,177</u>     |

# Notes to the Condensed Consolidated Financial Statements

## 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

### Fair value hierarchy *(continued)*

#### As at 30 June 2021

|  | Fair value measurement using                                   |  |  | Total<br>HK\$'000 |
|--|--|--|--|-------------------|
|  | Quoted<br>prices in<br>active markets<br>(Level 1)<br>HK\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$'000 |                   |
| Financial assets at fair value through<br>profit or loss             | –  | –  | 57,604   | 57,604            |
| Financial assets at fair value through<br>other comprehensive income | –  | –  | 9,016  | 9,016             |
|  | –  | –  | 66,620   | 66,620            |

### Assets for which fair value are disclosed:

#### As at 31 December 2021

|                              | Fair value measurement using                                   |  |  | Total<br>HK\$'000 |
|------------------------------|--|--|--|-------------------|
|                              | Quoted<br>prices in<br>active markets<br>(Level 1)<br>HK\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$'000 |                   |
| Deposit, non-current portion | –  | 7,316  | –  | 7,316             |

#### As at 30 June 2021

|                              | Fair value measurement using                                   |  |  | Total<br>HK\$'000 |
|------------------------------|--|--|--|-------------------|
|                              | Quoted<br>prices in<br>active markets<br>(Level 1)<br>HK\$'000 | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$'000 |                   |
| Deposit, non-current portion | –  | 8,920  | –  | 8,920             |