

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Human Health Holdings Limited

盈健醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1419)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024; AND

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

FINANCIAL HIGHLIGHTS

- The Group's revenue for FY2024 was approximately HK\$590.8 million, representing a decrease of approximately 41.0% as compared with that for FY2023. The decrease was mainly due to the decrease in revenue generated from COVID-19 related preventive, testing, vaccination and outreach services of approximately HK\$509.0 million. After the exclusion of revenue generated from such services, the Group's revenue increased by approximately 19.9% as compared with that for FY2023.
- The Group's profit attributable to owners of the Company for FY2024 was approximately HK\$24.2 million, representing a decrease of approximately HK\$156.6 million or 86.6% as compared with that for FY2023. After the exclusion of non-recurring impairments of non-financial assets and property, plant and equipment, the Group's profit attributable to owners of the Company was approximately HK\$38.1 million, representing a decrease of approximately HK\$204.5 million or 84.3% as compared with that for FY2023.
- Basic earnings per share for FY2024 amounted to approximately HK6.4 cents (FY2023: approximately HK47.6 cents).
- The Board proposed declaration of final dividend of HK2.8 cents for FY2024 (FY2023: HK16 cents).

The board (the “**Board**”) of directors (the “**Directors**”) of Human Health Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) for the year ended 30 June 2024 (“**FY2024**”) together with comparative figures for the year ended 30 June 2023 (“**FY2023**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	4	590,819	1,001,746
Cost of services rendered		<u>(320,968)</u>	<u>(408,510)</u>
Gross profit		269,851	593,236
Other income and gains, net	4	30,222	3,384
Administrative and other expenses		(264,018)	(347,964)
Finance costs	6	(8,220)	(8,297)
Share of losses of associates		<u>(1,271)</u>	<u>(1,543)</u>
PROFIT BEFORE TAX	5	26,564	238,816
Income tax expense	7	<u>(2,375)</u>	<u>(57,977)</u>
PROFIT FOR THE YEAR		<u>24,189</u>	<u>180,839</u>
OTHER COMPREHENSIVE LOSS			
Other comprehensive income/(loss) that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income, net		(4,851)	619
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(161)</u>	<u>(1,335)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u>(5,012)</u>	<u>(716)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>19,177</u>	<u>180,123</u>
Profit attributable to:			
Owners of the Company		<u>24,189</u>	<u>180,839</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>19,177</u>	<u>180,123</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK6.4 cents</u>	<u>HK47.6 cents</u>
Diluted		<u>HK6.4 cents</u>	<u>HK47.6 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		206,424	221,864
Investment properties		21,100	25,950
Goodwill		31,964	31,964
Other intangible assets		2,156	3,767
Investments in associates		9,887	11,158
Loan to an associate		11,235	11,340
Financial assets at fair value through other comprehensive income		7,053	11,904
Financial assets at fair value through profit or loss		100,120	83,539
Prepayments, deposits and other receivables		49,978	62,595
Deferred tax assets		2,842	2,414
Total non-current assets		442,759	466,495
CURRENT ASSETS			
Inventories		32,284	28,326
Trade receivables	9	43,699	101,628
Prepayments, deposits and other receivables		23,729	22,657
Tax recoverable		23,298	2,110
Pledged deposits		1,021	1,013
Cash and cash equivalents		489,583	641,257
Total current assets		613,614	796,991
CURRENT LIABILITIES			
Trade payables	10	51,641	57,357
Other payables and accruals		52,165	79,443
Lease liabilities		49,022	48,131
Contract liabilities		20,765	29,111
Interest-bearing bank borrowings		31,542	36,510
Tax payable		10,685	98,625
Total current liabilities		215,820	349,177
NET CURRENT ASSETS		397,794	447,814
TOTAL ASSETS LESS CURRENT LIABILITIES		840,553	914,309

	2024	2023
	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES		
Other long-term payables	7,562	7,620
Lease liabilities	65,896	97,850
Deferred tax liabilities	429	622
	<hr/>	<hr/>
Total non-current liabilities	73,887	106,092
	<hr/>	<hr/>
NET ASSETS	766,666	808,217
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Share capital	3,796	3,796
Reserves	762,870	804,421
	<hr/>	<hr/>
Total equity	766,666	808,217
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Human Health Holdings Limited is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 12th Floor, Enterprise Square Two, 3 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

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

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Treasure Group Global Limited, a company incorporated in the British Virgin Islands (“BVI”).

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 30 June 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 July 2022. The amendments had no significant impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. SEGMENT INFORMATION

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

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

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

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	General practice services		Specialties services		Dental services		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Revenue from external customers	398,388	819,067	133,962	115,413	58,469	67,266	590,819	1,001,746
Intersegment sales	1,150	2,716	6,270	5,121	20	27	7,440	7,864
Total segment revenue							598,259	1,009,610
<i>Reconciliation:</i>								
Elimination of intersegment sales							(7,440)	(7,864)
Total revenue							590,819	1,001,746
Segment results	95,267	397,497	(39,270)	(72,784)	4,706	10,090	60,703	334,803
<i>Reconciliation:</i>								
Interest income							16,924	8,491
Corporate and unallocated income							17,701	4,985
Corporate and unallocated expenses							(65,409)	(106,265)
Finance costs							(2,084)	(1,655)
Share of losses of associates							(1,271)	(1,543)
Profit before tax							26,564	238,816
Income tax credit/(expense)	(3,436)	(56,442)	537	(614)	524	(921)	(2,375)	(57,977)
Profit for the year							24,189	180,839
Segment assets	592,078	795,011	175,087	167,668	64,642	63,816	831,807	1,026,495
<i>Reconciliation:</i>								
Elimination of intersegment receivables							(152,464)	(112,641)
Corporate and other unallocated assets							377,030	349,632
Total assets							1,056,373	1,263,486

	General practice services		Specialties services		Dental services		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment liabilities	163,157	249,787	214,749	216,483	19,398	21,138	397,304	487,408
<i>Reconciliation:</i>								
Elimination of intersegment payables							(152,464)	(112,641)
Corporate and other unallocated liabilities							<u>44,867</u>	<u>80,502</u>
Total liabilities							<u>289,707</u>	<u>455,269</u>
Other segment information								
Depreciation	34,403	31,545	18,446	25,492	5,791	5,226	58,640	62,263
Unallocated depreciation							<u>7,758</u>	<u>10,915</u>
Total							<u>66,398</u>	<u>73,178</u>
Amortisation of other intangible assets	737	737	346	346	528	529	1,611	1,612
(Reversal of impairment)/impairment of trade receivables, net	(252)	281	(517)	(116)	(4)	24	(773)	189
Impairment of property, plant and equipment	2,242	14,375	8,077	47,426	1,995	–	12,314	61,801
Impairment of other non-financial assets	–	–	1,562	–	–	–	1,562	–
(Gain)/loss on disposal of items of property, plant and equipment, net	(16)	118	5	189	–	–	(11)	307
Unallocated loss on disposal of items of property, plant and equipment, net							<u>–</u>	<u>7</u>
							<u>(11)</u>	<u>314</u>
Finance costs	2,561	2,675	3,224	3,752	351	144	6,136	6,571
Unallocated finance costs							<u>2,084</u>	<u>1,726</u>
							<u>8,220</u>	<u>8,297</u>
Capital expenditures [#]	20,302	24,073	14,132	52,351	1,071	5,048	35,505	81,472
Unallocated capital expenditures [#]							<u>7,789</u>	<u>797</u>
							<u>43,294</u>	<u>82,269</u>

[#] Capital expenditure consists of additions to property, plant and equipment, other than right-of-use assets of properties.

Geographical information

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. As the Group's revenue are all derived from Hong Kong, no further geographical segment information is provided.

Information about major customers

No single customer contributed for 10% or more of the Group's total revenue during the year ended 30 June 2024. During the year ended 30 June 2023, 45.7% of the Group's total revenue was derived from a single customer of the general practice services segment.

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Integrated healthcare services income	<u>590,819</u>	<u>1,001,746</u>

(i) Disaggregated revenue information

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Types of services		
General practice services	398,388	819,067
Specialties services	133,962	115,413
Dental services	<u>58,469</u>	<u>67,266</u>
Total	<u>590,819</u>	<u>1,001,746</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Integrated healthcare services income	<u>15,357</u>	<u>2,912</u>

Location of services

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

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of integrated healthcare services

The performance obligation is satisfied when the services are rendered and payment is due immediately, except for patients using medical cards or corporate customers, where the terms are generally due within 1 to 6 months.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At end of year		
Amounts expected to be recognised as revenue:		
Within one year	14,975	18,601
After one year	5,790	10,510
	<hr/>	<hr/>
Total	20,765	29,111
	<hr/> <hr/>	<hr/> <hr/>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income and gains, net		
Bank interest income	16,383	8,032
Interest income from loan to an associate	541	205
Interest in discounted amounts of rental deposits arising from the passage of time	228	254
Fair value gain/(loss) of financial assets at fair value through profit or loss, net	16,581	(6,266)
Fair value loss of investment properties, net	(4,850)	(1,350)
Government subsidies*	456	1,509
Rental income from investment properties	537	520
Others	346	480
	<hr/>	<hr/>
Total	30,222	3,384
	<hr/> <hr/>	<hr/> <hr/>

* The Group recognised government subsidies during the years ended 30 June 2024 and 2023 included COVID-19 relief subsidies and other government subsidies received. As at the end of the reporting period, there were no unfulfilled conditions or other contingencies attaching to the government subsidies that had been recognised by the Group.

5. PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of pharmaceutical supplies	97,902	83,417
Fees payable to doctors and dentists	206,142	189,307
Laboratory expenses	4,685	5,020
Other direct cost (<i>note iii</i>)	10,220	130,846
Impairment of other non-financial assets	1,562	–
Write-down/(reversal of write-down) of inventories to net realisable value	457	(80)
	<u>320,968</u>	<u>408,510</u>
Total cost of services rendered		
Depreciation charge (<i>note i</i>)	66,398	73,178
Amortisation of other intangible assets (<i>note i</i>)	1,611	1,612
(Gain)/loss on disposal of property, plant and equipment, net	(11)	314
Auditor's remuneration	2,146	2,053
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	123,192	137,466
Equity-settled share option expense	–	14
Pension scheme contributions (defined contribution schemes) (<i>note ii</i>)	4,959	4,465
	<u>128,151</u>	<u>141,945</u>
Total		
(Reversal of impairment)/impairment of trade receivables, net (<i>note i</i>)	(773)	189
Impairment of property, plant and equipment (<i>note i</i>)	12,314	61,801
	<u><u>12,314</u></u>	<u><u>61,801</u></u>

Notes:

- (i) The depreciation charge, amortisation of other intangible assets, (reversal of impairment)/impairment of trade receivables, net and impairment of property, plant and equipment for the year are included in administrative and other expenses in the consolidated statement of profit or loss and other comprehensive income.
- (ii) As at 30 June 2024 and 2023, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.
- (iii) Other direct cost includes HK\$4,040,000 (2023: HK\$123,805,000) of other employee benefit expense for the year ended 30 June 2024.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	2,025	1,655
Interest on lease liabilities	5,991	6,447
Interest in discounted amounts of provision for reinstatement costs arising from the passage of time	204	195
	<u>8,220</u>	<u>8,297</u>
Total		
	<u><u>8,220</u></u>	<u><u>8,297</u></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% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). No provision for corporate income tax has been made as the Group's subsidiary in Chinese Mainland had no estimated assessable profits for the year (2023: Nil).

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current		
Charge for the year	4,291	55,737
Overprovision in prior years	(1,295)	(17)
Deferred	(621)	2,257
	<u>2,375</u>	<u>57,977</u>
Total tax charge for the year	<u>2,375</u>	<u>57,977</u>

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$24,189,000 (2023: HK\$180,839,000), and the weighted average number of ordinary shares of 379,552,000 (2023: 379,552,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 30 June 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

9. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	54,869	113,571
Impairment	(11,170)	(11,943)
	<u>43,699</u>	<u>101,628</u>
Net carrying amount	<u>43,699</u>	<u>101,628</u>

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

There is certain concentration of credit risk. The total trade receivable due from the Group's largest debtor as at 30 June 2024 and 2023 accounted for 15% and 52% of the Group's total trade receivables, respectively, while 55% and 74% of the total trade receivables were due from the five largest debtors as at 30 June 2024 and 2023, respectively.

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 2 months	33,209	73,897
2 to 4 months	6,384	6,767
4 to 6 months	1,674	17,757
Over 6 months	2,432	3,207
Total	43,699	101,628

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of year	11,943	11,754
(Reversal of impairment)/impairment losses, net (<i>note 5</i>)	(773)	189
At end of year	11,170	11,943

10. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	46,987	48,936
1 to 3 months	4,642	8,411
Over 3 months	12	10
Total	51,641	57,357

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

The trade payables of the Group included fee payables to doctors and dentists who are related parties of the Group for the amount of HK\$1,851,000 (2023: HK\$2,259,000).

11. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Proposed final dividend – HK2.8 cents (2023: HK16 cents) per ordinary share	10,627	60,728

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

FINANCIAL REVIEW

Financial Performance for FY2024

Revenue

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	% of change
General practice services	398,388	819,067	-51.4%
Specialties services	133,962	115,413	16.1%
Dental services	58,469	67,266	-13.1%
	<u>590,819</u>	<u>1,001,746</u>	-41.0%

In FY2024, our Group recorded revenue amounted to approximately HK\$590.8 million, representing a decrease of approximately 41.0% as compared with that for FY2023. The decrease was mainly due to the decrease in revenue generated from COVID-19 related preventive, testing, vaccination and outreach services of approximately HK\$509.0 million. After the exclusion of revenue generated from such services, the Group's revenue increased by approximately 19.9% as compared with that for FY2023.

Our revenue from general practice services decreased by approximately HK\$420.7 million or 51.4% from FY2023 to approximately HK\$398.4 million for FY2024. The decrease was mainly attributed to the decrease in revenue generated from COVID-19 related preventive, testing, vaccination and outreach services of approximately HK\$509.0 million. After the exclusion of revenue generated from such services, the Group's revenue of general practice services increased by approximately 28.5% as compared with that for FY2023.

Our revenue from specialties services increased by approximately HK\$18.5 million or 16.1% from FY2023 to approximately HK\$134.0 million for FY2024. The increase was mainly attributable to the increase in patient visits and the average spending per visit of the specialties service.

Our revenue from dental services decreased by approximately HK\$8.8 million or 13.1% from FY2023 to approximately HK\$58.5 million for FY2024. The decrease was mainly attributable to the decrease in patient visits and the average spending per visit of the dental services.

Cost of services rendered

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

	2024	2023	%
	HK\$'000	HK\$'000	of change
Fees payable to doctors and dentists	206,142	189,307	8.9%
Other direct cost	10,220	130,846	-92.2%
Cost of pharmaceutical supplies	97,902	83,417	17.4%
Laboratory expenses	4,685	5,020	-6.7%
Write-down/(reversal of write-down) of inventories to net realisable value	457	(80)	-671.3%
Impairment of other non-financial assets	1,562	–	-100%
	<u>320,968</u>	<u>408,510</u>	-21.4%

Our cost of services rendered decreased by approximately HK\$87.5 million or 21.4% from FY2023 to approximately HK\$321.0 million for FY2024. The decrease was mainly due to the decrease in other direct cost such as hiring of contract professional staff and offset by the increase in fees payable to doctors and dentists and the cost of pharmaceutical supplies.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$323.4 million or 54.5% from FY2023 to approximately HK\$270.0 million for FY2024 as a result of the decrease in revenue. Our gross profit margin decreased from approximately 59.2% for FY2023 to approximately 45.7% for FY2024 which was mainly due to the decrease in gross profit margin for general practice services and specialties services.

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

	Year ended 30 June			
	2024		2023	
	HK\$'000	Gross profit margin %	HK\$'000	Gross profit margin %
General practice services	212,275	53.3%	523,872	64.0%
Specialties services	33,341	24.9%	42,428	36.8%
Dental services	24,235	41.4%	26,936	40.0%
	<u>269,851</u>	45.7%	<u>593,236</u>	59.2%

Our gross profit margin for general practice services decreased from approximately 64.0% for FY2023 to approximately 53.3% for FY2024 mainly as a result of the percentage decrease in revenue of general practice services being higher than the percentage decrease in cost of such services rendered.

Our gross profit margin for specialties services decreased from approximately 36.8% for FY2023 to approximately 24.9% for FY2024 mainly as a result of the percentage increase in revenue of specialties services being lower than the percentage increase in cost of such services rendered.

Our gross profit margin for dental services slightly increased from approximately 40.0% for FY2023 to approximately 41.4% for FY2024 mainly as a result of the percentage decrease in revenue of dental services being lower than the percentage decrease in cost of such services rendered.

Other income and gains, net

Our other income and gains, net increased by approximately HK\$26.8 million from FY2023 to approximately HK\$30.2 million for FY2024 mainly due to (i) the increase in net gain in the fair value change of financial assets at fair value through profit or loss of approximately HK\$22.8 million; (ii) the increase in bank interest income of approximately HK\$8.4 million; and (iii) offset by the increase in loss in the fair value change of investment properties of approximately HK\$3.5 million.

Administrative and other expenses

Our administrative and other expenses decreased by approximately HK\$84.0 million or 24.1% from approximately HK\$348.0 million for FY2023 to approximately HK\$264.0 million for FY2024 mainly due to (i) the decrease in marketing expenses of approximately HK\$8.2 million; (ii) the decrease in depreciation charge of approximately HK\$6.8 million; and (iii) decrease in impairment of property, plant and equipment of approximately HK\$49.5 million.

The impairment of property, plant and equipment was approximately HK\$12.3 million for FY2024 (FY2023: approximately HK\$61.8 million).

Finance costs

Our finance costs was approximately HK\$8.2 million for FY2024 (FY2023: approximately HK\$8.3 million).

Share of losses of associates

Our share of losses of associates was approximately HK\$1.3 million (FY2023: approximately HK\$1.5 million).

Income tax expense

Our income tax expense decreased by approximately HK\$55.6 million from approximately HK\$58.0 million for FY2023 to approximately HK\$2.4 million for FY2024. The decrease was mainly due to the decrease in assessable income. Our effective tax rate decreased from approximately 24.3% for FY2023 to approximately 8.9% for FY2024.

Profit for the year

As a result of the foregoing, profits for the year decreased by approximately HK\$156.6 million from approximately HK\$180.8 million for FY2023 to approximately HK\$24.2 million for FY2024. Our net profit margin of the Group was approximately 4.1% and 18.1% for FY2024 and FY2023 respectively.

Profit attributable to owners of the Company

The Group's profit attributable to owners of the Company was approximately HK\$24.2 million for FY2024 as compared to approximately HK\$180.8 million for FY2023. The decrease in profit attributable to owners of the Company for FY2024 was primary due to (i) the decrease in revenue of general practice services arising from the continuous decrease in demand for and provision of COVID-19 related prevention, testing, vaccination and outreach services; and (ii) the decrease in gross profit due to the decrease in revenue of general practice services.

After the exclusion of non-recurring impairments of non-financial assets and property, plant and equipment, the Group's profit attributable to owners of the Company was approximately HK\$38.1 million, representing a decrease of approximately HK\$204.5 million or 84.3% as compared to approximately HK\$242.6 million for FY2023.

BUSINESS REVIEW AND OUTLOOK

Business Review for FY2024

FY2024 was the first full financial year for the post-pandemic period. During FY2024, the anticipated U-shaped economic recovery had not occurred but a cautiously wait-and-see attitude spread across most commercial sectors. In response to such a uncertain market, the Group displayed sturdy resilience and adaptability in a challenging business environment. While facing various headwinds, the Group has made significant strides in upgrading its operational effectiveness and efficiency.

Despite the decrease in revenue mentioned in the "Financial Review" section which was mainly due to decrease in demand for pandemic related services, the Group's general practice segment (after exclusion of the revenue generated from pandemic related services) as well as its specialties segment demonstrated growth in term of revenue, reflecting the Group's ability to meet medical needs and capitalise on market opportunities. For the dental segment, despite the challenge from the convergence within the Greater Bay Area, business was resilient, resulting in a slight decrease in revenue in FY2024 as compared to FY2023. In light of this, the Group proactively adopted strategic initiatives to further improve and stabilise its performance.

Throughout FY2024, the Group focused on optimising operational effectiveness and efficiency by implementing cost management measures and streamlined processes to maintain a solid financial position. Investments in upgrading its IT infrastructure and digital capabilities enhanced operational efficiency and improved the overall customer experience, which positioned the Group well to adapt to evolving customer expectations and leverage technology for better healthcare delivery. Meanwhile, collaboration and strategic partnerships contributed to the Group's continuous success. Through further fostering strong relationships with the Hong Kong Government and other partners, the Group succeeded in expanding its market reach and leveraging growth opportunities.

All in all, regardless of the challenges faced, the Group's ability to navigate market dynamics, optimise operational efficiency, and foster strategic partnerships contributed to its stable business and operation performance during FY2024. The Group remained committed to delivering value to its stakeholders and will continue to pursue strategies that drive sustainable growth in the future.

Strong Tenacity in General Practice Segment

During FY2024, the Group experienced a decline in revenue from its general practice segment due to the decrease in demand of pandemic related services in Hong Kong. However, after exclusion of the revenue generated from pandemic related services, the overall revenue of the general practice segment witnessed an increase of approximately 28.5% for FY2024 as compared to FY2023.

The Group's general practice segment demonstrated concrete growth and improvement in various key aspects such as revenue stream, service quality, customer base, and market opportunity capturing capability. This positive trajectory reflects the Group's ability to effectively address the diversing healthcare needs of patients in a challenging environment.

To seize emerging opportunities and enhance its service offerings, the Group swiftly adapted its operations during FY2024. Notably, the number of patient visits for general practice services recorded an increase of approximately 20.6% for FY2024 as compared to FY2023, showcasing the segment's resilience in catering to prevalent healthcare concerns.

Aligned with its strategic vision, the Group continued to expand its medical centre network, reinforcing its position as an integrated medical service platform. FY2024 saw the successful establishment of two new medical centres, strategically located in Lam Tin and Ngau Tau Kok. The additions further extended the Group's reach and accessibility, enabling a broader patient population to benefit from its comprehensive healthcare services.

In summary, the Group's strategic investments in general healthcare, consumer healthcare, and preventive medicine exemplify its efforts to meeting the evolving needs of customers and capitalising on the growing market potential in the healthcare services sector. Through the resilient developments in general practice segment, expansion of the medical centre network, and focus on personalised care, the Group continues to solidify its position as a trusted provider of comprehensive and accessible primary healthcare services.

Strategic Expansion in Specialties and Dental Segments

During FY2024, the Group's specialties services experienced steady growth, while the dental segment maintained stability despite the challenge from other dental service providers in Greater Bay Area. The Group witnessed an increased awareness of medical, healthcare, and dental services in the post pandemic era and thus had expanded its teams and enhanced facilities to deliver comprehensive and personalised care to its patients.

The revenue generated from specialties services during FY2024 amounted to approximately HK\$134.0 million (FY2023: approximately HK\$115.4 million), reflecting a year-on-year growth of approximately 16.1%. During FY2024, with the POLYEYE eye care centre officially commenced business, as an addition to its comprehensive healthcare offerings, the Group strategically expanded its eye healthcare services at its one-stop healthcare centre Healthy Square H2, by introducing ophthalmology services as a core revenue driver within the specialties segment, to address eye conditions such as Cataract, Dry Eye Syndrome, Macular Diseases and Retinal Diseases as well as Vision Correction services such as SMILE and SMILE PRO vision correction, LASIK, Implantable Collamer Lens and Presbyopia. By incorporating these specialised procedures, the Group ensures accessibility to high-quality eye care services for all segments of the population, further underpinned the Group's capabilities in eye care specialist consultations, vision correction services and various surgeries. Alongside its expanded eye care services, the Group encompasses a variety of specialties services under the name of POLYHEALTH, offering a wide range of specialties services to its patients.

During FY2024, the Group's dental services saw a slight decrease in revenue when compared to FY2023. The revenue from dental services amounted to approximately HK\$58.5 million during FY2024, as compared to approximately HK\$67.3 million for FY2023. Due to the challenge from the convergence in the Greater Bay Area, the Group proactively engaged high skilled professionals to ensure the delivery of high-quality dental services to its valued customers. Moreover, the Group's continued investment in dental technology and equipment played a vital role in enhancing the quality of services in the dental segment. During FY2024, a new dental centre under the name of POLYDENTAL officially commenced business at Healthy Square H2. By prioritising excellence in dental care and embracing innovation, the Group aimed to further strengthen its position in the dental services market and meet the diversing needs of its patients.

Thriving Developments in Rehabilitation Services

During FY2024, the Group's rehabilitation services continued to exhibit thriving growth and strategic developments. With the expansion of the "Pilot Rehabilitation Programme for Employees Injured at Work" (the "**Pilot Rehabilitation Programme**") launched by the Labour Department of Hong Kong, the Group embraced the opportunity to support a broader range of industries. The Pilot Rehabilitation Programme's coverage extended beyond the construction industry to include the catering and hotel industry, as well as the transportation and logistics industry. The Group wholeheartedly backed this expansion, recognising its potential to benefit a larger number of employees who have suffered work-related injuries.

Leveraging a strategic partnership with CUHK Medical Centre Limited, the Group excelled in providing professional rehabilitation and case management services to injured employees covered by the Pilot Rehabilitation Programme. This collaboration not only streamlined the Group's service offerings but also ensured the delivery of personalised rehabilitation solutions tailored to each individual's needs. The Group's unwavering devotion to excellence and the positive outcomes achieved through the Pilot Rehabilitation Programme have positioned it for further growth and opportunities in the rehabilitation market.

In addition, as part of its corporate social responsibility, the Group remains fully dedicated to cooperating with the Hong Kong Government and actively engaging in various public-private partnership programmes. Through these partnerships, the Group aims to facilitate the sustainability of the healthcare system while continuously providing reliable medical services to the public. Embracing its role as a responsible healthcare provider, the Group remains steadfast in its commitment to delivering exceptional care and making a lasting difference in the lives of individuals in need.

By staying at the forefront of advancements in practising the rehabilitation services, forging strategic partnerships, and fulfilling its corporate social responsibilities, the Group is poised to contribute to the well-being of the community, support the early recovery of injured employees, and help to build a sustainable healthcare system in Hong Kong.

Optimisation of Stakeholders Engagement and Formation of Medical and Wellness Ecosystem

Leveraging on the effective strategy of establishing collaboration with partners who share similar vision and values and establishment of Healthy Square H2 as a premier destination for health-care services, the Group managed to provide Hong Kong citizens with diversified and comprehensive professional medical and wellness services during the past year.

Throughout FY2024, the Group's dedication to providing personalised and patient-centric medical services remained unwavering. The implementation of comprehensive health assessments and tailored treatment plans ensured that the specific needs of each patient were addressed. By fostering enduring relationships with patients, the Group aimed to establish trust and provide continuity of care, thereby enhancing the overall patient experience.

By providing comprehensive array of services, the Group's mega health hub, Healthy Square H2, located at Star House in Tsim Sha Tsui, aims to ensure that individuals have convenient access to a wide range of healthcare solutions that address their specific needs, made impressive strides in its development during FY2024.

The health hub features wide ranges of specialties services under the brand name of POLYHEALTH and a retail centre, providing customers with a diverse selection of health and wellness products. Additionally, Healthy Square H2 is equipped with a community pharmacy supplying pharmaceutical products and consultancy services, a comprehensive health management centre not only for physical examination but also health consultation, a day procedure and endoscopy centre and a dental centre. It is noteworthy that a multi-

functional event venue within Healthy Square H2, serves as a focal point for the Group's health promotion efforts. Regularly, the Group and its partners host health lectures and workshops at the venue, aiming to underscore the significance of health and elevate the public's appreciation for well-being.

The health hub's commitment to delivering exceptional and personalised healthcare aligns with the Group's overarching mission, solidifying Healthy Square H2 as a premier destination for comprehensive healthcare services.

Regarding the business-to-business (“**B2B**”) collaborations, the strategic partnership with UMP Healthcare Holdings Limited (“**UMP Healthcare**”) has shown promising progress through the investment in ProCare Integrated Medical Imaging and Laboratory Centre (“**ProCare Centre**”) in Tsim Sha Tsui managed by UMP Healthcare, which offers integrated imaging and laboratory services. By leveraging the resources, networks, and professional expertise of both entities, this collaboration has reinforced the Group's business operations and bolstered its presence in the healthcare industry. The ProCare Centre has successfully served both the B2B and business-to-consumer markets, enhancing the Group's overall market position.

In addition, the Group made a strategic investment in BioMed Technology Holdings Limited (“**BioMed**”) to focus on the development of gut microbiome technology based on precision medicine. The collaboration between the Group and BioMed has progressed well, with joint efforts in co-brand marketing and promotion of gut microbiome products. Furthermore, the two parties have been working together to develop microbiome-based products aimed at restoring the balance of gut flora and alleviating discomfort caused by taking antibiotics. This alliance is expected to expand its reach to the Greater Bay Area, providing opportunities for broader market penetration and potential expansion.

The collaborations and partnerships with UMP Healthcare and BioMed, along with the establishment of the mega health hub Healthy Square H2, position the Group for sustainable growth and solidify its leading posture in the formation of a medical and wellness ecosystem. By continuously updating and advancing its offerings, the Group targets to capitalise on the benefits and synergies generated through these strategic alliances, driving value for its stakeholders, strengthening the diversion of customers by different means and multifold channels and contributing to the overall development of the healthcare sector.

Boosting Brand Visibility through Membership Initiatives

In FY2024, the Group dedicated substantial efforts to augment its brand awareness through the establishment of membership mechanisms, particularly the “Human Health e-shop” membership and the “H2 Rewards” mobile application membership. Such strategic initiatives have been instrumental in engaging customers, fostering loyalty, and expanding the Group's market presence.

The introduction of the “Human Health e-shop” membership has offered customers exclusive benefits and privileges, incentivising repeat purchases and cultivating a deeper affinity with the brand. By providing tailored promotions, discounts, and personalised recommendations, the “Human Health e-shop” membership has elevated the overall shopping experience, leading to heightened customer satisfaction and loyalty.

Similarly, the “H2 Rewards” mobile application membership has emerged as a valuable asset in nurturing customer relationships and incentivising active participation. Through the application, members gain access to exclusive offers at Healthy Square H2, special rewards, and seamless connectivity to a diverse array of services and information. This not only bolsters customer loyalty but also serves as a platform for ongoing communication and engagement with the Group.

Enduring Performance and Customer-Centric Approach in the PRC Market

During FY2024, the Group’s business in the People’s Republic of China (“**PRC**”) showcased a strong commitment to customer satisfaction. Operating through the Shanghai Human Health Integrated Medical Centre (上海盈健門診部), managed by Pingan Yingjian Medical Management (Shanghai) Limited* (平安盈健醫療管理(上海)有限公司) (“**Pingan Yingjian**”, an associate of the Group), the Group continued to deliver high-quality medical aesthetic services to its valued customers.

Despite the ongoing economic recovery challenges in the PRC market together with the consumption downgrade among consumers, the PRC market for medical aesthetic services still exhibited growth potential during FY2024 with an increased emphasis on self-care and personal grooming fuelled the demand for medical aesthetic services. The growing market presented an opportune landscape for the Group to capitalise on the evolving preferences and aspirations of consumers.

The Group remained steadfast in its dedication to prioritising customer satisfaction and enhancing the overall experience throughout FY2024. By implementing facility upgrades and executing continuous improvement initiatives, Pingan Yingjian aimed to establish an exceptional healthcare environment for its esteemed customers. Through the strategic utilisation of expertise and adaptability to market dynamics, Pingan Yingjian has built up its position as a trusted destination for comprehensive health and wellness services in the region.

The Group’s performance in the PRC market during FY2024 underscored its exceptional commitment to delivering top-quality services. In spite of the economic uncertainties and challenges, the Group’s resolute focus on customer satisfaction, expansion of service offerings, and positive impact on the health and well-being of its customers in the PRC reaffirmed its prominent position as a leading provider in the market.

* *for identification purpose only*

Motivating Brand Recognitions and Affirmations

During FY2024, the Group's commitment to corporate social responsibility and the optimisation of its healthcare services have garnered significant recognition and accolades. These acknowledgments highlight the Group's dedication to enhancing customer satisfaction and making valuable contributions to the community's well-being.

Among the notable achievements, the Group, coupled with POLYHEALTH and Healthy Square H2, brands managed by the Group, were honoured with awards under "Healthcare Professionals' Favourite Brand Award 2024" (醫護人員至愛健康品牌大獎2024) by the Primary Care Education Foundation, which affirms the Group's dedication to excellence and its success in providing specialised medical services that resonate with healthcare professionals. On top of this, the outstanding commendations the Group received during FY2024 include:

- Comprehensive Medical Service Brand (綜合醫療服務品牌) by the Primary Care Education Foundation
- POLYHEALTH awarded The Only Favourite Comprehensive Specialty Service Brand (唯一至愛綜合專科醫療服務品牌) by the Primary Care Education Foundation
- Health Square H2 recognised as Healthcare Professionals' Favourite One-stop Medical Check-up Services and Professional Health Product Retail Brand (醫護人員至愛一站式醫療體檢服務及專業健康產品零售品牌) by the Primary Care Education Foundation
- Health Partnership Award 2023 – Outstanding Integrated Medical and Health Service Award (2023健康同行夥伴大獎：傑出綜合醫健服務獎) by ETNet
- Manpower Developers (人才企業) by the ERB Manpower Developer Award Scheme (ERB人才企業嘉許計劃)
- 15 + Caring Company Logo (商界展關懷) by the Hong Kong Council of Social Service for 15th consecutive year
- Partner Employer Award 2023 (2023友商有良嘉許計劃) by The Hong Kong General Chamber of Small and Medium Business

Professional Services Provided by the Group

As at 30 June 2024, the Group operated 55 medical centres, 1 day procedure centre, 3 retail centres and 1 community pharmacy in Hong Kong under the following brand names with 108 service points.



As a leading and comprehensive healthcare service provider in Hong Kong, the Group sustained its position during FY2024 by delivering a broad spectrum of healthcare services which encompass, but are not limited to, general practice services, specialties services, dental services, eye care services, Chinese medicine, physiotherapy, outreach, rehabilitation and case management, diagnostics and imaging, day procedure and endoscopy, medical aesthetic and wellness services as well as sale of healthcare products and services. This extensive portfolio catered to the diverse medical and wellness needs of customers, guaranteeing a comprehensive approach to their healthcare requirements.

During FY2024, the Group provided the following comprehensive healthcare services:

General Practice Services	Specialties Services	Dental Services
<ul style="list-style-type: none"> • General consultation • Diagnostic and preventive healthcare services • Minor procedures • Vaccinations • Physical check-ups • Health education activities • Occupational health advices • Work injury assessment • Chinese medicine • Telemedicine • COVID-19 related services • Outreach services • Sale of healthcare related products and services • Rehabilitation and case management services 	<p><u>Specialties</u></p> <ul style="list-style-type: none"> • General surgery • Orthopaedics and traumatology • Ophthalmology • Otorhinolaryngology • Paediatrics • Obstetrics and gynaecology • Gastroenterology and hepatology • Cardiology • Paediatric surgery • Dermatology and venereology • Psychiatry • Urology • Nephrology • Clinical Oncology • Neurosurgery • Anaesthesiology • Radiology <p><u>Other Services</u></p> <ul style="list-style-type: none"> • Physiotherapy • Medical aesthetics • Medical diagnostic • Day Procedure and Endoscopy • Nutritionist services • Health and wellness services • Trading of wellness related products 	<p><u>General Dentistry</u></p> <ul style="list-style-type: none"> • Dental Implant • Root Canal Therapy • Microscopic Endodontics • Crown, Bridge and Denture • Minor Oral Surgery • Root Planing • Orthodontic Treatment (Brace, Clear Aligner) • 3D Guided Implant Surgery • 3D Intraoral Scanning • Intraoral Digital Impression • CAD/CAM Dentistry • Laser Dentistry • Cone-beam Computed Tomography • Cephalometric Imaging • Panoramic Radiography • Filling and Extraction • Dental Scaling <p><u>Cosmetics Dentistry</u></p> <ul style="list-style-type: none"> • Teeth Whitening • Laser Gum Bleaching • Graphite Tattoo Removal • Gingival Margin Recontouring • Upper Lip Repositioning • Veneer <p><u>Specialist Dentistry</u></p> <ul style="list-style-type: none"> • Endodontics • Orthodontics • Prosthodontics • Periodontics • Oral and Maxillofacial Surgery <p><u>Other Services</u></p> <ul style="list-style-type: none"> • Same-day Dental Service • Emergency Dental Treatment • Complex Dental Surgery

The Group attributes its eminent market standing to its proficient and seasoned cadre of healthcare specialists. Its committed team comprises of general practitioners, specialists, dentists, as well as other specialised experts such as physiotherapist, radiographer, optometrist, registered nurse, pharmacist, dental hygienist, nutritionist, case manager and rehabilitation manager. This diverse and talented team ensures the delivery of comprehensive, professional, and person-centered care services to the community.

Business Outlook

With the ongoing uncertainty in the global economic outlook, the healthcare industry continues to present opportunities and challenges. In view of this, the Board maintains a cautious optimism towards the Group's business growth and financial performance sustainability for the next fiscal year. Nevertheless, the Group believes it is well-positioned to navigate the market landscape and capitalise on emerging trends. The Group will strive to adapt to market dynamics, meet diversifying customer needs, and seize growth prospects to drive its business forward.

The Group intends to proactively evaluate opportunities for strategic expansion and to diversify its revenue streams. Through strategic partnerships, acquisitions, and market analysis, the Group aims to extend its reach and cater to a broader customer base and will continue to prioritise digital transformation initiatives to enhance customer experiences and improve operational efficiency. Besides, the Group will strive for operational excellence by optimising its supply chain, streamlining processes, and leveraging data-driven decision-making, aspiring to enhance efficiency, reduce costs, and maximise value for the shareholders of the Company (“**Shareholders**”).

The Group is also committed to upholding corporate social responsibility practices and will continue to prioritise ethical conduct, environmental sustainability, and community engagement. The Group's corporate social responsibility initiatives will line up with its mission of improving human health and well-being, fostering diversity and inclusion, and making a positive social impact.

Fortifying Market Position through Strategic Cooperation with Hong Kong Government

The Group's strategic collaborations and partnerships, be it business-to-government, have played a pivotal role in its overall development during FY2024. These alliances have proven highly effective and continue to contribute to the Group's growth and market standing.

In addition to the Pilot Rehabilitation Programme, the Group has actively collaborated with the Hong Kong Government to support the development of the primary healthcare system. By working closely with the Hong Kong Government, the Group seeks to meet the increasing demand for primary healthcare services, ensuring a robust healthcare system. Remarkably, the Group's participation in various Hong Kong Government-led programs, such as the Flu Vaccine and Pneumococcal Vaccine programs, the Chronic Disease Co-Care Pilot Scheme (CDCC), and the Colorectal Cancer Screening Program (CRC), underscores its commitment to proactive healthcare and preventive measures.

In the following year, the Group shall continue to participate in various community care related programmes for the provision of accessible, comprehensive, co-ordinated and person-centered care services to the community.

Intensified Digital Investments to Enhance Healthcare Services

During FY2024, the Group remained steadfast in its commitment to continually invest in its IT infrastructure, driving digital transformation across its operations.

A key focus of the Group's digitalisation efforts was the implementation of a queuing system across most of its medical centres. Recognising the importance of providing a premium experience for all customers, a special queue was specifically arranged for the elderly, ensuring their convenience and prioritised service. By leveraging this queuing system, the Group has effectively minimised waiting times, optimising resource allocation, and enhancing overall operational efficiency and patient experience.

To further facilitate seamless communication with customers, an omnichannel messaging platform was launched and applied in the Group's specialties centres and H2 community pharmacy during FY2024. The platform enables efficient handling of customer inquiries and appointment scheduling, offering convenience and responsiveness in real-time. By leveraging this technology, the Group has strengthened its ability to engage and support customers, ensuring a smooth and personalised experience at every touchpoint.

In addition to the above-mentioned initiatives, the Group successfully launched an integrated clinic operating platform in most of its general practice medical centres, with plans for further promotion across other service points. This platform streamlines various aspects of medical centre operations, including appointment management, patient records, and billing processes. By adopting this integrated platform, the Group enabled healthcare professionals to focus more on delivering quality care while optimising administrative tasks as well as improving operational efficiency and effectiveness.

The Group's emphasis on IT and digitisation during FY2024 has yielded tangible benefits, including streamlined operations, enhanced customer experience, and improved resource utilisation. Looking ahead, the Group will continue to prioritise digital initiatives, exploring new technologies and solutions to further advance its digital transformation journey. By harnessing the power of technology, the Group aims to deliver even greater convenience, efficiency, and personalised care to its valued customers.

Outlook for FY2025

Stepping into FY2025, notwithstanding the existing economic uncertainties, coupled with the evolving customer needs, the Group has outlined a strategic plan to further enhance its healthcare services and expand its offerings in a prudent way. The key focus areas for the upcoming year include the expansion of network, provision of a more comprehensive range of eye care services, the improvement of the efficiency and utilisation rate of the day procedure centre, and the engagement of more professionals for the specialties services.

The Group shall continue to expand its medical centre network by establishment of new medical centres or strategic acquisition, reinforcing its position as an integrated medical service platform. The expansion will further extend the Group's reach and accessibility, enabling a broader population to benefit from its comprehensive healthcare services.

To strengthen and expand its eye care services, the Group is committed to engaging more doctors and optometrists. By leveraging the expertise and experience of these professionals, the Group aims to enhance the quality and accessibility of eye care services it provides. The strategic expansion will enable the Group to cater to a broader range of population, ensuring that comprehensive eye care solutions are available for all segments of the population with different age groups.

The Group will continue to shift activities from traditional hospital settings to the day procedure centre as the transition not only allows for improved efficiency and a higher utilisation rate of the day procedure centre, but also enhances patient experience and streamlined healthcare delivery. By offering a wider range of procedures, treatments, and services in the day procedure setting, the Group seeks to optimise resource allocation and provide patients with a more convenient and efficient healthcare experience.

In line with the Group's commitment to excellence, the Group will further engage more professionals with an aim to expand the range of specialties services and expertise available within the segment. By way of attracting and collaborating with additional doctors, the Group can provide patients with a broader spectrum of healthcare options, ensuring that their specific needs are met with personalised and exceptional care.

Overall, the Group's business outlook for FY2025 reflects its commitment to continuous improvement, customer-centered approach, and the delivery of comprehensive healthcare solutions. Building upon the success of strategic alliances and digitisation, plus by expanding its network, strengthening its eye care services, engaging more doctors for specialties services, and optimising the day procedure centre, the Group is poised to further enhance its position as a premier destination for exceptional and personalised healthcare experiences as well as to deliver sustainable value to its stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had net current assets of approximately HK\$397.8 million (as at 30 June 2023: approximately HK\$447.8 million) which included cash and cash equivalents and pledged deposits of approximately HK\$490.6 million (as at 30 June 2023: approximately HK\$642.3 million). As at 30 June 2024, the Group had interest-bearing bank borrowings of approximately HK\$31.5 million which comprise (i) bank mortgage loans of approximately HK\$31.0 million (as at 30 June 2023: approximately HK\$32.6 million) which will be matured in 2036 at an interest of Hong Kong Interbank Offered Rate plus 1.2%; and (ii) interest-bearing bank borrowings of approximately HK\$0.5 million (as at 30 June 2023: approximately HK\$3.9 million) which will be matured in 2024 at an interest of Hong Kong Interbank Offered Rate plus 1.75%. As at 30 June 2024, the Group had unutilised loan facility of approximately HK\$20.2 million (as at 30 June 2023: approximately HK\$16.8 million). All the interest-bearing bank borrowings and unutilised loan facility were held in Hong Kong dollars and the cash and cash equivalents and pledged deposits were held in Hong Kong dollars and Renminbi.

As at 30 June 2024, the Group's gearing ratio, which is net debt (represents interest-bearing bank borrowings) divided by the adjusted capital plus net debt, is approximately 4.0% (as at 30 June 2023: approximately 4.3%).

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during FY2024. The capital of the Company comprises ordinary shares and other reserves.

CHARGES ON GROUP ASSETS

As at 30 June 2024, a fixed deposit of approximately HK\$1.0 million (as at 30 June 2023: approximately HK\$1.0 million) has been pledged to a bank as collateral security for banking facilities granted to the extent of HK\$1.0 million. Properties which were held by the Group have been pledged to banks for the bank mortgage loans of approximately HK\$31.0 million (as at 30 June 2023: approximately HK\$32.6 million).

FOREIGN EXCHANGE EXPOSURE

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisitions or disposals of subsidiaries, associates and joint ventures during FY2024 and up to the date of this announcement.

SIGNIFICANT INVESTMENTS

On 29 May 2019, Actwise Limited (“**Actwise**”), a wholly owned subsidiary of the Company, and Inno Healthcare Limited (“**Inno Healthcare**”), the general partner of New Journey Healthcare LP, a Cayman Islands exempted limited partnership (“**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 30 June 2024, 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 Health Group Limited (formerly known as New Journey Hospital Group Limited).

The investment objective of the Limited Partnership is to invest in New Journey Health 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 30 June 2024, the fair value of the investment in the Limited Partnership amounted to approximately HK\$61.8 million, which represents approximately 5.9% of the total assets of the Group as at 30 June 2024. A fair value gain of approximately HK\$18.8 million was recorded as at 30 June 2024. No dividend was received from this investment by the Group for FY2024.

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.

As disclosed in the announcement of the Company dated 10 July 2024, the term of the Limited Partnership has been expired on 29 May 2023 and has been extended for one year to 28 May 2024 pursuant to the Limited Partnership Agreement. Inno Healthcare and the limited partners entered into an amendment agreement to the Limited Partnership Agreement on 10 July 2024 to amend the Limited Partnership Agreement for the further extension of term until 31 December 2024.

Save as disclosed above, the Group did not hold any significant investments during FY2024.

CAPITAL COMMITMENTS

	As at 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for:		
Capital expenditure	<u>179</u>	<u>2,073</u>

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2024 (as at 30 June 2023: Nil).

EMPLOYEES

As at 30 June 2024, the Group had 388 full-time employees (as at 30 June 2023: 428) and 355 part-time employees (as at 30 June 2023: 426).

We recruit personnel from the open market and we formulate our recruitment policy based on market conditions, our business demand and expansion plans. We offer different remuneration packages to our employees based on their positions. Generally, we pay basic salaries and incentives (based on years of service) to all of our employees. To enhance the quality of our services, we adopt prudent assessment criteria when selecting the Group's professional staff including physiotherapist, radiographer, optometrist, pharmacist, registered nurse, dental hygienist and nutritionist, etc, and take into account a number of factors such as experience, skills and competencies. We assess their credentials and suitability through interviews and aptitude tests as appropriate. We also provide training programmes regularly for our employees at different levels. Details of our human resources programs, training and development will be set out in the "Environmental, Social and Governance Report" in the annual report for the year ended 30 June 2024.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK2.8 cents per Share for FY2024 (FY2023: HK16 cents) (the "**Final Dividend**"). The payment of the Final Dividend is subject to approval by the Shareholders at the forthcoming annual general meeting to be held on Monday, 2 December 2024 (the "**AGM**"). Upon obtaining the Shareholders' approval, the Final Dividend is expected to be paid on or around Monday, 30 December 2024 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 10 December 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 27 November 2024 to Monday, 2 December 2024, both days inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 26 November 2024.

For the purpose of ascertaining the Shareholders' entitlement to receive the Final Dividend, the register of members of the Company will be closed from Friday, 6 December 2024 to Tuesday, 10 December 2024, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for receiving the Final Dividend, all duly completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 5 December 2024.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own corporate governance framework.

The Board has reviewed the Company’s corporate governance practices to ensure its continuous compliance with the CG Code. Save for the deviations from code provision C.2.1 of Part 2 of the CG Code as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code and adopted the recommended best practices of the CG Code in so far as they are relevant and practical during FY2024.

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 C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the Directors. In response to a specific enquiry made by the Company, all Directors have confirmed their compliance with the required standard as set out in the Model Code during FY2024.

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

SHARE OPTION SCHEME

The Company amended the share option scheme, which has been adopted by the Company on 17 February 2016, by ordinary resolution of the Shareholders in the annual general meeting held on 7 December 2023 (the “**Share Option Scheme**”). Please refer to the supplemental circular of the Company dated 10 November 2023 for details.

On 4 October 2016 and 28 May 2018, the Group granted share options to certain eligible persons to subscribe for 2,740,000 ordinary Shares and 460,000 ordinary Shares respectively (the “**Share Options**”) pursuant to the Share Option Scheme. As at 30 June 2024, 3,200,000 Share Options were granted and 150,000 Share Options remained outstanding. 30,000 Share Options have been lapsed and no Share Option has been granted, exercised or cancelled during FY2024.

SHARE AWARD SCHEME

The Company adopted the share award scheme (the “**Share Award Scheme**”) by ordinary resolution of the Shareholders in the annual general meeting held on 7 December 2023. Please refer to the supplemental circular of the Company dated 10 November 2023 for details. The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain eligible participants, provide them with incentives in order to retain them for the continual operation and development of the Group, and attract suitable personnel for further development of the Group.

During FY2024, no award share was granted, issued, vested, cancelled or lapsed pursuant to the Share Award Scheme.

EVENTS AFTER FY2024

There were no significant events affecting the Company or any of its subsidiaries after the end of FY2024 requiring disclosure in this announcement.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed, with the management and the external auditor of the Company, the consolidated financial statements of the Company for FY2024, including the accounting principles and practices adopted by the Group, and discussed the internal control, going concern issues, key audit matters and financial reporting matters related to the preparation of the annual results of the Group for FY2024.

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

During FY2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

SCOPE OF WORK OF THE COMPANY'S AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2024 as set out in this announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for FY2024. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this announcement.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 2 December 2024. The notice of the AGM will be published and dispatched in due course in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.humanhealth.com.hk. The annual report of the Company for FY2024 shall be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 25 September 2024

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

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