



Union Medical Healthcare Limited
香港醫思醫療集團有限公司*

Incorporated in the Cayman Islands with limited liability
(Stock Code: 2138)

2015-2016
ANNUAL REPORT







* For identification purpose only

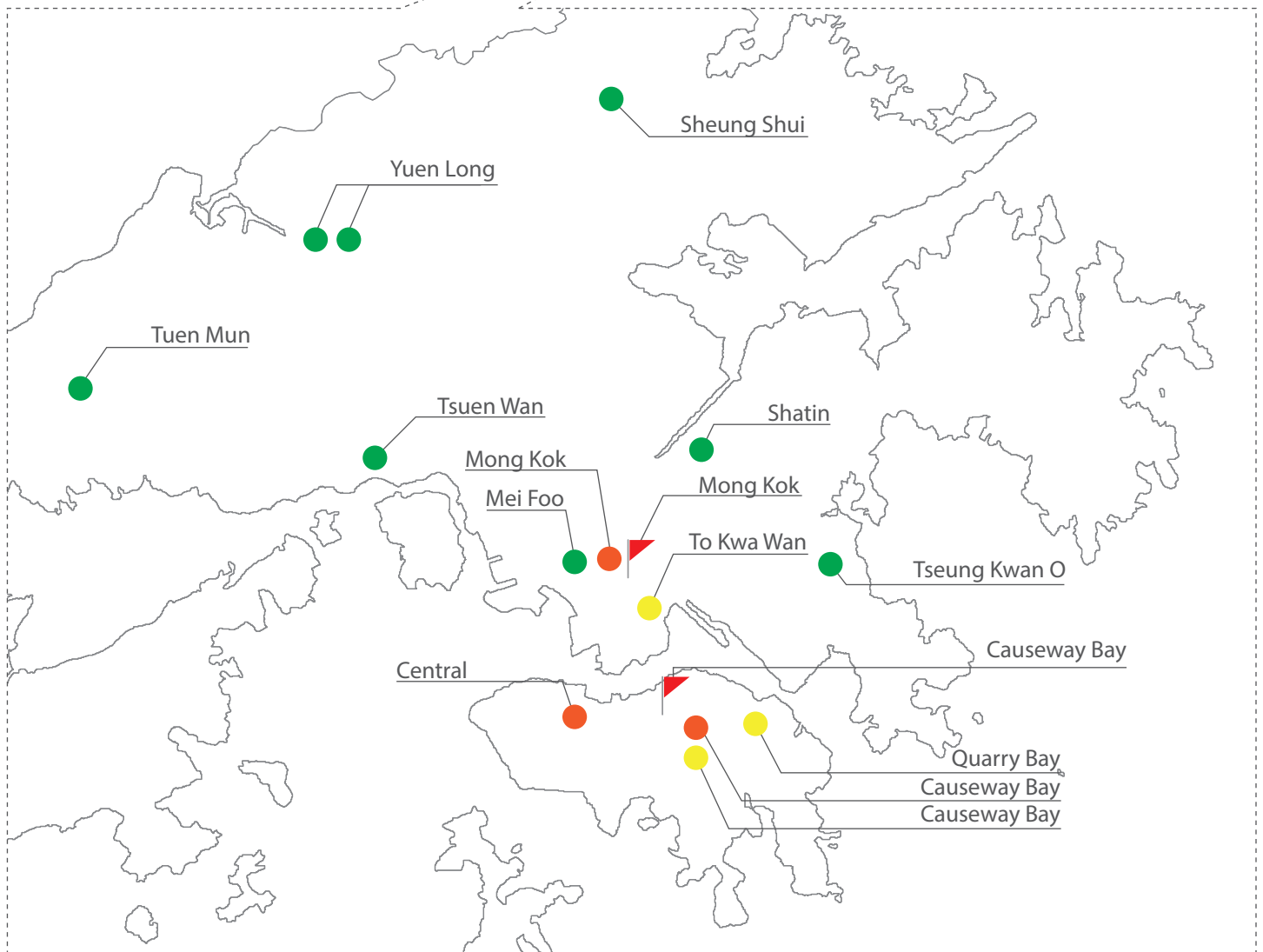
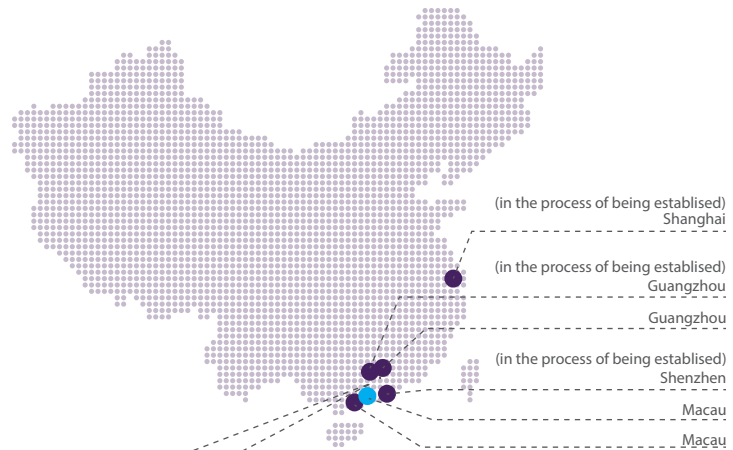


CONTENT

2	GEOGRAPHICAL COVERAGE
4	AWARDS AND RECOGNITION
6	FINANCIAL HIGHLIGHTS
8	CHAIRMAN'S STATEMENT
10	MANAGEMENT DISCUSSION AND ANALYSIS
22	CORPORATE GOVERNANCE REPORT
32	REPORT OF THE DIRECTORS
49	BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT
54	INDEPENDENT AUDITOR'S REPORT
56	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
57	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
59	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
60	CONSOLIDATED STATEMENT OF CASH FLOWS
62	NOTES TO THE FINANCIAL STATEMENTS
131	INFORMATION FOR INVESTORS
132	CORPORATE INFORMATION
133	DEFINITION

GEOGRAPHICAL COVERAGE

-  Flagship aesthetic medical centre
-  Standard aesthetic medical centre
-  Aesthetic medical clinic
-  Aesthetic surgery centre
-  Beauty service centre
-  Standalone dental office





Flagship aesthetic medical centre in Langham Place



Flagship aesthetic medical centre in World Trade Centre



re:Health in Langham Place

AWARDS AND RECOGNITION



《CAPITAL》16th
Capital Outstanding
Enterprise Awards



Merz Aesthetics Hong Kong
Certified Clinic for Ultherapy
(Jan – Jun 2016)



Most Valuable Services
Awards in Hong Kong 2016 –
The Leader of Medical Beauty
Centre of the Year



Black Diamond Status –
One of the Top Provider for
Invisalign 2015



Smoke-free Enterprise
2015 – 2016



Yahoo! Big Idea Chair Award
for Best Search ROI
Campaign (Merit) 2015 –
Search Advertising Campaign
for Branding and Sales Lead
Acquisition



United Nations Millennium
Development Goals –
Green Office Awards
Labelling Scheme 2015



Caring Company 2015/16



The Creditable Business
Awards of Asian Beauty
Industry 2015

AWARDS AND RECOGNITION



Botox – Highest Sales Achievement for Consecutive 6 Years from 2010 to 2015 within Hong Kong



Dysport – Highest Sales Achievement for Consecutive 8 Years from 2008 to 2015 within Hong Kong



Juvederm – Highest Sales Achievement for Consecutive 6 years from 2010 to 2015 within Hong Kong



Restylane – Highest Sales Achievement for Consecutive 6 Years from 2010 to 2015 within Hong Kong



Sculptra – Highest Sales Achievement for Consecutive 6 Years from 2010 to 2015 within Hong Kong



Teosyal – Highest Sales Achievement for Consecutive 5 Years from 2011 to 2015 within Hong Kong

FINANCIAL HIGHLIGHTS

	For Year ended 31 March			
	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$
Revenue	704,937,348	621,089,610	489,412,925	229,666,107
Profit/(Loss) before tax	184,407,790	210,596,799	96,568,611	(30,231,411)
Profit/(Loss) for the year	149,308,398	174,777,762	81,306,643	(32,259,429)
Profit/(Loss) attributable to owners of the Company	148,663,969	174,415,159	81,121,682	(32,301,003)
Earnings/(Loss) per share	0.20	0.24	0.11	(0.04)

	As at 31 March			
	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$
Total assets	1,155,563,031	467,666,980	483,200,564	337,198,739
Total liabilities	424,285,947	464,713,119	500,121,265	435,514,964
Net assets/(liabilities)	731,277,084	2,953,861	(16,920,701)	(98,316,225)
Financial Metrics				
Net profit margin ⁽¹⁾	21.1%	28.1%	16.6%	N/A ⁽⁸⁾
Adjusted net profit margin ⁽²⁾	26.0%	29.0%	16.6%	N/A ⁽⁸⁾
Current ratio ⁽³⁾	2.54x	0.85x	0.86x	0.67x
Quick ratio ⁽⁴⁾	2.50x	0.82x	0.84x	0.66x
Return on equity ⁽⁵⁾	20.4%	5,916.9%	N/A ⁽⁷⁾	N/A ⁽⁸⁾
Return on average total assets ⁽⁶⁾	18.4%	36.7%	19.8%	N/A ⁽⁸⁾
Dividend per share (HK\$)	0.19	0.21	–	–

Notes:

1. Net profit margin equals profit for the year divided by revenue for the same period.
2. Adjusted net profit margin equals adjusted profit for the year (excluding the one-off listing expenses) divided by revenue for the same period.
3. Current ratio equals current assets divided by current liabilities as at the end of the financial year.
4. Quick ratio equals current assets less inventories divided by current liabilities as at end of the financial year.
5. Return on equity equals profit for the year divided by the ending balance of total equity for the financial year.
6. Return on average total assets equals profit for the year divided by the arithmetic mean of the beginning and ending balances of total assets for the financial year.
7. Considered not meaningful to disclose as there is capital deficiency by the end of the relevant financial year.
8. Considered not meaningful to disclose as there is a loss for the year during the relevant financial year.

FINANCIAL HIGHLIGHTS

A year-over-year analysis of certain key metrics of our revenue and clients are set out below:

	For the year ended 31 March		
	2016	2015	% change
Total revenue (HK\$)	704,937,348	621,089,610	13.5
Recognised Revenue (HK\$)	452,816,211	381,025,625	18.8
Recognised Medical Revenue (HK\$)	275,668,382	218,981,051	25.9
Sales contracts entered into during the year (HK\$)	671,822,226	574,557,313	16.9
Adjusted net profit attributable to equity shareholders of the Company (HK\$) (excluding the one-off listing expenses)	182,849,537	180,041,804	1.6
Approximate number of Key Clients	9,400	8,400	11.9
Approximate average spending per Key Client (HK\$)	51,000	49,000	4.1
Approximate number of minimally invasive procedures	47,680	33,500	42.3
Approximate number of energy-based procedures performed by Doctors	8,593	6,100	40.9
Number of clients who made at least one purchase of services or products	32,159	23,592	36.3
Number of clients who received at least one service session	32,053	25,959	23.5
Revenue contributed by PRC clients (%)	14%	9%	–
Material unfavourable feedback (Compensation and refund) (HK\$million)	1.0	1.2	(16.7)
Material unfavourable feedback (Compensation and refund) (% of total Revenue)	0.14%	0.19%	–
Refunds and settlements to legal proceedings and claims (HK\$million)	0.16	0.3	(46.7)
Refunds and settlements to legal proceedings and claims (% of Recognised Medical Revenue)	0.06%	0.14%	–





TANG CHI FAI, CHAIRMAN

CHAIRMAN'S STATEMENT

Dear Shareholders,

The Reporting Period marked a significant milestone in the development history of the Group. The Shares were successfully listed on the Main Board of the Stock Exchange on 11 March 2016 and it has cemented a solid foundation for the Group's future development. We are to demonstrate the Group's competitive strengths to the investment community in Hong Kong and seize opportunities from the market.

We proactively grasped opportunities arising in the market and were able to achieve solid performance. The Group's revenue and recognised revenue increased by 13.5% and 18.8% year-on-year to HK\$704.9 million and HK\$452.8 million during the Reporting Period respectively. The Group is committed to generating sustained and consistent returns for our Shareholders. The Board has consequently recommended to declare a final dividend of HK\$0.0191 per Share for the year ended 31 March 2016.

MARKET LEADERSHIP BY PROFESSIONALISM

As the largest aesthetic medical service provider in Hong Kong with a solid reputation among customers, we value high standards of safety and professionalism in our services, with all our aesthetic medical procedures being handled by our sizeable team of full-time Registered Practitioners. We continue to maintain an insignificant level of complaint and refund ratio and continue to commit in providing the best customer experience to our customers. Leveraging our comprehensive internal control protocols and risk management measures, the Group is well-positioned and will continue to consolidate its market leadership with our exceptional and superior professional ethics.

BROADENING OF FOOTPRINTS IN THE PRC MARKET

As the PRC further pushes forward its healthcare system reform, market players are expected to embrace new development opportunities. The Group is committed to expanding its presence in the PRC through replication of its professionalism and successful experience in the Hong Kong market.

CHAIRMAN'S STATEMENT

Riding on the growing demand for discretionary healthcare services boosted by the rising average household income and living standards in the PRC, we strategically target the aesthetic medical service market in first-tier and selected second-tier cities. Leveraging on the success of our first aesthetic medical clinic in Guangzhou, we will open additional aesthetic medical clinics in Shanghai, Guangzhou and Shenzhen in 2016 to further increase our capacity and geographical footprint.

Medical tourism is expected to become a major trend in the development of the aesthetic medical industry in Hong Kong. In addition to opening our own clinics in the PRC, we further expanded our business in medical tourism sector and to cooperate with hotels groups, travel agencies and airlines in order to cover such growing number of aesthetic medical tourists.

We will also actively explore for acquisition targets as well as partnership opportunities with local aesthetic medical service providers in the PRC to fuel our sustainable growth in this market with immense potential. Since the IPO in March 2016, we have been approached by reputable aesthetic medical service and healthcare service providers, suppliers and investors in the PRC for strategic cooperation.

NEW HORIZON

To capitalise on the growing demand for quality medical services with our superior professional ethics, and to continue to utilise our cross selling capabilities, we will further strengthen our position as the market leader by increasing the number of our service centres and clinics and broadening the scope of our services to include other discretionary healthcare services.

As such, the Company launched re:HEALTH in May 2016, a one-stop health management centre providing a full range of comprehensive health screening, health product and health management services.

We have also been striving to enrich our product offerings and service ranges to satisfy diverse customers' needs by adding on new medical treatment and procedures, including but not limited to chiropractic services, aesthetic medical hair-growth services and lifestyle management.

There is continuous effort made by the Hong Kong authorities to tighten the regulations in the healthcare sector and aesthetic medical procedures performed by qualified physicians over the past fiscal year, we fully recognise that market demand for stringent standards in aesthetic medical service will continue to be strong.

ACKNOWLEDGEMENT

I would like to express my deepest appreciation to the management team and all fellow staff members for their extraordinary commitment, cohesive teamwork, dedication and contribution. They are one of our most important assets contributing to the Group's success.

On behalf of the Board, I would like to take this opportunity to express my utmost gratitude to all of our Shareholders, customers and business partners for their unwavering support. We are fully committed to upholding our position as the leader in aesthetic medical service industry in Hong Kong and striving for excellence and creating value for our Shareholders.

Tang Chi Fai
Chairman

13 June 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the Reporting Period, we continued to maintain our leading market position, as the largest aesthetic medical service provider in Hong Kong in terms of revenue. We are well-positioned to further extend our leading position in the growing aesthetic medical service market in Hong Kong and broaden the types of services that we offer, as well as to continue our expansion in the rest of the Greater China. Medical services continue to be the primary contributor to our revenue and profits.

Business Developments

During the Reporting Period, we opened our first aesthetic medical clinic in Guangzhou in June 2015. Within 9 months since its opening, we achieved HK\$8.9 million in revenue with capital expenditure of HK\$3.1 million. Our business in medical tourism sector has experienced an increase and our PRC clients contributed to 14% of revenue during the Reporting Period. Such increase is primarily due to our marketing and sales effort, and cooperation with hotel groups and travel agencies.



As at 31 March 2016, we had two flagship and eight standard aesthetic medical centres, three aesthetic surgery centres and three standalone dental offices in Hong Kong. Our flagship aesthetic medical centres are located in office towers of popular shopping malls, namely the World Trade Centre and Langham Place, which are located in the commercial districts of Causeway Bay and Mong Kok in Hong Kong, respectively. We also had two aesthetic medical clinics and one beauty service centre in Macau and one aesthetic medical clinic in Guangzhou, the PRC.

We are also in the process of establishing several additional aesthetic medical clinics in the PRC, including one in Shanghai, one in Guangzhou and one in Shenzhen, all of which are anticipated to be opened in calendar year 2016.

Contracted sales

Contracted sales, meaning sales contracts entered into during the Reporting Period, is an important factor affecting our results of operations. Contracted sales are, in turn, primarily driven by the number of clients who have made at least one purchase during a financial period and the average spending per client. For the years ended 31 March 2016 and 2015, contracted sales were HK\$671.8 million and HK\$574.6 million respectively, and the number of clients who made at least one purchase of services or products during the respective periods were 32,159 and 23,592 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted sales *(Continued)*

We have achieved a strong and solid growth of contracted sales due to our ability to maintain and grow our client spending and number of clients who made purchases, especially our Key Clients (i.e. the clients who have, in the relevant financial year, contributed at least HK\$5,000 to our revenue from services provided and visited our service centres and/or clinics for at least four times).

We will continue to aim to grow our Key Client base and increase their average spending through improvements in the following areas:

- our number of service centres (including dental offices) and clinics;
- the strength and reputation of our brands;
- our number and types of services and products;
- our acquisition of other businesses and our retention of the clients of such acquired businesses;
- the number of our Registered Practitioners;
- the available aggregate g.f.a. for providing services to clients;
- the success of our marketing efforts;
- the quality of our services;
- our ability to keep up with the changes in our clients' and potential clients' preferences by introducing services and products that match such preferences; and
- visits by PRC tourists to Hong Kong.

Client Growth and Diversity

Our revenue is significantly affected by the number of clients who received our services, in particular the number of Key Clients. As at 31 March 2016, over 62% of our Key Clients have more than 3 years of relationship with us.

MANAGEMENT DISCUSSION AND ANALYSIS

Client Growth and Diversity *(Continued)*

A year-over-year analysis of certain key metrics of our revenue and clients are set out below:

	For the year ended 31 March		% change
	2016	2015	
Total revenue (HK\$)	704,937,348	621,089,610	13.5
Recognised Revenue (HK\$)	452,816,211	381,025,625	18.8
Recognised Medical Revenue (HK\$)	275,668,382	218,981,051	25.9
Sales contracts entered into during the year (HK\$)	671,822,226	574,557,313	16.9
Adjusted net profit attributable to equity shareholders of the Company (HK\$) (excluding the one-off listing expenses)	182,849,537	180,041,804	1.6
Approximate number of Key Client	9,400	8,400	11.9
Approximate average spending per Key Client (HK\$)	51,000	49,000	4.1
Approximate number of minimally invasive procedures	47,680	33,500	42.3
Approximate number of energy-based procedures performed by Doctors	8,593	6,100	40.9
Number of clients who made at least one purchase of services or products	32,159	23,592	36.3
Number of clients who received at least one service session	32,053	25,959	23.5
Revenue contributed by PRC clients (%)	14%	9%	–
Material unfavourable feedback (Compensation and refund) (HK\$million)	1.0	1.2	(16.7)
Material unfavourable feedback (Compensation and refund) (% of total revenue)	0.14%	0.19%	–
Refunds and settlements to legal proceedings and claims (HK\$million)	0.16	0.3	(46.7)
Refunds and settlements to legal proceedings and claims (% of Recognised Medical Revenue)	0.06%	0.14%	–

The number of Key Clients who had their unutilised prepaid packages expired in the year ended 31 March 2014 was 3,689 (out of approximately 7,200 clients), of which 2,647 (or approximately 72%) made at least one purchase in the year ended 31 March 2015. The number of Key Clients who had their unutilised prepaid packages expired in the year ended 31 March 2015 was 5,881 (out of approximately 8,400 clients), of which 4,887 (or approximately 83%) made at least one purchase in the year ended 31 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Client Growth and Diversity (Continued)

Our clients were predominately females. For the year ended 31 March 2016, approximately 90% of our clients who received at least one service session were females.

We served clients of different age groups, and were not reliant on clients from any particular age group. For the year ended 31 March 2016, approximately 69% of our clients who received at least one service session were between the ages of 16 to 45.

Information Technology Infrastructure

During the Reporting Period, we have further improved and upgraded the sophistication of our information technology systems to better accommodate our clients' use of mobile internet applications, enhance efficiency and standardisation of operations among service and sales competence to further improve our service qualities and sales revenue. In terms of business intelligence, we have also implemented the SAP enterprise software since April 2016 to allow detailed and instant tracking of our client's redemption pattern, which provides us with more sophisticated ways to recognise revenue and estimate forfeited income.

Our Professionals and Other Staff

The following table summarises the number of our Registered Practitioners who worked full-time for our Group as at 31 March 2016:

Number of Registered Practitioners	Type of Registered Practitioners
1	Plastic Surgeon (in Hong Kong)
1	Anaesthesiologist (in Hong Kong)
1	Clinical Microbiologist (in Hong Kong)
9	Hong Kong Doctors who are General Practitioners
5	Dentists (in Hong Kong)
2	Chinese Medicine Practitioners (in Hong Kong)
3	Macau Doctors
1	PRC Doctor

23

As at 31 March 2016, we also had 219 Trained Therapists, being employees who have completed mandatory internal training developed by our doctors to provide quasi-medical services and/or traditional beauty services under our internal licensing programme. As at 31 May 2016, our team of Registered Practitioners has increased to 28.

MANAGEMENT DISCUSSION AND ANALYSIS

Internal Control Protocols

Work safety and risk management

Professionalism and safety have always been our core values. Our experienced and well-trained Registered Practitioners perform and oversee all medically related operations, as well as participate in our senior management. Both our Registered Practitioners and supporting staff are scheduled to attend medically related trainings regularly to update their knowledge and skill sets. Prior to performing a procedure to a client, we require our Registered Practitioners and Trained Therapists to explain the procedures and associated risks and obtain consent in a new form. We apply certain medical standards even to our non-medical services, such as recommending our clients to consult with doctors prior to receiving any of our services.

Internal Control Measures regarding selling practices and unutilised prepaid packages

We have implemented a series of internal control measures, including a number of measures that reference applicable “best practice” guidelines issued by governmental bodies (such as the Hong Kong Consumer Council and the Commerce and Economic Development Bureau of Hong Kong), to help prevent our staff from engaging in coercive selling practices, such as:

- adopting a refund policy which includes a seven-day cooling-off period whereby our clients are allowed to request a full refund within seven days of purchase of any prepaid packages;
- adopting a policy that commission is not paid to our sales staff for contracted sales which are subsequently refunded;
- establishing procedures for recording and handling complaints;
- having written terms and conditions with clients;
- sharing media reports of forced selling cases with our staff to highlight the potential adverse consequences of such practices;
- proactively seeking clarification of the Trade Description Ordinance from the relevant government authorities and organising a seminar provided by the officers of the Hong Kong Customs and Excise Department relating to the Trade Description Ordinance for our staff;
- detailed employee guidelines on, inter alia, responsible selling practices (for example, not to harass or push clients in purchasing prepaid packages);
- video and voice recording devices in consultation rooms to monitor staff behaviour during consultations; and
- offering our employees compensation incentives which are linked to the actual utilisation of prepaid packages by the clients.

We have a client phone survey system in order to further our active solicitation of client feedback. Our client service team calls clients who have received our services on the previous day (excluding those who had already completed such survey in the past 30 days) on every working day. The survey is conducted based on a questionnaire where we ask clients to give us scores (out of five points) for 14 categories, such as level-of-care, attitude of staff and brand image. We compile the scores through our integrated information technology infrastructure and review such scores to identify targets for improvement. We had surveyed 9,360 and 8,884 clients for the years ended 31 March 2016 and 2015 respectively. We have been able to improve our scores from such client phone surveys since the implementation of such programme.

MANAGEMENT DISCUSSION AND ANALYSIS

Internal Control Protocols *(Continued)*

The number of Key Clients who had their unutilised prepaid packages expired in the year ended 31 March 2014 was 3,689 (out of approximately 7,200 clients), of which 2,647 (or approximately 72%) made at least one purchase in the year ended 31 March 2015. The number of Key Clients who had their unutilised prepaid packages expired in the year ended 31 March 2015 was 5,881 (out of approximately 8,400 clients), of which 4,887 (or approximately 83%) made at least one purchase in the year ended 31 March 2016.

Other claims and compliance

In order to provide top-quality and safe services to our clients, we encourage clients to provide feedback through client satisfaction surveys and face-to-face discussions. Where a client requests for a refund or a product return, our Registered Practitioners will participate in investigation of such requests. During the Reporting Period, there were 11 complaints filed against us with the Hong Kong Consumer Council as compared to 16 complaints for the year ended 31 March 2015. As at the date of this annual report, no formal court proceedings have commenced in respect of the recent medical incident as disclosed in the Prospectus under the section headed "BUSINESS – LEGAL PROCEEDINGS, CLAIMS AND COMPLIANCE – CLAIMS AND LITIGATION – CLAIMS AND THREATENED LITIGATION MADE BY CLIENTS – RECENT MEDICAL INCIDENT".

We refer to our previous late filing of profits tax returns as disclosed in the Prospectus under the section headed "BUSINESS – LEGAL PROCEEDINGS, CLAIMS AND COMPLIANCE – NON-COMPLIANCE INCIDENTS – INLAND REVENUE ORDINANCE", we understand that the Inland Revenue Department is currently considering our settlement proposal.

Outlook and Strategies

According to the Report on April 2016 Monthly Survey of Retail Sales issued by the Hong Kong Census and Statistics Department, (i) the value of total sales in April 2016 was provisionally estimated at HK\$35.2 billion, decreased by 7.5% compared with April 2015, and (ii) after netting out the effect of price changes over the same period, the volume of total retail sales in April 2016 decreased by 7.6% compared with April 2015. While the volume of our service procedures performed for the month ended 30 April 2016 increased compared with the month ended 30 April 2015, and our contracted sales and recognised revenue for the month ended 30 April 2016 increased by double digit percentage compared with the month ended 30 April 2015.

Our retail sales remain on a relatively consistent upward trend as we continue to benefit from a steady increase in sales to both local residents and the PRC tourists. We will continue to focus on growing our aesthetic medical services and intend to continue expanding the range of services that we offer in order to better serve our clients, as well as capture additional revenue streams. We anticipate that we will maintain a steady profit growth.

We will further extend our market leading position in Hong Kong through both organic growth and acquisitions. We intend to leverage our number of Key Clients and raise client spending as well as attract new clients by broadening the types of services that we offer. Among others, we are exploring and developing other lines of relatively profitable discretionary medical services, such as aesthetic medical hair-growth services and health-screening services. We also intend to expand our operations in the Greater China by growing our newly established aesthetic medical clinics, acquiring suitable targets and forming joint ventures in strategically targeted cities. We will develop dermatological services and product offerings and continue expanding our dental services business in Hong Kong and rest of the Greater China. We will also further invest in our information technology infrastructure.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In spite of the domestic economic downturn, the Company had achieved stable operating performance for the Reporting Period.

Revenue

Our revenue increased by 13.5% from HK\$621.1 million for the year ended 31 March 2015 to HK\$704.9 million for the year ended 31 March 2016 primarily attributable to (i) the increase in revenue generated from minimally invasive procedures performed from HK\$125.8 million for the year ended 31 March 2015 to HK\$178.4 million for the year ended 31 March 2016; and (ii) substantial increase in marketing effort. Our recognised revenue increased by 18.8% from HK\$381.0 million for the year ended 31 March 2015 to HK\$452.8 million for the year ended 31 March 2016 and our revenue from unutilised prepaid packages increased by 5.0% from HK\$240.1 million for the year ended 31 March 2015 to HK\$252.1 million for the year ended 31 March 2016.

Medical services

Our revenue from medical services increased by 25.9% from HK\$219.0 million for the year ended 31 March 2015 to HK\$275.7 million for the year ended 31 March 2016, primarily attributable to the increase in revenue generated from minimally invasive procedures performed and dental services during the year ended 31 March 2016.

Quasi-medical services

Our revenue from quasi-medical services increased by 18.2% from HK\$62.6 million for the year ended 31 March 2015 to HK\$74.1 million for the year ended 31 March 2016, primarily attributable to the increase in the number of and variety of energy-based aesthetic medical devices provided to clients during the year ended 31 March 2016.

Traditional beauty services

Our revenue from traditional beauty services decreased by 2.8% from HK\$66.9 million for the year ended 31 March 2015 to HK\$65.0 million for the year ended 31 March 2016, primarily attributable to the Group's business strategy to focus on our medical services, quasi-medical services business and significant marketing effort for skincare and beauty products.

Skincare and beauty products

Our revenue from the sale of skincare and beauty products increased by 16.9% from HK\$32.5 million for the year ended 31 March 2015 to HK\$38.0 million for the year ended 31 March 2016, primarily attributable to significant marketing effort for such products during the Reporting Period.

Operating Segment Information

The Group is principally engaged in the provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products in Hong Kong, Macau and the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

MANAGEMENT DISCUSSION AND ANALYSIS

Other net income and gains

For the year ended 31 March 2016, our other net income and gains were approximately HK\$3.7 million, a decrease of approximately HK\$2.0 million or 35.7% when compared to the year ended 31 March 2015, primarily due to the reduction in dividend income from the listed equity and unlisted fund investments that were disposed of during the Reporting Period.

Cost of inventories and consumables

Our cost of inventories and consumables increased from HK\$47.6 million for the year ended 31 March 2015 to HK\$70.7 million for the year ended 31 March 2016, primarily attributable to an increase in the volume of medication and service consumables used, which was in line with the increase in the volume of service procedures performed. Our cost of inventories and consumables grew at a higher rate as compared to that of revenue from services provided due to the increase in promotion activities to expand our market shares, along with an increase in product sales.

Registered Practitioner expenses

For the year ended 31 March 2016, we incurred Registered Practitioner expenses of approximately HK\$52.8 million, an increase of approximately HK\$6.5 million or 14.1% when compared to the year ended 31 March 2015, primarily attributable to an increase in the number of Registered Practitioners from 20 as at 31 March 2015 to 23 as at 31 March 2016.

Employee benefit expenses and remuneration policy

For the year ended 31 March 2016, we incurred employee benefit expenses of approximately HK\$192.4 million, an increase of approximately HK\$25.6 million or 15.3% when compared to the year ended 31 March 2015, primarily due to increase in our overall headcount (excluding Registered Practitioners) from 563 as at 31 March 2015 to 693 as at 31 March 2016, as well as the increments to employees' salaries.

The Group is aware of the importance of human resources and is dedicated to retaining competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses were determined by reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund scheme in Hong Kong, and provides employees with medical insurance coverage. A Share Option Scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

Marketing and advertising expenses

For the year ended 31 March 2016, the Group incurred marketing and advertising expenses of approximately HK\$38.0 million, an increase of approximately HK\$14.1 million or 58.9% when compared to the year ended 31 March 2015, primarily due to an increased level of marketing and advertising activities such as sponsoring a television programme, placing additional billboard advertisements and additional fees paid to advertising agencies.

Rental and related expenses

For the year ended 31 March 2016, the Group incurred rental and related expenses of approximately HK\$62.2 million, a decrease of approximately HK\$3.7 million or 5.6% when compared to the year ended 31 March 2015, primarily due to the decrease in the aggregate average g.f.a of service centres and clinics, which was 101,156 sq. ft. as at 31 March 2016 as compared to 102,703 sq. ft. as at 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Credit card expenses

For the year ended 31 March 2016, the Group incurred credit card expenses of approximately HK\$23.0 million, an increase of approximately HK\$1.3 million or 6.0% when compared to the year ended 31 March 2015, primarily due to increase in contracted sales generated during the Reporting Period, resulting in higher credit card expenses incurred.

Other expenses

For the year ended 31 March 2016, the Group incurred other operating expenses of approximately HK\$26.5 million, an increase of approximately HK\$6.6 million or 33.4% when compared to the year ended 31 March 2015, primarily due to the opening of 2 new centres, hiring of new key personnel and implementation of new information technology systems during the Reporting Period.

Profit Before Tax

For the year ended 31 March 2016, the Group incurred profit before tax of approximately HK\$184.4 million, a decrease of approximately HK\$26.2 million or 12.4% when compared to the year ended 31 March 2015, primarily due to increase in overall headcount, listing expenses and marketing and advertising expenses during the year ended 31 March 2016. Should the listing expenses of HK\$34.2 million be excluded, our profit before tax would be HK\$218.6 million for the year ended 31 March 2016, representing an increase of 1.1% compared to the year ended 31 March 2015.

Income Tax Expense

For the year ended 31 March 2016, the Group incurred income tax expense of approximately HK\$35.1 million, a decrease of approximately HK\$0.7 million or 2.0% when compared to the year ended 31 March 2015, primarily due to decrease in profit before tax, and partially offset by increase in listing expenses which is non-deductible in nature.

Profit for the Year/Profit Margin

For the year ended 31 March 2016, the Group recorded profit for the year of approximately HK\$149.3 million, a decrease of HK\$25.5 million or 14.6% when compared to the year ended 31 March 2015, primarily due to (i) listing expenses of approximately HK\$34.2 million, (ii) our strong cash sales and high commission pay-out, and (iii) our development of new business segments. Our profit margin was reduced from 28.1% for the year ended 31 March 2015 to 21.2% for the year ended 31 March 2016. Should the listing expenses of HK\$34.2 million be excluded, our profit for the year would be HK\$183.5 million for the year ended 31 March 2016, representing an increase of 1.7% compared to the year ended 31 March 2015.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

We continue to maintain a strong financial position with cash and cash equivalents of HK\$354.7 million as at 31 March 2016. During the Reporting Period, we received net proceeds from IPO of HK\$703.4 million. Our working capital was HK\$648.0 million. Based on our steady cash inflow from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources *(Continued)*

During the year ended 31 March 2016, the majority of our cash and bank balances were in Hong Kong dollar, and as we expand our operations in the PRC, there will be an increasing amount of our assets and transactions denominated in Renminbi.

Cash Flow Analysis

The table below sets forth the information as extracted from the consolidated cash flow statement of the Group for the period indicated:

	For the year ended 31 March		% change
	2016 (HK\$ in thousands)	2015 (HK\$ in thousands)	
Net cash generated from operating activities	76,196	158,558	(51.9)
Net cash (used in)/generated from investing activities	(604,944)	17,832	N/A
Net cash generated from/(used in) financing activities	753,656	(121,327)	N/A
Net increase in cash and cash equivalents	224,908	55,063	308.5
Cash and cash equivalents at beginning of the year	129,885	74,822	73.6
Effect of changes in foreign exchange rates	(75)	–	N/A
Cash and cash equivalents at the end of the year	354,718	129,885	173.1

Our cash and cash equivalents at the end of the year were approximately HK\$354.7 million as at 31 March 2016, as compared to approximately HK\$129.9 million as at 31 March 2015, the increase is primarily due to the net proceeds received from IPO partially offset by increase in time deposit with original maturity over 3 months.

Net Cash Generated from Operating Activities

For the year ended 31 March 2016, our net cash generated from operating activities was HK\$76.2 million, which was primarily attributable to increase in Hong Kong profits tax paid and listing expenses paid during the Reporting Period.

Net Cash (Used In)/Generated from Investing Activities

For the year ended 31 March 2016, our net cash used in investing activities was HK\$604.9 million, which was primarily attributable to increase in time deposit with original maturity over 3 months and increase in purchases of financial assets designated as financial assets at fair value through profit or loss.

Net Cash Generated from/(Used In) Financing Activities

For the year ended 31 March 2016, our net cash generated from financing activities was HK\$753.7 million, primarily due to the cash proceeds generated from the IPO of HK\$742.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures during the year ended 31 March 2016 were primarily related to purchases of operation equipment, which primarily included medical, dental and beauty devices, and expenditure in leasehold improvements. We have financed our capital expenditures through cash flows generated from operating activities.

Capital Commitment

As at 31 March 2016, we do not have any capital commitments in respect of acquisition of property, plant and equipment.

Use of Proceeds from IPO

The net proceeds from the listing were approximately HK\$703.4 million, after deducting the underwriting fees and commission and related total expenses paid and payable by us in connection with the IPO. We have, and will continue to utilise the net proceeds from the IPO for the purposes consistent with those set out in the section headed "FUTURE PLANS AND USE OF PROCEEDS" in the Prospectus. Since the Company has only become a listed company on the Stock Exchange on 11 March 2016, the net proceeds from the IPO were unutilised and remained the same at 31 March 2016.

INDEBTEDNESS

Interest-bearing Bank Borrowings

As at 31 March 2016, the Group had no outstanding interest-bearing bank borrowings.

Contingent Liabilities and Guarantees

As at 31 March 2016, we had contingent liabilities not provided for in our financial statements of HK\$2.0 million in relation to a bank guarantee given to a credit card institution for the use of certain credit card equipment. Save as disclosed herein, the Group had no significant contingent liabilities and guarantees as at 31 March 2016.

Charge of Assets

As at 31 March 2016, there was no charge on the assets of the Group except for the time deposits of HK\$2.0 million pledged for banking facilities as security for credit card instalments programme.

Gearing Ratio

As at 31 March 2016, the Group had no interest-bearing liabilities. The Group's gearing ratio was nil as at 31 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Currency Risk

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly pertaining to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against Renminbi.

The Group has not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considers hedging against significant foreign exchange exposure should such need arise.

Interest Rate Risk

The Group has no significant interest rate risk. The Group currently does not have specific policies in place to manage our interest rate risk and has not entered into interest rate swaps to mitigate the interest rate risk, but will closely monitor the interest rate risk in the future.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report and the Prospectus, there were no significant investments held by the Company during the Reporting Period, nor was there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period. Save as disclosed in this annual report and the Prospectus, there is no plan authorised by the Board for other material investments or additions of capital assets as at the date of this annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board acknowledges the vital importance of good governance to the Group's success and sustainability by providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and Shareholder value. The Board has committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance emphasising on transparency, independence, accountability, responsibility and fairness.

The Company has adopted the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules and complied with all applicable code provisions set out in the CG Code during the Review Period, save for the deviation from code provision A.2.1 as disclosed under the section headed "CHAIRMAN AND CHIEF EXECUTIVE OFFICER" of this report. The Board has applied corporate governance practices appropriate to the conduct and growth of businesses of the Group to safeguard the interests of the Shareholders and to enhance corporate value and responsibility.

The Company will continue to enhance its corporate governance practices as appropriate to the conduct and growth of its business and to review and evaluate such practices from time to time to ensure that it complies with the CG Code and aligns with the latest developments of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by its Directors. Following specific enquiries by the Company, all Directors had confirmed that they had complied with the Model Code throughout the Review Period.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the Review Period.

THE BOARD AND THE DIRECTORS

Board Composition

During the Review Period and up to the date of this report, the composition of the Board is as follows:

Executive Directors

Tang Chi Fai (*Chairman and Chief Executive Officer*)

Lee Gabriel

Luk Kun Shing Ben

Yeung Chin Wan

Independent Non-executive Directors ("INEDs", each an "INED")

Ma Ching Nam

Yu Ka Fai Alexis

Look Andrew

Board Composition *(Continued)*

Throughout the Review Period and up to the date of this report, the Board has complied with the requirements of the Listing Rules to have at least three independent non-executive Directors who represent more than one-third of the Board and with at least one of whom possesses appropriate professional qualifications or accounting or related financial management expertise.



The Board has received from each INED a written annual confirmation of his independence satisfied with the guidelines set out in Rule 3.13 of the Listing Rules, and the nomination committee of the Board (the "Nomination Committee") has assessed the independence of each INED and the Company considers that each of their independence is in compliance with the Listing Rules as at the date of this annual report. Each INED will inform the Company in writing as soon as practicable if there is any change of circumstances which may affect his independence.

To the best knowledge of the Company, the Directors do not have financial, business, family or other material/relevant relationships with each other.

After annual assessment by the Nomination Committee, the Board considers the current structure, size and composition of the Board is performing a balanced and independent monitoring function on management practices to complement the Company's corporate strategy. The Directors and their biographical details as at the date of this annual report are set out on pages 49 to 53 of this annual report.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

During the Review Period and up to the date of this annual report, the roles of the Chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "CEO") have been performed by Mr. Tang Chi Fai ("Mr. Tang"). Although the dual roles of the Chairman and the CEO is a deviation from the code provision A.2.1 of the CG Code, the Board believes that, with Mr. Tang's profound knowledge and expertise in the aesthetic medical and beauty industries, Mr. Tang, being the Chairman and the CEO, provides a strong and consistent leadership to formulate efficient strategies to implement prompt decisions and to complete effective business plans of the Group without impairing the balance of power and authority of the Board. It is in the best interests of the Company that Mr. Tang shall continue his dual capacity as the Chairman and the CEO. The Board also considers that, the balance of power and authority of the Board will not be impaired when the roles and responsibilities of the Chairman and the CEO are divided as briefed below:

The role of the Chairman is focusing on determination of strategy, direction and goal of the Group. The Chairman is also responsible for leading the Board to effective management of the Company by, among others, ensuring good corporate governance practices and procedures, encouraging the Directors to make full and active contribution to the affairs of the Board, developing a culture of openness and debate among the Directors so that Board decisions could fairly reflect consensus, drawing up and approving Board meetings agenda, and chairing Board meetings.

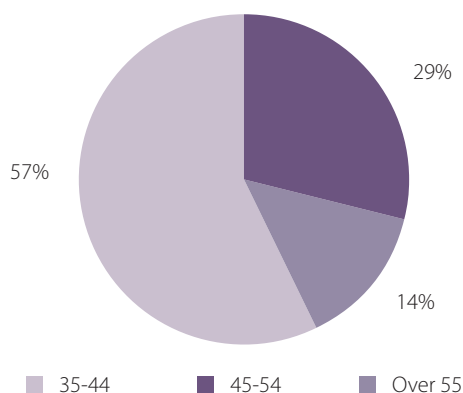
The CEO, within the powers delegated by the Board from time to time, is responsible for day-to-day management of the Company and to implement strategies and major policies decided by the Board with support of other executive Directors and the management team of the Group (the "Management").

The Board will regularly review the operations of the Company under Mr. Tang and this structure from time to time to keep a balance of power and authority between the Board and the Management.

Board Diversity

The Company has adopted a board diversity policy to comply with the code provision on board diversity. Under such policy, the Nomination Committee is delegated to review, assess and recommend any appointment, re-election or any succession plan of any directors to the Board from time to time after considering a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience, to allow for the Company's business model and specific needs.

By Age Group



Roles and Responsibility of the Board

The executive Board is responsible for setting up the Company's corporate strategy, monitoring its implementation and reviewing operational and financial performance of the Group by making decisions in major aspects of the Company's matters, including but not limited to approving and monitoring key policies, material transactions, business plans, annual budgets, risk management and internal control systems, annual and interim results, major capital expenditure and appointment of Directors.

The non-executive Board (all are INEDs) has diversified industry expertise and professional knowledge, and provides advisory, adequate check and balances for effective and constructive contribution to the executive Board to safeguard the interests of the Company and the Shareholders as a whole.

Delegation to Management

Day-to-day operational management and administration functions of the Group and implementation of the corporate strategies of the Group are delegated to the Management led by the executive Board.

Corporate Governance Functions

The Board is responsible for the performance of functions of corporate governance. During the Review Period, the Board has performed the functions set out in code provision D.3.1 of the CG Code.

Appointment, Re-election, Rotation and Removal of Directors

The Company has established formal, considered and transparent procedures for appointment, re-election, rotation, and removal of the Directors. The Nomination Committee is responsible for considering the suitability of an individual to act as a Director and making recommendations to the Board on appointment or re-election of Directors, succession planning of Directors and assessing the independence of the INEDs as set out below under sub-section headed "NOMINATION COMMITTEE".

All Directors entered into a service contract or letter of appointment with our Company for an initial term of three (3) years, commencing from the Listing Date, which shall be renewed as determined by the Board or the Shareholders. Their term of office each is the period up to his retirement by rotation or retirement, but eligible for re-election at annual general meetings of the Company in accordance with the Articles of Association.

In accordance with the Articles of Association, the Company may by ordinary resolution at general meetings of the Company elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. The Directors shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first general meeting after his appointment, and shall then be eligible for re-election at such general meeting.

At each annual general meeting of the Company, not less than one-third of the Directors (including those appointed for a specific term) shall retire from office by rotation provided that each Director shall be subject to retirement by rotation at the annual general meeting at least once every three years.

CORPORATE GOVERNANCE REPORT

Induction and Continuing Professional Development of Directors

The newly-appointed Directors were provided with a comprehensive, formal and tailored induction so as to ensure they were fully aware of their responsibilities as a listed company director under the Listing Rules and any other regulatory requirements.

The Company encourages all Directors to participate in continuous professional development to further enhance and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. The Company received from the Directors the following records of the training attended during the Reporting Period and up to the date of this annual report on the latest amendments to the Listing Rules and any other regulatory requirements:

	Nature of Trainings	
	Type 1	Type 2
Executive Directors		
Tang Chi Fai	✓	✓
Lee Gabriel	✓	✓
Luk Kun Shing Ben	✓	✓
Yeung Chin Wan	✓	✓
INEDs		
Ma Ching Nam	✓	✓
Yu Ka Fai Alexis	✓	✓
Look Andrew	✓	✓

Type of trainings:

1. Reading materials.
2. Attending training sessions/conference/forum/workshops/seminars.

Supply of and Access to Information

Yearly schedule of Board meetings and draft agendas of each meeting are made available to the Directors with sufficient times and at least 14 or 3 days respectively in advance to encourage the Directors' involvement. All Directors have full and timely access to the Management for any information to enable them to make informed decisions at the Board meetings, as well as to the company secretary of the Company who ensures that the regulatory Board procedures are followed.

Members of the Management are usually invited to attend the Board meetings to promote an effective communication within the Group. Each Director is authorised to hire external consultants or experts for independent professional advice at the Company's expenses to discharge the Director's responsibilities. The Directors did not request for separate independent professional advice during the Review Period.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The Directors actively participated in meetings and a summary of the Directors' attendance records during the Review Period and up to the date of this annual report are as follows:

	Meeting attendance/eligible to attend			
	Board	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors				
Tang Chi Fai	1/2	N/A	1/1	N/A
Lee Gabriel	2/2	N/A	N/A	N/A
Luk Kun Shing Ben	1/2	N/A	N/A	N/A
Yeung Chin Wan	2/2	N/A	N/A	N/A
INEDs				
Ma Ching Nam	1/2	1/1	N/A	1/1
Yu Ka Fai Alexis	1/2	1/1	1/1	1/1
Look Andrew	1/2	1/1	1/1	1/1

The Board established three Board committees on 19 February 2016, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the Nomination Committee and all of which are chaired by an INED or the Chairman to oversee their respective functions set out below, and to report to the Board on their decisions or recommendations by circulating the minutes of the committee meetings to all Board members. Each committee or committee member is authorised to hire outside consultants or experts for independent professional advice at the Company's expenses to discharge their responsibilities.

As the Shares were only listed on the Stock Exchange on the Listing Date, no regular Board meetings were held and the Chairman has not met with the INEDs without the presence of executive Directors during the Review Period. The Board will make arrangements for holding at least four regular Board meetings and a meeting between the Chairman and the INEDs without the presence of executive Directors during each financial year.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee was established by the Board with written terms of reference in compliance with code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are set out in the written terms of reference which include reviewing and supervising the Group's financial reporting process, risk management and internal control systems, and providing advices and comments to the Board. During the Review Period and as at the date of this annual report, the Audit Committee consists of Mr. Look Andrew as its chairman, and Mr. Ma Ching Nam and Dr. Yu Ka Fai Alexis as its members, all of whom are INEDs.

As the Shares were listed on the Stock Exchange on the Listing Date, the Audit Committee did not hold any meeting during the Reporting Period. The Audit Committee will make arrangements for holding at least two meetings during each financial year to review the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, the scope of work and appointment of external auditor, connected transactions and arrangements for employees to raise concerns about possible improprieties.

Subsequent to the Review Period and up to the date of this annual report, the Audit Committee has held one meeting and reviewed with the Management and the external auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the following:

- the review of the consolidated financial statements for the year ended 31 March 2016;
- the discussion with the auditor on the nature and scope of the audit and reporting obligations before commencement of audit;
- the recommendation to the Board for the proposal for re-appointment of the external auditor of the Company and approval of the remuneration and terms of engagement of the external auditor; and
- the review of the Company's financial controls and internal control systems and the discussion on the Company's risk management system.

Remuneration Committee

The Remuneration Committee was established by the Board with written terms of reference in compliance with code provision B.1.2 of the CG Code. The primary duties of the Remuneration Committee are set out in the written terms of reference which include regular monitoring of the remuneration of all the Directors and senior management to ensure that levels of their remuneration and compensation are appropriate. During the Review Period and as at the date of this annual report, the Remuneration Committee consists of Dr. Yu Ka Fai Alexis as its chairman, and Mr. Ma Ching Nam and Mr. Look Andrew as its members, all of whom are INEDs.

As the Shares were listed on the Stock Exchange on the Listing Date, the Remuneration Committee did not hold any meeting during the Reporting Period.

Subsequent to the Review Period and up to the date of this annual report, the Remuneration Committee has held one meeting for considering and recommending to the Board the remuneration and other benefits paid by the Company to the Directors and senior management.

Nomination Committee

The Nomination Committee was established by the Board with written terms of reference in compliance with code provision A.5.2 of the CG Code. The primary duties of the Nomination Committee are set out in the written terms of reference which include selecting and recommending candidates for directorship, review of the structure, size and composition of the Board and assessment of the independence of INEDs.

During the Review Period and as at the date of this annual report, the Nomination Committee consists of Mr. Tang as its chairman, executive director, and Dr. Yu Ka Fai Alexis and Mr. Look Andrew as its members, both of whom are INEDs.

As the Shares were listed on the Stock Exchange on the Listing Date, the Nomination Committee did not hold any meeting during the Reporting Period.

Subsequent to the Review Period and up to the date of this annual report, the Nomination Committee has held one meeting and determined and adopted the Board diversity policy, reviewed the structure, size and composition of the Board, assessed the independence of INEDs and made recommendation to the Board on the appointment or re-appointment of Directors.

COMPANY SECRETARY

Dr. Leung Shiu Ki, Albert has been appointed as the company secretary of the Company since September 2015. He fulfills the requirement under Rule 3.28 of the Listing Rules. He is responsible for advisory to the Board on corporate governance matters. Dr. Leung had taken no less than 15 hours of professional training during the year ended 31 March 2016.

REMUNERATION OF EXTERNAL AUDITOR

For the year ended 31 March 2016, the remuneration paid to the external auditor of the Group in respect of the annual audit for the year ended 31 March 2016 and audit and reporting accountant services for global offering of the Company approximately amounted to HK\$8,840,000. In addition, HK\$210,000 was charged for tax compliance services for certain subsidiaries of the Group. Save as disclosed above, there was no remuneration payable to the external auditor of the Company for other non-audit services during the year ended 31 March 2016.

The Board and the Audit Committee satisfied KPMG, Certified Public Accountants of their findings, independence, objectivity and effectiveness in the annual audit and their audit fees. KPMG, Certified Public Accountants are proposed for re-appointment as the Company's external auditor at the forthcoming annual general meeting.

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND AUDITOR'S RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENT

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2016 to give true and fair presentation of the financial position of the Company in accordance with all applicable Hong Kong Financial Reporting Standards and for timely financial disclosures under the Listing Rules and any other regulatory requirements.

The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statements as to the auditor's responsibility of financial reporting is set out in the independent auditor's report on pages 54 to 55 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company engaged an external professional firm to conduct an annual review of the effectiveness of the internal control systems of the Company in aspects of the Group's financial, operational, compliance controls and risk and discussed its findings with the Audit Committee and then reported to the Board as at the date of this annual report.

The Board has overall responsibility to maintain the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions.

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Articles of Association, any one or more Shareholders holding not less than 10% of the paid up capital of the Company may deposit at the Company's principal place of business in Hong Kong set out below a written requisition which specifies the transaction of any business at such meeting and is signed by the requisitionists to require an extraordinary general meeting to be convened by the Board. However, there are no provisions allowing Shareholders to put forward new resolution at a general meeting under the Companies Law of the Cayman Islands or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene an extraordinary general meeting following the aforesaid procedures.

Pursuant to Article 85 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registered Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for Shareholders to require an extraordinary general meeting or propose a person for election as a director are detailed in the Memorandum and Articles of Association on websites of the Company and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

The Company's Hong Kong branch share registrar serves the Shareholders with respect to all share registration matters. Specific enquiries of Shareholders and other stakeholders to the Board could be sent in writing to the company secretary of the Company by mail to the Company's principal place of business in Hong Kong set out below:

Union Medical Healthcare Limited
Units A&B, 6/F,
Hop Hing Industrial Building,
704 Castle Peak Road,
Lai Chi Kok, Kowloon, Hong Kong

Shareholders' rights are further preserved when separate resolutions are proposed at Shareholders' meetings on each substantially separate issue, including not limited to election or re-election of individual director at annual general meeting. All resolutions proposed at Shareholders' meetings are put to vote by poll pursuant to the Listing Rules.

SHAREHOLDERS' COMMUNICATION POLICY

In February 2016, the Company adopted a shareholders' communication policy. Under the policy, the Company communicates with its Shareholders and investors through various means. Timely publication of interim and annual results announcements on the latest development of the Company and press release on the Company's website and Hong Kong Exchanges and Clearing Limited's website at www.hkexnews.hk could make the Shareholders appraise the Company's financial position. Shareholders are highly required to pay attention to these public information. Holding of an annual general meeting could provide an effective forum for the Shareholders to share their views with the Board, Shareholders are welcome to attend the forthcoming annual general meeting. The Directors and the external auditor of the Company would be available at the forthcoming annual general meeting to answer Shareholders' questions about the annual results for the year ended 31 March 2016.

CONSTITUTIONAL DOCUMENTS

There were no changes in the Memorandum and Articles of Association during the Review Period.

REPORT OF THE DIRECTORS

The Board is pleased to present their report and audited consolidated financial statements of the Group for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are (1) medical services, comprising aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors and general consultation services, as well as dental, Chinese medicinal and ophthalmological services; (2) quasi-medical services, comprising energy-based procedures performed by our Trained Therapists who have completed mandatory internal training developed by our Doctors; (3) traditional beauty services, comprising facials, massages and other non-invasive procedures; (4) skincare and beauty products, primarily of our private-label brands, PRODERMA LAB and Suissebeaute; and (5) health management centre in Hong Kong.

The principal activities of its subsidiaries during the Reporting Period are set out in note 35 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 March 2016 by businesses is set out in note 4 to the consolidated financial statements. The geographical location of customers is determined based on the location where our services are provided. The Group's turnover and results from operations are all derived from activities in Hong Kong. Only minimal business activities are covered outside Hong Kong and being extended to Macau and the PRC. The principal assets of the Group are also located in Hong Kong. Accordingly, no geographical segment information is required.

GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 7 July 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised), and was registered in Hong Kong under Part 16 of the Companies Ordinance, Cap. 622 (Laws of Hong Kong) as a non-Hong Kong Company on 24 September 2015. In preparation for the listing of the Shares on the Stock Exchange, the Group underwent the reorganisation pursuant to which the Company has become the holding Company of the companies now comprising the Group on 11 March 2016. For details of the group reorganisation, please refer the paragraph headed "OUR HISTORY, REORGANISATION AND CORPORATE STRUCTURE" in the Prospectus.

The Shares have been listed on the Stock Exchange since 11 March 2016.

BUSINESS REVIEW

A fair review of the Group's business and an indication of likely future development in the Group's business are set out in the sections headed "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 8 to 9 and 10 to 21 of this annual report respectively. Certain financial key performance indicators which complement and supplement our financial disclosures are set out on pages 6 to 7 of this annual report. Significant events that have an effect on the Group subsequent to the Reporting Period are set out in note 36 to the consolidated financial statements.

Key Risks and Uncertainties

The following highlights some of the key risks that affect our business:

Reputation risk

We rely significantly on the strength of our brand image and reputation. Any failure to maintain and enhance, or any damage to, our brand image or reputation could materially and adversely affect the level of market recognition of, and trust in our services, and in turn our business, results of operations, financial condition and prospects.

Talent risk

If we are unable to attract and retain skilled Registered Practitioners, including but not limited to Specialists, General Practitioners, Dentists and other competent staff, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Customer risk

Our service focuses on improving our clients' physical appearance, and clients have varying expectations of the magnitude of improvement that may result from our services. If we fail to properly manage a client's expectations of the results from our services, a client may in turn be dissatisfied with the results of our service, and a disappointed client may, among others, request refunds, complain to the media and/or the Hong Kong Consumer Council and file legal claims against us. Such actions from a client may have a material adverse effect on our reputation, business, and results of operations, financial condition and prospects.

Environmental Policies and Performance

The Group considers the importance of environmental affairs and believes business development and environment affairs are highly related. The Group has implemented certain environmental protection measures to save energy and reduce the consumption of resources. These policies were supported by our staff and were implemented effectively.

Compliance with Laws and Regulations

As a listed company engages business in Hong Kong, the Group is subject to various laws and regulations, including, among others, Companies Ordinance (Chapter 622 of the Laws of Hong Kong), Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). The Listing Rules also apply to the Company. Being an exempted company incorporated in the Cayman Islands with limited liability, it is subject to the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Our Group has put in place internal controls to ensure compliance of the same. In addition, as the Group also engages business in certain jurisdictions, compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units in the Company and subsidiaries from time to time.

REPORT OF THE DIRECTORS

Compliance with Laws and Regulations *(Continued)*

To the best of the Directors' knowledge, information and belief on the date of this annual report, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

Relationship with Key Stakeholders

The Group fully understands that staff, customers and suppliers are the key to our sustainable and stable development. We are committed to establishing a close relationship with our staffs, enhancing cooperation with our suppliers and providing high-quality services to our customers so as to ensure the Group's sustainable development.

Staff

Our staff are regarded as one of the most important assets of the Group. The Group has been endeavouring to provide our staff with a fair and harmonious workplace. We offer a competitive remuneration package and great opportunities for career advancement based on employees' performance. The Group intends to grant share options to outstanding employees to recognise and reward the employees who have contributed to the Group's development. The Group also provides our staff with regular trainings to keep them abreast of the latest development of the Company and our industry, and medical related knowledge and skill sets.

Customers

Professionalism and safety have always been our core values. We are committed in providing the best customer experience to our customers. Meanwhile, we have a client phone survey system in order to further our active solicitation of client feedback.

Suppliers

Reliable and quality suppliers are of equal importance in facilitating us to provide services with high standards of safety and professionalism. When selecting suppliers, we consider, among other factors, the suppliers' reputation, safety record, track record of performance, quality of goods supplied, price competitiveness, punctuality of delivery, relationship with our Group, completeness of certification and credentials provided, service quality and product offerings. We regularly review and assess our suppliers' performance, review the qualifications of our suppliers to ensure the quality of our suppliers and that such suppliers have obtained the applicable licenses (if any), and update our approved supplier list accordingly.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated financial statements on pages 56 to 61 of this annual report.

Operating Segment Information

The Group is principally engaged in the provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products in Hong Kong, Macau and the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 6 of the annual report.

The Board recommends the declaration of a final dividend of HK\$0.0191 per Share for the year ended 31 March 2016. The proposed final dividend, if approved by the Shareholders at the AGM, will be paid on 12 October 2016 to the Shareholders whose names appear on the register of members of the Company on 28 September 2016. Details of the dividend for the year ended 31 March 2016 are set out in note 25(b) to the consolidated financial statements.

CORPORATE SOCIAL RESPONSIBILITY



The Company cares for the community and is willing to take up the corporate social responsibility to create a more inclusive society. Not only encouraging the volunteer works and giving, the Company also recognises our staff as an important asset and concern about the employees related matters such as benefits and support.

Besides, the Company appreciates of the importance of environmental protection and spares no effort in promoting the protection of the environment. The Company has been commended and given the public recognition that demonstrates good corporate citizenship as "Caring Company" from The Hong Kong Council of Social Service.



World Green Organisation ("WGO") – Green Office Awards Labelling Scheme

The Company has actively promoted the environmental operation and sales activities recently. Awarded as WGO's "Green Office" Label, the United Nations Sustainable Development Goals's "Better World Company" Label, and the core supporting organisation to Junior Chamber International (JCI) Hong Kong, the Company has successfully fulfilled the 150 feasible green criteria from the WGO which grouped into the following 9 categories: Energy savings, Water savings, Waste reduction, Paper/Printing reduction, Green Procurement, IT use and disposal, Transportation, Education and awareness, and Green Innovation.



REPORT OF THE DIRECTORS

Smoke Free Company

A supportive workplace can help smokers kick the habit which improves the health and efficiency of the employees. As to improve staff's sense of belonging to the Company and our team spirit, equip our staff with correct information of smoking hazards, and assist them to get rid of nicotine addiction, the Company has held an internal policy meeting and health talk for the staff, and rewarded as "Smoke-free" company.



無煙企業



Actively involved in volunteer work



The Company is committed to fostering and cultivating relationship with the community and is sensitive to the community's culture and needs. We encourage employees to participate in community services. We invite employees' families to join the community and voluntary services together such as the "Lok Sin Tong Charity Walk 2015", and donation to the "Egive For You Charity Foundation" to help those in need in the community.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

Details of the movements in the Company's share capital and reserves during the Reporting Period are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2016, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders under the Companies Law of the Cayman Islands amounted to HK\$27,894,155 (2015: HK\$3,671,822).

CHARITABLE DONATIONS

During the year ended 31 March 2016, the Group made charitable donations amounting to HK\$1,035,000.

INDEBTEDNESS

The Group's indebtedness as at 31 March 2016 is set out in page 20 of this annual report.

SHARE OPTIONS SCHEME

As disclosed in the Prospectus, the Company adopted a share option scheme (the "Share Option Scheme") on 19 February 2016 by passing of a written resolution of the then sole shareholder of the Company and the Share Option Scheme is valid and effective for 10 years from the Listing Date (both dates inclusive). No option under the Share Option Scheme had been granted since the Listing Date up to the date of this annual report.

Purpose

The Share Option Scheme is to provide an incentive or reward for the Grantees (as defined below) for their contribution or potential contribution to the Group.

Eligible Persons

Under the Share Option Scheme, eligible persons include any full-time or part-time employees, potential employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries, and any suppliers, clients, consultants, agents and advisers who, in the sole opinion of the Board, has contributed or will contribute to the development, growth or benefit of the Group (collectively, the "Eligible Participants" or "Grantees") and whom the Board may in its absolute discretion select.

REPORT OF THE DIRECTORS

Maximum Number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not exceed 10% of the issued share capital of the Company at the Listing Date, which is 98,000,000 Shares, being 9.99% of the issued share capital of the Company as at the date of this annual report. The limit may be renewed at any time provided that the new limit must not exceed 10% of the total number of Shares in issue as at the date of the Shareholders' approval.

Notwithstanding anything to the contrary in the Share Option Scheme, the maximum limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Company must not in aggregate exceed such number of Shares as shall represent 30% of the Shares in issue from time to time. No options may be granted under any schemes of our Company or subsidiaries if such grant will result in this 30% limit being exceeded.

Maximum Entitlement of Each Eligible Participant

Unless approved by the Shareholders at general meeting in the manner prescribed in the Listing Rules, the maximum entitlement of each eligible participant is that the total number of shares issued and to be issued upon exercise of the outstanding options granted and to be granted to such Grantee (including both exercised, cancelled and outstanding options) under the Share Option Scheme and other scheme(s) of the Group in any 12-month period must not exceed 1% of the issued share capital of the Company at the date of grant.

Option Period

An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme during a period notified or to be notified by the Board.

Minimum Period for which an Option must be held before it is Exercised

The period within which an option may be exercised under the Share Option Scheme is determined by the Board at its absolute discretion, provided that such period is consistent with any other terms and condition of the Share Option Scheme.

Payment on Acceptance of the Option

A consideration of HK\$1 is payable on or before the last day for acceptance of the option granted under the Share Option Scheme set out in the offer document from time to time.

Basis of Determining the Subscription Price

The subscription price for Shares under the Share Option Schemes shall be at the absolute discretion of the Board, provided that it must be at least the highest of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the offer day; and (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets on the five Business Days immediately preceding the offer date; and (iii) the nominal value of a Share.

The Remaining Life of the Share Option Scheme

The Share Option Scheme remains in force for 10 years from the Listing Date and ending on the tenth anniversary of the Listing Date (both dates inclusive), unless otherwise terminated, cancelled or amended.

DIRECTORS

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

Executive Directors

Mr. Tang Chi Fai (Chairman and CEO) (appointed on 7 July 2015)

Mr. Lee Gabriel (appointed on 1 September 2015)

Mr. Luk Kun Shing Ben (appointed on 1 September 2015)

Mr. Yeung Chin Wan (appointed on 1 September 2015)

Independent Non-executive Directors

Mr. Ma Ching Nam (appointed on 19 February 2016)

Dr. Yu Ka Fai Alexis (appointed on 19 February 2016)

Mr. Look Andrew (appointed on 19 February 2016)

In accordance with Article 83(3) of the Articles of Association, Mr. Tang, Mr. Lee Gabriel, Mr. Luk Kun Shing Ben, Mr. Yeung Chin Wan, Mr. Ma Ching Nam, Dr. Yu Ka Fai Alexis and Mr. Look Andrew will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

PERMITTED INDEMNITY

The Company has arranged appropriate liabilities insurance to indemnify the Directors from any liabilities and costs arising from the business of the Group.

Pursuant to the Articles of Association, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in relation thereto.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" on pages 49 to 53 of this annual report.

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed in this annual report, since the date of the Prospectus, there has been no change in information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF THE DIRECTORS

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. After review by the Nomination Committee as at the date of this annual report, the Company considered all of the independent non-executive Directors to be independent.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration paid to and/or entitled by each of the Directors and the five highest paid individuals for the year ended 31 March 2016 is set out in notes 8 and 9 to the consolidated financial statements.

No Director has waived or has agreed to waive any emoluments and no emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS OR LETTERS OF APPOINTMENT

No Director proposed for re-election at the forthcoming annual general meeting has a service contract or a letter of appointment with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the Reporting Period.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for transactions as disclosed in the sections both headed "CONTINUING CONNECTED TRANSACTIONS" in the Prospectus and in this annual report, no Director or his connected entity had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transaction, arrangement or contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or a controlling shareholder of the Company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Review Period and up to the date of this report, save for the competing businesses as disclosed below, none of the Directors had any interest in a business other than the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, and required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(Continued)*

As at the date of this annual report, Mr. Tang was interested in a number of companies which are not included in the Group (the "Relevant Companies").

Name of the Relevant Companies	Nature of business	Board of Directors	Size of business
Good Union Medical Limited ("GUM") (note 1)	Supply of medical consumables (note 4)	Mr. Cheng Yeung and Redhill Shine Limited (note 7)	Revenue in 2015: HK\$Nil Net loss in 2015: less than HK\$300,000 (note 8)
Healthy Concept (HK) Limited ("Healthy Concept") (note 2)	Supply of skincare and beauty products/ Operation of call centre (note 5)	Mr. Tang	Revenue in 2015: less than HK\$13,000,000 Net loss in 2015: less than HK\$9,000,000 (note 8)
Good Union Corporation Limited ("Good Union") (note 3)	Supply and distribution of medical consumables, devices and equipment (note 6)	Mr. Cheng Yeung and Redhill Shine Limited (note 7)	Revenue in 2015: less than HK\$30,000,000 Net profit in 2015: less than HK\$4,000,000 (note 8)

Notes:

- GUM is a company incorporated under the laws of Hong Kong with limited liability on 15 July 2013, and is 50% owned by the spouse of Mr. Tang, therefore Mr. Tang is deemed to be interested in 50% of the issued shares of GUM. The remaining interest is owned by Mr. Cheng Yeung, the general manager of medical operations.
- Healthy Concept is a company incorporated under the laws of Hong Kong with limited liability on 26 May 2006, and is wholly-owned by Mr. Tang.
- Good Union is 50% owned by the spouse of Mr. Tang, therefore Mr. Tang is deemed to be interested in 50% of the issued shares of Good Union.
- GUM operates its business in Hong Kong and its target customers are primarily aesthetic medical or traditional beauty service providers.
- Healthy Concept operates its business in Hong Kong. Its target customers in respect of the supply of skincare and beauty products are primarily aesthetic medical or traditional beauty service providers. Separately, it also operates a call centre which targets individual customers. The personnel of the call centre contact individual customers and refer them to the providers of body screening services, beauty products and beauty services, respectively, for referral income. However, Healthy Concept does not provide any aesthetic medical or traditional beauty services, nor body screening services.
- Good Union operates its business in Hong Kong and its target customers are primarily aesthetic medical or traditional beauty service providers, as well as individual doctors.
- Redhill Shine Limited is a company incorporated under the laws of BVI with limited liability on 5 January 2010 and is wholly owned by the spouse of Mr. Tang.
- The figures are determined by reference to the audited financial statements for the year ended 31 March 2015 of the respective Relevant Companies.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(Continued)*

The Group offers a broad range of services and products, including medical services, quasi-medical services, traditional beauty services and skincare and beauty products, primarily of private-label brands, PRODERMA LAB and Suissebeaute. The Group does not focus on widespread retail of products and substantially all of skincare and beauty products are sold to the clients of the Group's services.

The Directors are of the view that business activities are clearly delineated from that of the Relevant Companies, since the Group does not focus on the supply and distribution of medical consumables, devices and equipment, or skincare and beauty products. Instead, the Group only focuses on (i) applying medical consumables, devices and equipment during the course of provision of service and (ii) selling skincare and beauty products to the clients of the Group's services. In contrast, the Relevant Companies focus on the supply and distribution of such goods to aesthetic medical service providers and traditional beauty service providers in Hong Kong. Furthermore, the Relevant Companies do not supply and distribute any skincare and beauty products of the Group's private-label brands, PRODERMA LAB and Suissebeaute.

Based on the above, the Directors are of the view that the businesses conducted by the Relevant Companies do not form part of, and are not in line with the core business of the Group, and as such do not compete and are unlikely to compete, either directly or indirectly, with the Group's business.

As at the date of this annual report, Mr. Tang is also interested in a number of companies which carried out and/or will continue to carry out certain transactions with the Group. Please see "CONTINUING CONNECTED TRANSACTIONS" set out in this annual report.

Deed of Non-competition

As disclosed in the Prospectus, pursuant to the non-competition undertakings set out in the deed of non-competition dated 19 February 2016, each of Mr. Tang and Union Medical Care Holding Limited ("Union Medical Care"), our Controlling Shareholders, have undertaken to the Company (for itself and on behalf of its subsidiaries) that, amongst other things, each of them is not or will not, and will procure each of their respective close associates, to be interested, involved or engaged in or concerned with, directly or indirectly, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group during the period commencing from the Listing Date and ending on the occurrence of the earliest of (i) the day on which its Shares cease to be listed on the Stock Exchange or other recognised stock exchange; (ii) the day on which Mr. Tang and/or Union Medical Care cease to be controlling shareholder of the Company; and (iii) the day on which Mr. Tang and/or Union Medical Care beneficially own or are interested in all the issued ordinary shares of the Company.

The independent non-executive Directors have reviewed the implementation of the deed of non-competition and are of the view that the Controlling Shareholders have complied with its undertakings given under the deed of non-competition for the year ended 31 March 2016. As at 31 March 2016, no new business opportunity has been notified by the Controlling Shareholders.

Independence from the Controlling Shareholders

The Board believes that the Group is capable of carrying on its business independent of, and does not place undue reliance on Mr. Tang and/or Union Medical Care or their respective close associates, taking into consideration the factors of financial independence, operational independence and management independence when the facts and reasons as disclosed in the Prospectus applied to the Group during the Reporting Period.

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

As at 31 March 2016, the interests and short positions of the Directors and the chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, the "SFO")), which (a) were required to be 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 are taken or deemed to have under such provisions of the SFO) or (b) as recorded in the register kept by the Company pursuant to section 352 of the SFO or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Interests in shares and underlying shares of the Company or in an associated corporation of the Company

Name of Director/ Chief Executive	Name of associated corporation	Capacity	Number of Shares interested	Approximate percentage of the total issued share capital of the Company (Note 1)
Tang Chi Fai (Note 2)	Union Medical Care (Note 2)	Interest in a controlled corporation	735,000,000 (L)	75%

Note:

(L) Denotes as long position.

- Total number of issued Shares as at 31 March 2016 was 980,000,000.
- Mr. Tang and Union Medical Care are the Controlling Shareholders of the Company. Union Medical Care is entirely owned by Mr. Tang.

Save as disclosed above, as at 31 March 2016, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be 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) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2016, other than interests disclosed above in respect of the Directors and chief executives of the Company, the following persons had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO as recorded in the register kept by the Company pursuant to section 336 of the SFO or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Interests in shares and underlying shares of the Company

Name of Shareholders	Capacity	Number of Shares interested	Approximate percentage of the total issued share capital of the Company (Note 1)
Union Medical Care (Note 2)	Beneficial owner	735,000,000 (L)	75%
Tang Chi Fai (Note 2)	Interest in a controlled corporation	735,000,000 (L)	75%
Yau Ming Li (Note 3)	Interest of spouse	735,000,000 (L)	75%
AUX Holdings Co., Ltd. (Note 4)	Interest in a controlled corporation	50,000,000 (L)	5.10%
Ningbo Sanxing Medical Electric Co., Ltd. (Note 4)	Interest in a controlled corporation	50,000,000 (L)	5.10%
Sanxing Electric (Hong Kong) Company Limited ("Sanxing") (Note 4)	Beneficial owner	50,000,000 (L)	5.10%
Zheng Jianjiang (Note 4)	Interest in a controlled corporation	50,000,000 (L)	5.10%
He Yiju (Note 5)	Interest of spouse	50,000,000 (L)	5.10%
Credit Suisse Group AG (Note 6)	Interest in a controlled corporation	68,841,000 (L) 36,500,000 (S)	7.02% 3.72%

SUBSTANTIAL SHAREHOLDER'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Note:

(L) Denotes as long position.

(S) Denotes as short position.

1. Total number of issued Shares as at 31 March 2016 was 980,000,000.
2. Mr. Tang and Union Medical Care are the Controlling Shareholders of the Company. Union Medical Care is entirely owned by Mr. Tang.
3. Ms. Yau is the spouse of Mr. Tang, and Ms. Yau was therefore deemed to be interested in the same parcel of the shares of the Company in which Mr. Tang was interested under Part XV of the SFO.
4. Mr. Zheng Jianjiang held 70% of the issued share capital of AUX Holdings Co., Ltd. AUX Holdings Co., Ltd. and Mr. Zheng Jianjiang held 37.54% and 19.61% of the issued share capital of Ningbo Sanxing Medical Electric Co., Ltd, which in turn owned the entire issued share capital of Sanxing. Mr. Zheng Jianjiang was therefore deemed to be interested in the shares of the Company which are owned by Sanxing under Part XV of the SFO.
5. Ms. He Yiju is the spouse of Mr. Zheng Jianjiang, and was therefore deemed to be interested in the shares of the Company in which Mr. Zheng Jianjiang was interested under Part XV of the SFO.
6. The entire issued share capital of Credit Suisse Securities (Europe) Limited is held by Credit Suisse Investments Holdings (UK), which is in turn wholly owned by Credit Suisse Investments (UK). The entire issued share capital of Credit Suisse Investment (UK) is held by Credit Suisse AG, which is in turn wholly owned by Credit Suisse Group AG.

The entire issued share capital of Credit Suisse (Hong Kong) Limited is held by Credit Suisse AG, which is in turn wholly owned by Credit Suisse Group AG.

Save as disclosed above, as at 31 March 2016, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Review Period and up to the date of this report was the Company or any of its subsidiaries or a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 March 2016, the Group employed approximately 716 (2015: 583) permanent employees in Hong Kong, Macau and the PRC.

The Group is aware of the importance of human resources and is dedicated to retaining competent and talented directors and employees by offering them competitive remuneration packages, their salaries and bonuses were determined by reference to their duties, work experience, performance and prevailing market practices. The Group also participates in the Mandatory Provident Fund ("MPF") scheme in Hong Kong, and provides employees with medical insurance coverage. No forfeited contribution is available to reduce the contribution payable in the future years. The MPF contributions charged to the income statement represent the contributions payable to the funds by the Group. A Share Option Scheme is in place to reward individual employees for their outstanding performance and contribution to the success of the Group.

REPORT OF THE DIRECTORS

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Group undertaken in the normal course of business are set out in note 30 to the consolidated financial statements, save for the those as disclosed below, none of which is required to be disclosed under Rule 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Given that Mr. Tang, an executive Director, and Union Medical Care are the Controlling Shareholders of the Company, Mr. Tang, Union Medical Care and their associates are “connected persons” of the Company under Rules 14A.07(1) and (4) of the Listing Rules.

As disclosed in the Prospectus, the Group has carried out the following continuing connected transactions (other than the continuing connected transactions that are fully exempted under Rule 14A.76(1) of the Listing Rules) with Mr. Tang’s associates during the Reporting Period.

Nature of Transaction	Notes	Parties	Relationship between the Group and the connected person	Nature of transaction	Annual Caps	Actual transaction
					for the year ended 31 March 2016 (HK\$)	amount for the year ended 31 March 2016 (HK\$)
Supply of Medical Devices, Consumables and Equipment Framework Agreement entered into on 23 July 2015	1, 2	Between Union Medical Association Limited (“UMA”) and Good Union Corporation Limited (“Good Union”)	Good Union is 50% owned by Ms. Yau Ming Li, the spouse of Mr. Tang, our executive Director, the Chairman and CEO and 50% owned by Mr. Cheng Yeung, the general manager of medical operations of the Group. Accordingly, Good Union is an associate of Mr. Tang, and is therefore a connected person of the Company.	Purchase of medical consumables Purchase of medical devices and equipment	12,394,000 4,289,000	12,382,171 867,820

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Notes:

1. On 23 July 2015, UMA entered into the Supply of Medical Devices, Consumables and Equipment Framework Agreement with Good Union for a three-year term commencing from 23 July 2015 to 22 July 2018 whereby the Group has agreed to, from time to time during the term of the agreement, request to procure certain medical devices, consumables and equipment (which the Group uses to perform certain of its minimally invasive procedures and energy-based procedures) from Good Union. Good Union may invoice the Group for each order on or at any time after delivery, and the Group has agreed to settle invoices in full within 30 days of receipt. The parties shall meet in September of each year to review and, where appropriate, agree on changes to the product prices. The agreed changes will take effect on 1 January of the following year.
2. As disclosed in the Prospectus, the transactions under the Supply of Medical Devices, Consumables and Equipment Framework Agreement were entered into in the ordinary and usual course of business of the Group and carried out on normal commercial terms, where each of the applicable percentage ratios (except for the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules was (i) more than 0.1% on an annual basis; but (ii) less than 5% on an annual basis and the annual consideration exceeds HK\$3,000,000. Therefore, under Rule 14A.76(2) of the Listing Rules, such transactions were exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Waiver from the Stock Exchange

As the transactions contemplated under the Supply of Medical Devices, Consumables and Equipment Framework Agreement were and will continue to be entered into in the ordinary and usual course of business of the Group on a continuing basis, the Directors were of the view that compliance with the announcement requirements would impose unnecessary administrative costs and undue burden to the Group and would be impracticable. Under Rule 14A.105 of the Listing Rules, the Group has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirements as may otherwise be required of the Company under Chapter 14A of the Listing Rules in connection with the Supply of Medical Devices, Consumables and Equipment Framework Agreement and all transactions contemplated under it.

Annual Review of Continuing Connected Transactions

The Company's auditor was engaged to report on the continuing connected transactions as set out above. The auditor has issued their unqualified letter to the Board containing their findings and conclusions in respect of the above continuing connected transactions under Rule 14A.56 of the Listing Rules. The Company has provided a copy of the auditor's letter to the Stock Exchange as required under Rule 14A.57 of the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that for the year ended 31 March 2016, the continuing connected transactions as set out above have been entered into during the ordinary and usual course of business of the Group, were on normal or better commercial terms, and were fair and reasonable and in the interests of the Company and its Shareholders as a whole, and that the annual caps for these transactions were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is sufficiency of public float of the Company's securities as required under the Listing Rules.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Shares.

TAX

We refer to our previous late filing of profits tax returns as disclosed in the Prospectus under the section headed "BUSINESS – LEGAL PROCEEDINGS, CLAIMS AND COMPLIANCE – NON-COMPLIANCE INCIDENTS – INLAND REVENUE ORDINANCE", we understand that the Inland Revenue Department is currently considering our settlement proposal.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2016, the aggregate amount of revenue or sales attributable to the Group's five largest customers represented less than 30% of the Group's total revenue. The aggregate amount of purchases attributable to the Group's five largest suppliers represented less than 30% of the Group's total purchases.

To the best of the knowledge of the Directors, save for the transactions as disclosed in the section headed "CONTINUING CONNECTED TRANSACTIONS" in this annual report, none of the Directors, their respective close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any direct/indirect interest in these major suppliers or customers during the year ended 31 March 2016.

CORPORATE GOVERNANCE

The text of the corporate governance report is set out on pages 22 to 31 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the Reporting Period, the Company allotted and issued 827,000 new shares with a par value of HK\$0.00001 each at a price of HK\$3.03 per share under over-allotment options of the IPO.

AUDITOR

The Shares were only listed on Stock Exchange on 11 March 2016, and there has been no change in auditors since the Listing Date. The consolidated financial statements for the year ended 31 March 2016 have been audited by KPMG, Certified Public Accountants, who is proposed for re-appointment at the forthcoming AGM.

On behalf of the Board

Tang Chi Fai
Chairman

Hong Kong, 13 June 2016

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

TANG Chi Fai (鄧志輝), aged 37, is the Chairman of the Board, the CEO, our executive Director and chairman of the Nomination Committee. He is a controlling Shareholder of the Company and he founded our Group on 23 November 2005. He is responsible for the overall management and strategic planning and development of our Group. Mr. Tang is also a director of various subsidiaries of the Company.

Mr. Tang has more than 13 years of experience in the aesthetic medical and beauty industries. Prior to joining our Group, from 2001 to 2005, Mr. Tang worked at Lionfaith Limited (亨譽有限公司), a company engaged in public relations in Hong Kong, as a sales director primarily responsible for sales management. In 2004, Mr. Tang worked as a sales director at Nutriplus (Asia) Limited (欣泉(亞洲)有限公司), a company engaged in direct sales of branded beauty products in Hong Kong, and a wholly-owned subsidiary of Easy Repay Finance & Investment Limited (易還財務投資有限公司) (formerly known as B.A.L. Holdings Limited (變靚D控股有限公司)) (Stock Code: 8079), listed on the Growth Enterprise Market of the Stock Exchange, which was engaged in the business of beauty and weight management in Hong Kong. During that period, he was primarily responsible for the initial establishment and business development of four beauty centres, the development of marketing strategies and maintenance of sales channels. From 2002 to 2003, Mr. Tang worked at Sau San Tong (修身堂), a company later listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8200), which provides slimming and beauty products and services in Hong Kong. He was primarily responsible for sales management. In addition, Mr. Tang also invests in businesses other than those providing aesthetic medical and beauty service businesses, such as leasing of warehouse spaces, insurance brokerage, medical equipment maintenance and repair, and supply of cosmetic products, medical devices, consumables and equipment.

From September 1998 to May 2001, Mr. Tang attended the University of Hong Kong where he was enrolled in the bachelor of medicine and the bachelor of surgery programmes before deciding to pursue a different career path. From September 2001 to February 2005, Mr. Tang enrolled in the bachelor of business administration in accounting and finance at the University of Hong Kong and worked on a part-time basis before deciding to switch to full-time employment. Mr. Tang obtained Certificate IV in Training and Assessment from Northern Melbourne Institute of Technical and Further Education in September 2009 and the executive master of business administration degree from the University of Hull in January 2014.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

LEE Gabriel (李嘉豪), aged 37, is the chief operating officer and our executive Director. He is responsible for the management of day-to-day operations for our Group.

Mr. Lee has over 14 years of experience in business management. Prior to joining our Group in April 2014, from July 2001 to April 2014, Mr. Lee worked at Cathay Pacific Airways Limited (國泰航空有限公司) (“Cathay Pacific”), an international airline listed on the Main Board of the Stock Exchange (Stock Code: 293). He joined Cathay Pacific as a management trainee from July 2001 to June 2004 and subsequently served in various managerial positions, including more recently, as manager of cargo hub operations from January 2014 to April 2014 to manage the cargo operations of the airline in the Hong Kong International Airport, manager of planning and performance for the Hong Kong International Airport from August 2011 to December 2013 to oversee airport operations of the airline at the Hong Kong International Airport and manager of cargo operations of the airline from July 2009 to March 2010 to supervise cargo staff in 14 Chinese cities and to develop the cargo business in the PRC. During his employment with Cathay Pacific, Mr. Lee was seconded to Air China Cargo Company Limited (中國國際貨運航空有限公司) in Beijing, a state-owned airline enterprise in the PRC, from March 2011 to July 2011 where he served as the assistant president of its commercial (sales and marketing) division. From July 2007 to July 2009, he was seconded to Hong Kong Dragon Airlines Ltd. in Shanghai, the PRC, where he served as a manager of marketing & sales in Eastern China.

Mr. Lee graduated from the University of Hong Kong with a bachelor of business administration degree in accounting and finance in July 2001. In March 2007, Mr. Lee attended the SWIRE Management Programme organised by INSEAD Graduate Business School in Singapore. Mr. Lee also attended the SWIRE Accounting and Control Programme and SWIRE Advanced Management Programme organised by INSEAD Graduate Business School in Fontainebleau, France from October to November 2010 and from May to June 2013, respectively.

LUK Kun Shing Ben (陸韻晟), aged 38, is the chief information officer and our executive Director. He is responsible for overseeing information technology infrastructure of our Group.

Mr. Luk has more than 5 years of experience in the aesthetic medical industry, and over 12 years of experience in the information technology industry. Prior to joining our Group in March 2010, from January 2011 to February 2014, Mr. Luk served as a software engineer at Google (Hong Kong) Limited, a subsidiary of Google Inc., specialising in internet-related services and products. From December 2003 to December 2010, he was a software engineer at Google Inc., in Mountain View, California, the United States and involved in the implementation of Google Maps. Mr. Luk graduated from Cornell University with a bachelor of science degree in computer science in August 2000 and Stanford University with a master of science degree in computer science in June 2003.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

YEUNG Chin Wan (楊展駒), aged 36, is the chief financial officer and our executive Director. He is responsible for the financial reporting and management of our Group.

Mr. Yeung has over 14 years of experience in financial reporting and investment management and services. Prior to joining our Group in July 2014, from April 2010 to June 2014, Mr. Yeung served as a director of We & V Accounting Services and Consultancy Limited (維爾會計及顧問有限公司), a boutique accounting and consultancy company in Hong Kong, where he was responsible for providing advisory services on tax and corporate matters. From November 2004 to March 2010, he held a number of positions in AXA Wealth Management (HK) Limited (安盛財富管理(香港)有限公司), a company engaged in wealth management and provision of consulting services in Hong Kong and a subsidiary of AXA Group, which is a multinational insurance and asset management group, to provide solutions for clients' portfolios. From September 2001 to October 2004, Mr. Yeung worked at PricewaterhouseCoopers Ltd. (羅兵咸永道有限公司) in Hong Kong, where he began as an associate and later became a senior associate in the financial services group, responsible for audit engagement in the investment banking and asset management industries.

In addition, since 2014, Mr. Yeung has been the chief executive officer of World Trade Capital Group Limited (世貿金融資本集團有限公司), an insurance brokerage firm providing the Group with quotations of employees' insurance and other types of insurance from independent insurance companies. He is primarily responsible for liaising with insurance companies for quotations and monitoring compliance of the brokerage firm in Hong Kong. Mr. Yeung graduated from Hong Kong Polytechnic University with a bachelor of arts in accountancy in November 2001. He has been a member of the Hong Kong Institute of Certified Public Accountants since August 2003 and a Chartered Wealth Manager of the International Academy of Financial Management since January 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

MA Ching Nam (馬清楠), aged 63, was appointed as our independent non-executive Director on 19 February 2016. Mr. Ma is also a member of each of the Audit Committee and the Remuneration Committee. Mr. Ma has been practising law for almost 35 years. He was admitted as a solicitor in England and Wales, Hong Kong, Australia and Singapore. He currently serves as senior partner of Hastings & Co, Solicitors & Notaries, a law firm in Hong Kong. Mr. Ma is also a Notary Public, China Appointed Attesting Officer and Civil Celebrant. He was the president of the Hong Kong Society of Notaries from 2007 to 2013.

Mr. Ma currently serves as directors of Tai Sang Bank Limited, Heptacontinental group of companies, Chiu Yin Enterprises Limited, Ma Kam Ming Company Limited and Ma's Enterprises Company Limited. He is also an independent non-executive director of Time Watch Investments Limited which was listed on the Main Board of the Stock Exchange (Stock Code: 2033). Mr. Ma has also been a director and Vice Chairman of Po Leung Kuk since 2009 and 2014 respectively.

Mr. Ma is also a member of the Hospital Governing Committee of North District Hospital in Hong Kong, a member of the Standing Committee on Language Education and Research (SCOLAR) in Hong Kong, and a council member of Hong Kong St. John Ambulance. He has been appointed as a member of Political and Consultative Conference in Hunan Province, PRC. He was also one of the past Chairmen of St. Paul's Co-educational College Alumni Association. Mr. Ma graduated from the University of Hull with a bachelor of science degree in economics with honours in 1977.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

YU Ka Fai Alexis (余嘉輝), aged 54, was appointed as our independent non-executive Director on 19 February 2016. Dr. Yu is also a member of each of the Audit Committee and the Nomination Committee, as well as the chairman of the Remuneration Committee.

Dr. Yu has over 30 years of experience in medicine as a doctor, and 22 years of experience in ophthalmology. Prior to joining our Group, he has been the director of Eye Point Company Limited, Hong Kong Eye Surgery Centre and Hong Kong Eye Consultants Limited since June 2011, June 2006 and January 2001 respectively. From March 2001 to January 2008, he served as an eye consultant at Hong Kong Adventist Hospital Eye Centre, where he was primarily responsible for treating patients with eye diseases. Dr. Yu was employed by the Hospital Authority of Hong Kong from July 1986 to July 2001, during which he was primarily responsible for treating patients with eye diseases. In particular, he served as a senior medical officer of Tung Wah Hospital in Hong Kong from November 1994 to July 2001, as a senior medical officer of Caritas Medical Centre in Hong Kong from January 1994 to November 1994, as a senior medical officer of Hong Kong Eye Hospital from January 1993 to December 1993, as a medical officer, and subsequently a senior medical officer, of the Hong Kong Government from July 1986 to December 1992.

Dr. Yu graduated from the University of Hong Kong with a bachelor of medicine and a bachelor of surgery in November 1985. He obtained a diploma in ophthalmology from the Royal College of Physicians of Ireland and the Royal College of Surgeons in Ireland in September 1990. He then obtained fellowships from the Royal College of Surgeons of Edinburgh, Scotland, the College of Ophthalmologists, the United Kingdom, the College of Surgeons of Hong Kong, the Hong Kong Academy of Medicine and the College of Ophthalmologists of Hong Kong in November 1990, December 1990, March 1993, December 1993, and March 1996, respectively.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

LOOK Andrew (陸東), aged 52, was appointed as our independent non-executive Director on 19 February 2016. Mr. Look is also a member of each of the Nomination Committee and the Remuneration Committee, as well as the chairman of the Audit Committee.

Mr. Look has over 15 years of experience in equity investment analysis of Hong Kong and the PRC stock markets and in the banking, property development and fund management industries. Prior to joining our Group, Mr. Look has been the founder, chief investment officer and managing director of Look's Asset Management Limited, an equity investment company incorporated in September 2009. From June 2000 to August 2008, he was the managing director and the head of Hong Kong research, strategy and product of UBS Securities Asia Limited, where he was responsible for producing thematic and quality market strategy reports for hedge fund and wealth management clients.

Mr. Look has served as the independent non-executive director of Ka Shui International Holdings Limited, a company engaged in the manufacture and sale of zinc, magnesium and aluminium alloy die casting components, listed on the Main Board of the Stock Exchange (Stock Code: 0822) since December 2009, TCL Communication Technology Holdings Limited, a company engaged in the provision of mobile handsets in the PRC, listed on the Main Board of the Stock Exchange (Stock Code: 2618) since September 2010, Man Sang Jewellery Holdings Limited, a company engaged in the purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products, listed on the Main Board of the Stock Exchange (Stock Code: 1466) since October 2014, Hung Fook Tong Group Holdings Limited, a company engaged in the production and sales of Chinese herbal drinks and other drink products, listed on the Main Board of the Stock Exchange (Stock Code: 1446) since June 2014, and CITIC Resources Holdings Limited, a company engaged in the provision of strategic natural resources and key commodities, listed on the Main Board of the Stock Exchange (Stock Code: 1205) since September 2015. Mr. Look graduated from the University of Toronto with a bachelor of commerce degree in June 1986.

SENIOR MANAGEMENT

For the biographical details of Mr. Tang, Mr. Lee Gabriel, Mr. Luk Kun Shing Ben and Mr. Yeung Chin Wan, please refer to the section headed "EXECUTIVE DIRECTORS" above.

CHENG Yeung (鄭泐), aged 44, joined our Group on 1 May 2011 and was appointed as our general manager of medical operations on 4 November 2015. He is responsible for overseeing the medical related business operations of our Group.

Mr. Cheng has more than 20 years of experience in the pharmaceutical industry having worked in various pharmaceutical companies including Allergan Hong Kong Limited (愛力根香港有限公司), a healthcare company focused on developing and marketing pharmaceuticals products and medical devices, where he served as a senior sales and marketing manager.

Mr. Cheng graduated from the Hong Kong Baptist University in December 1993 with a bachelor of science degree in applied biology. He completed a diploma course on smaller company management from the Chinese University of Hong Kong in February 1997, and obtained a master degree in business administration from Heriot-Watt University in November 2006.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Union Medical Healthcare Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Union Medical Healthcare Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 56 to 130, which comprise the consolidated statement of financial position as at 31 March 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

13 June 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Notes	2016 HK\$	2015 HK\$
REVENUE	5	704,937,348	621,089,610
Other net income and gains	5	3,671,483	5,705,724
Cost of inventories and consumables		(70,687,271)	(47,585,730)
Registered practitioner expenses		(52,774,291)	(46,264,988)
Employee benefit expenses		(192,360,798)	(166,770,568)
Marketing and advertising expenses		(38,018,257)	(23,928,266)
Rental and related expenses		(62,165,511)	(65,831,133)
Credit card expenses		(22,995,785)	(21,699,957)
Depreciation		(24,068,889)	(17,707,725)
Finance costs	6	(411,762)	(889,683)
Listing expenses		(34,185,568)	(5,626,645)
Other expenses		(26,532,909)	(19,893,840)
PROFIT BEFORE TAX	7	184,407,790	210,596,799
Income tax	10	(35,099,392)	(35,819,037)
PROFIT FOR THE YEAR		149,308,398	174,777,762
Attributable to:			
Equity shareholders of the Company		148,663,969	174,415,159
Non-controlling interests		644,429	362,603
		149,308,398	174,777,762
EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY SHAREHOLDERS OF THE COMPANY	11	0.20	0.24
PROFIT FOR THE YEAR		149,308,398	174,777,762
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$Nil tax		11,633	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		149,320,031	174,777,762
Attributable to:			
Equity shareholders of the Company		148,675,602	174,415,159
Non-controlling interests		644,429	362,603
		149,320,031	174,777,762

The notes on pages 62 to 130 form part of these financial statements. Details of dividends payable to ordinary equity shareholders of the Company attributable to the profit for the year are set out in note 25(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016
(Expressed in Hong Kong dollars)

	Notes	2016 HK\$	2015 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	12	59,155,532	52,181,050
Goodwill	13	3,421,318	1,773,481
Intangible assets	14	1,311,093	351,757
Rental deposits	17	13,817,893	13,036,497
Prepayments and other deposits	17	8,200,000	10,225,540
Deferred tax assets	24	637,917	–
Total non-current assets		86,543,753	77,568,325
CURRENT ASSETS			
Inventories	15	17,883,209	13,671,161
Trade receivables	16	32,484,344	22,123,781
Prepayments, deposits and other receivables	17	42,344,444	34,165,388
Financial assets at fair value through profit or loss	18	103,516,892	27,263,284
Amount due from the Controlling Shareholder	19	–	160,990,296
Current tax recoverable		16,072,807	–
Pledged time deposits	20	2,000,000	2,000,000
Time deposits with original maturity over 3 months	20	500,000,000	–
Cash and cash equivalents	20	354,717,582	129,884,745
Total current assets		1,069,019,278	390,098,655
CURRENT LIABILITIES			
Trade payables	21	5,214,323	3,929,798
Other payables and accruals	22	96,694,780	66,915,316
Deferred revenue	23	312,891,746	347,467,876
Current tax payable		6,235,989	40,199,031
Total current liabilities		421,036,838	458,512,021
NET CURRENT ASSETS/(LIABILITIES)		647,982,440	(68,413,366)
TOTAL ASSETS LESS CURRENT LIABILITIES		734,526,193	9,154,959

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

(Expressed in Hong Kong dollars)

	Notes	2016 HK\$	2015 HK\$
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	139,109	1,951,098
Other payables and accruals	22	–	1,000,000
Provision for reinstatement costs	22	3,110,000	3,250,000
Total non-current liabilities		3,249,109	6,201,098
NET ASSETS		731,277,084	2,953,861
TOTAL EQUITY			
Total equity attributable to equity shareholders of the Company			
Share capital	25	9,800	–
Reserves		731,360,424	3,691,430
Non-controlling interests		731,370,224 (93,140)	3,691,430 (737,569)
TOTAL EQUITY		731,277,084	2,953,861

Approved and authorised for issue by the board of directors on 13 June 2016

Lee Gabriel
Director

Yeung Chin Wan
Director

The notes on pages 62 to 130 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Notes	Attributable to equity shareholders of the company							
		Share capital HK\$	Share premium (note 25(d)(i)) HK\$	Merger reserve (note 25(d)(ii)) HK\$	Exchange reserve (note 25(d)(iii)) HK\$	(Accumulated losses)/ retained profits HK\$	Total HK\$	Non-controlling interests HK\$	(Net deficit)/ total equity HK\$
At 1 April 2014		-	-	19,608	-	(15,840,137)	(15,820,529)	(1,100,172)	(16,920,701)
Changes in equity for 2015:									
Profit and total comprehensive income for the year		-	-	-	-	174,415,159	174,415,159	362,603	174,777,762
Dividend declared	25(b)	-	-	-	-	(154,903,200)	(154,903,200)	-	(154,903,200)
At 31 March 2015 and 1 April 2015		-	-	19,608	-	3,671,822	3,691,430	(737,569)	2,953,861
Changes in equity for 2016:									
Profit for the year		-	-	-	-	148,663,969	148,663,969	644,429	149,308,398
Other comprehensive income		-	-	-	11,633	-	11,633	-	11,633
Total comprehensive income for the year		-	-	-	11,633	148,663,969	148,675,602	644,429	149,320,031
Issuance of new shares before initial public offering	25(c)(i),(ii)	11,000	-	-	-	-	11,000	-	11,000
Repurchase of shares before initial public offering	25(c)(iii)	(3,650)	-	-	-	-	(3,650)	-	(3,650)
Dividends declared	25(b)	-	-	-	-	(124,441,636)	(124,441,636)	-	(124,441,636)
Shares issued under initial public offering, net of share issuance expenses	25(c)(iv)	2,450	703,435,028	-	-	-	703,437,478	-	703,437,478
At 31 March 2016		9,800	703,435,028	19,608	11,633	27,894,155	731,370,224	(93,140)	731,277,084

The notes on pages 62 to 130 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Notes	2016 HK\$	2015 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		184,407,790	210,596,799
Adjustments for:			
Interest on bank borrowings and overdraft	6	544	465,525
Imputed interest (income)/expense on non-current rental deposits, net	5,6	(166,194)	117,290
Bank interest income	5	(305,454)	(82,225)
Other interest income	5	–	(419,852)
Interest income from listed debt investments and certificate of deposits	5	(1,014,988)	(653,584)
Dividend income from listed equity and unlisted fund investments	5	–	(1,679,754)
Depreciation	7	24,068,889	17,707,725
Amortisation of intangible assets	7	572,520	445,145
Loss on disposals and write-off of property, plant and equipment	7	1,032,361	620,861
Unrealised fair value gains on financial assets at fair value through profit or loss, net	5	–	(1,295,637)
Realised losses on disposals of financial assets/liabilities at fair value through profit or loss, net	5	1,209,090	834,222
Foreign exchange differences		(117,962)	–
		209,686,596	226,656,515
Increase in inventories		(4,212,048)	(3,260,192)
Increase in trade receivables		(10,360,563)	(752,341)
Increase in prepayments, deposits and other receivables		(8,606,372)	(16,240,861)
Increase in trade payables		1,284,525	1,764,934
Increase in other payables and accruals		10,613,868	10,431,007
Decrease in deferred revenue		(34,576,130)	(48,700,889)
		163,829,876	169,898,173
Cash generated from operations		163,829,876	169,898,173
Hong Kong Profits Tax paid		(87,256,891)	(11,326,190)
Tax paid outside Hong Kong		(376,773)	(13,959)
		76,196,212	158,558,024
Net cash generated from operating activities		76,196,212	158,558,024

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Notes	2016 HK\$	2015 HK\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		129,020	82,225
Other interest received		–	419,852
Purchases of financial assets designated as financial assets at fair value through profit or loss		(153,585,666)	(23,121,754)
Purchase of an intangible asset		(354,000)	–
Proceeds from disposals of financial assets/liabilities at fair value through profit or loss		76,779,477	52,981,461
Interest income from listed debt investments		1,014,988	653,584
Dividend received from listed equity and unlisted fund investments		–	1,679,754
Acquisition of businesses, net	26	(719,979)	(980,000)
Decrease in pledged time deposits		–	10,113,028
Increase in time deposits with original maturity over 3 months		(500,000,000)	–
Purchases of property, plant and equipment		(28,207,605)	(23,996,509)
Net cash (used in)/generated from investing activities		(604,943,765)	17,831,641
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(544)	(465,525)
Payment for share issuance expenses		(25,249,437)	–
Proceeds from issuance of share capital before initial public offering		11,000	–
Payment for repurchase of shares		(3,650)	–
Dividend paid		(60,000,000)	–
Proceeds from shares issued under initial public offering		742,350,000	–
Repayments of interest-bearing bank borrowings		–	(4,539,511)
Change in balance with the Controlling Shareholder		96,548,660	(116,322,084)
Net cash generated from/(used in) financing activities		753,656,029	(121,327,120)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 APRIL		129,884,745	74,822,200
Effect of changes in foreign exchange rates		(75,639)	–
CASH AND CASH EQUIVALENTS AT 31 MARCH	20	354,717,582	129,884,745

The notes on pages 62 to 130 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at 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 Units A & B, 6/F, Hop Hing Industrial Building, 704 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong.

Pursuant to a group reorganisation (the “Reorganisation”), the Company became the holding company of companies now comprising the Group on 18 September 2015. The Company’s shares were listed on the Main Board of Stock Exchange on 11 March 2016.

The Company is an investment holding company. The Group is principally engaged in the provision of medical, quasi-medical, traditional beauty services, the sale of skincare and beauty products, and investment holding.

2.1 STATEMENT OF COMPLIANCE

The Group’s financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on Stock Exchange (“the Listing Rules”).

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated annual results set out in this annual report do not constitute the Group’s consolidated financial statements for the year ended 31 March 2016 but are extracted from those financial statements.

The consolidated financial statements for the year ended 31 March 2016 comprise the Company and its subsidiaries.

The Company was incorporated in the Cayman Islands on 7 July 2015. As part of the Reorganisation, the entire issued share capital of Union (Group) Investment Limited (“UGIL”) was transferred to Union Health Services, a wholly-owned subsidiary of the Company, which was in turn controlled by the Controlling Shareholder (“the Share Transfer”). Upon the completion of the Share Transfer, the Company and Union Health Services became the parent companies of UGIL and its subsidiaries, and the holding companies of the Group.

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(Continued)*

The companies that took part in the Share Transfer were controlled by the same ultimate equity shareholder before and after the Share Transfer and there were no changes in the business and operations of UGIL and its subsidiaries. The Share Transfer only involved incorporating the Company and Union Health Services with no prior substantive operations as the holding companies of UGIL and the Group. Accordingly, the Share Transfer has been accounted for using a principle similar to that for a reverse acquisition with UGIL treated as the acquirer for accounting purposes. The financial statements have been prepared and presented as a continuation of the consolidated financial statements of UGIL and its subsidiaries, with the assets and liabilities of the Group recognised and measured at their historical carrying amounts prior to the Share Transfer, and as if the group structure upon completion of the Share Transfer had been in existence at the beginning of the reporting period presented.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (“HKFRSs”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior period have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred to the Group, liabilities assumed by the Group to the sellers of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

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

Fair value measurement

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

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

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

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

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

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

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
or

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements	Over the shorter of the lease terms and 25%
Furniture and fixtures	25%
Operation equipment	20%
Office equipment	20%
Computers	20%
Motor vehicles	20%

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

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

Intangible assets (other than goodwill)

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

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill) *(Continued)*

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out below.

The principal annual rates used for this purpose are as follows:

Customer lists	33%
Licence	33%
Club membership	Indefinite

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. For an intangible asset with an indefinite useful life, the recoverable amount is estimated annually, whether or not there is any indication of impairment.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. When the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, and loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value presented as other net income and gains in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other net income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, and financial liabilities at fair value through profit or loss, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Loans and borrowings

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of each reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

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

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

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

Provisions

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

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

Income tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) revenue from the rendering of services, when the services have been rendered to customers. Receipts in respect of unutilised prepaid packages for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the statement of financial position. Any unutilised prepaid packages at the end of the service period are fully recognised in profit or loss;
- (b) revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, which generally coincides with the time when the goods are delivered to customers;
- (c) income from the sale of financial investments, when the relevant contract notes are executed on the transaction dates;
- (d) commission income and management fee income, when the relevant services are rendered;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (f) dividend income, when the shareholders' right to receive payment has been established.

NOTES TO THE FINANCIAL STATEMENTS

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Retirement benefit scheme

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

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "PRC") and Macau are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends proposed by the directors are not classified as a separate allocation of retained profits within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

The consolidated financial statements are presented in HK\$, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currencies of certain subsidiaries outside Hong Kong are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the average exchange rates for the year.

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

Any goodwill arising on the acquisition of an operation outside Hong Kong and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of that operation and translated at the closing rate.

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

NOTES TO THE FINANCIAL STATEMENTS

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to the ones previously estimated, and it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Net realisable value of inventories

The Group performs regular review of the carrying amounts of inventories with reference to ageing analysis of the Group's inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the net realisable value of inventories declines below their carrying amount. Due to changes in technological, market and economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

Impairment of loans and receivables

The Group regularly reviews its loans and receivables to assess impairment. In determining whether a loan or receivable or a group of loans and receivables is impaired and impairment losses are incurred, the Group considers, inter alia, whether there is any observable data indicating that there is a measurable decrease in the estimated cash flows from its receivables. This requires the Group to make estimates about expected future cash flows, and hence they are subject to uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products in Hong Kong, Macau and the PRC. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about geographical areas

(a) Revenue from external customers

	2016 HK\$	2015 HK\$
Hong Kong	667,409,203	597,596,303
Macau	28,613,885	23,493,307
The PRC	8,914,260	–
	704,937,348	621,089,610

NOTES TO THE FINANCIAL STATEMENTS

4. OPERATING SEGMENT INFORMATION *(Continued)*

Information about geographical areas *(Continued)*

(b) Non-current assets

	2016	2015
	HK\$	HK\$
Hong Kong	56,767,918	50,730,374
Macau	2,738,251	3,575,914
The PRC	4,381,774	–
	63,887,943	54,306,288

The non-current assets information above is based on the location of the assets and excludes financial instruments.

Information about major customers

Since no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during each of the reporting periods presented, no information about major customers in accordance with HKFRS 8 *Operating Segments* is presented.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE, OTHER NET INCOME AND GAINS

Revenue represents the value of medical, quasi-medical and traditional beauty services rendered and the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other net income and gains is as follows:

	For the year ended 31 March	
	2016 HK\$	2015 HK\$
Revenue		
Medical services	275,668,382	218,981,051
Quasi-medical services	74,073,840	62,642,169
Traditional beauty services	65,042,514	66,882,296
Skincare and beauty products	38,031,475	32,520,109
Revenue recognised from unutilised prepaid packages	252,121,137	240,063,985
	704,937,348	621,089,610
Other net income and gains		
Bank interest income	305,454	82,225
Interest income from listed debt investments and certificate of deposits	1,014,988	653,584
Other interest income	–	419,852
Commission income	–	377,694
Dividend income from listed equity and unlisted fund investments	–	1,679,754
Management fee income	–	263,076
Unrealised fair value gains on financial assets at fair value through profit or loss, net	–	1,295,637
Realised losses on disposals of financial assets/liabilities at fair value through profit or loss, net	(1,209,090)	(834,222)
Imputed interest income on non-current rental deposits	577,412	306,868
Others	2,982,719	1,461,256
	3,671,483	5,705,724

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE, OTHER NET INCOME AND GAINS *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) revenue from the rendering of services, when the services have been rendered to customers. Receipts in respect of unutilised prepaid packages for which the relevant services have not been rendered are deferred and recognised as deferred revenue in the statement of financial position. Any unutilised prepaid packages at the end of the service period are fully recognised in profit or loss;
- (b) revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, which generally coincides with the time when the goods are delivered to customers;
- (c) income from the sale of financial investments, when the relevant contract notes are executed on the transaction dates;
- (d) commission income and management fee income, when the relevant services are rendered;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (f) dividend income, when the shareholders' right to receive payment has been established.

6. FINANCE COSTS

	For the year ended 31 March	
	2016	2015
	HK\$	HK\$
Interest on bank overdraft	544	–
Interest on bank borrowings	–	465,525
Imputed interest expense on non-current rental deposits	411,218	424,158
	411,762	889,683

NOTES TO THE FINANCIAL STATEMENTS

7. PROFIT BEFORE TAX

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

	For the year ended 31 March	
	2016	2015
	HK\$	HK\$
Employee benefit expenses (including directors' emoluments):*		
Salaries, wages, allowances, bonuses, commission and benefits in kind	211,565,936	180,685,287
Pension scheme contributions (defined contribution scheme)	7,039,202	6,425,281
	218,605,138	187,110,568
Minimum lease payments under operating leases in respect of:		
Land and buildings	49,519,995	52,822,949
Equipment	225,802	89,538
Auditors' remuneration	1,668,965	1,150,000
Depreciation	24,068,889	17,707,725
Amortisation of intangible assets	572,520	445,145
Loss on disposals and write-off of property, plant and equipment	1,032,361	620,861
Foreign exchange differences, net	(74,324)	186,812
Trade receivables written off as uncollectible	11,951	–

* During the year ended 31 March 2016, included in "Employee benefit expenses" are also registered practitioner expenses of HK\$26,244,340 (2015: HK\$20,340,000) paid/payable to certain registered medical practitioners who are also employees of the Group.

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Discretionary bonuses HK\$	Retirement scheme contributions HK\$	Total HK\$
Year ended 31 March 2016 (Note)					
<i>Executive director</i>					
Tang Chi Fai	-	1,218,000	-	18,000	1,236,000
Lee Gabriel	-	1,622,000	-	18,000	1,640,000
Yeung Chin Wan	-	1,312,700	-	18,000	1,330,700
Luk Kun Shing Ben	-	390,500	-	13,000	403,500
	-	4,543,200	-	67,000	4,610,200
<i>Independent-non-executive director</i>					
Ma Ching Nam	26,668	-	-	-	26,668
Yu Ka Fai Alexis	24,444	-	-	-	24,444
Look Andrew	24,444	-	-	-	24,444
	75,556	-	-	-	75,556

NOTES TO THE FINANCIAL STATEMENTS

8. DIRECTORS' EMOLUMENTS (Continued)

	Directors' fees HK\$	Salaries, allowances and benefits in kind HK\$	Discretionary bonuses HK\$	Retirement scheme contributions HK\$	Total HK\$
Year ended 31 March 2015					
(Note)					
<i>Executive director</i>					
Tang Chi Fai	–	1,217,500	–	17,500	1,235,000
Lee Gabriel	–	1,521,000	–	17,650	1,538,650
Yeung Chin Wan	–	877,739	–	13,650	891,389
Luk Kun Shing Ben	–	160,000	–	8,000	168,000
	–	3,776,239	–	56,800	3,833,039

Note:

Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Yeung Chin Wan and Mr. Luk Kun Shing Ben were appointed as directors of the Company on 7 July 2015, 1 September 2015, 1 September 2015 and 1 September 2015, respectively. Mr. Ma Ching Nam, Dr. Yu Ka Fai Alexis and Mr. Look Andrew were appointed as independent non-executive directors of the Company on 19 February 2016, and Mr. Tang Chi Fai was appointed as the chief executive of the Company on 4 November 2015.

Certain directors of the Company received remuneration from the subsidiaries now comprising the Group during the current and prior years as set out above.

NOTES TO THE FINANCIAL STATEMENTS

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, none (2015: one) of the individuals is a director for the year ended 31 March 2016, the directors' emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the five (2015: four) individuals for the year ended 31 March 2016, are as follows:

	2016	2015
	HK\$	HK\$
Salaries, allowances and other benefits in kind	6,405,016	8,814,750
Performance related bonuses	11,484,106	6,222,358
Pension scheme contributions (defined contribution schemes)	180,725	174,500
	18,069,847	15,211,608

The emoluments of the five (2015: four) individuals with the highest emoluments for the year ended 31 March 2016 are within the following bands:

	2016	2015
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	–	–
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	1	–
Over HK\$4,500,001	1	1
	5	4

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX

- (a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	For the year ended 31 March	
	2016 HK\$	2015 HK\$
Current – Hong Kong		
Charge for the year	35,165,609	34,825,462
Under-provision in respect of prior years	1,165,004	–
	36,330,613	34,825,462
Current – Elsewhere		
Charge for the year	1,218,685	342,096
Deferred tax	(2,449,906)	651,479
Tax charge for the year	35,099,392	35,819,037

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% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX *(Continued)*

(b) Reconciliation between income tax and profit before tax at the applicable tax rates:

	2016 HK\$	2015 HK\$
Profit before tax	184,407,790	210,596,799
Tax at the Hong Kong statutory tax rate	30,427,285	34,748,472
Different tax rates enacted by local authorities	(53,142)	(125,059)
Adjustments in respect of current tax of prior years	1,165,004	–
Income not subject to tax	(835,254)	(397,728)
Expenses not deductible for tax	6,305,685	1,483,818
Tax losses not recognised	2,714,441	237,989
Utilisation of unused tax losses not recognised in prior years	(3,188,899)	(128,455)
Tax effect of temporary differences not recognised in prior year but recognised during the year	(727,886)	–
Others	(707,842)	–
Tax charge for the year	35,099,392	35,819,037

NOTES TO THE FINANCIAL STATEMENTS

11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity shareholders of the Company of HK\$148,663,969 (2015: HK\$174,415,159) and the weighted average of 749,095,890 ordinary shares (2015: the deemed weighted average number of 735,000,000 ordinary shares of the Company based on the number of outstanding shares before the IPO (see note 25(c))).

Weighted average number of ordinary shares:

	For the year ended 31 March	
	2016	2015
Deemed issued ordinary shares before the IPO	735,000,000	735,000,000
Effect of ordinary shares issued upon the IPO (note 25(c)(iv))	14,095,890	–
Weighted average number of ordinary shares at 31 March	749,095,890	735,000,000

There were no dilutive potential ordinary shares during the year and therefore, diluted earnings per share are not presented.

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Operation equipment HK\$	Office equipment HK\$	Computers HK\$	Motor vehicle HK\$	Total HK\$
Year ended 31 March 2016							
At 1 April 2015:							
Cost	44,324,151	2,990,176	48,576,003	2,606,840	3,313,382	-	101,810,552
Accumulated depreciation	(17,936,245)	(1,888,058)	(26,507,864)	(1,489,009)	(1,808,326)	-	(49,629,502)
Net carrying amount	26,387,906	1,102,118	22,068,139	1,117,831	1,505,056	-	52,181,050
At 1 April 2015, net of accumulated depreciation							
At 1 April 2015, net of accumulated depreciation	26,387,906	1,102,118	22,068,139	1,117,831	1,505,056	-	52,181,050
Additions	17,543,964	2,084,434	7,676,328	193,585	2,168,529	566,305	30,233,145
Disposals and write-off	(15,452)	(120,561)	(680,470)	(152,126)	(63,752)	-	(1,032,361)
Business combination	1,937,393	245,852	-	-	-	-	2,183,245
Depreciation provided during the year	(14,149,461)	(642,377)	(8,191,363)	(433,011)	(624,362)	(28,315)	(24,068,889)
Exchange adjustment	(73,218)	(267,440)	-	-	-	-	(340,658)
At 31 March 2016, net of accumulated depreciation	31,631,132	2,402,026	20,872,634	726,279	2,985,471	537,990	59,155,532
At 31 March 2016:							
Cost	63,145,302	4,306,579	52,334,076	2,142,498	5,121,823	566,305	127,616,583
Accumulated depreciation	(31,514,170)	(1,904,553)	(31,461,442)	(1,416,219)	(2,136,352)	(28,315)	(68,461,051)
Net carrying amount	31,631,132	2,402,026	20,872,634	726,279	2,985,471	537,990	59,155,532

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements HK\$	Furniture and fixtures HK\$	Operation equipment HK\$	Office equipment HK\$	Computers HK\$	Total HK\$
Year ended 31 March 2015						
At 1 April 2014:						
Cost	32,759,865	2,592,804	40,822,604	2,171,005	2,591,739	80,938,017
Accumulated depreciation	(11,355,184)	(1,435,089)	(20,957,994)	(1,094,709)	(1,354,275)	(36,197,251)
Net carrying amount	21,404,681	1,157,715	19,864,610	1,076,296	1,237,464	44,740,766
At 1 April 2014, net of accumulated depreciation	21,404,681	1,157,715	19,864,610	1,076,296	1,237,464	44,740,766
Additions	14,547,795	382,710	9,104,850	358,295	662,859	25,056,509
Disposals and write-off	(620,861)	-	-	-	-	(620,861)
Business combination	401,422	14,662	159,953	77,540	58,784	712,361
Depreciation provided during the year	(9,345,131)	(452,969)	(7,061,274)	(394,300)	(454,051)	(17,707,725)
At 31 March 2015, net of accumulated depreciation	26,387,906	1,102,118	22,068,139	1,117,831	1,505,056	52,181,050
At 31 March 2015:						
Cost	44,324,151	2,990,176	48,576,003	2,606,840	3,313,382	101,810,552
Accumulated depreciation	(17,936,245)	(1,888,058)	(26,507,864)	(1,489,009)	(1,808,326)	(49,629,502)
Net carrying amount	26,387,906	1,102,118	22,068,139	1,117,831	1,505,056	52,181,050

NOTES TO THE FINANCIAL STATEMENTS

13. GOODWILL

	Notes	2016 HK\$	2015 HK\$
At the beginning of year		1,773,481	1,378,540
Acquisition of businesses	26(a),(b)	1,647,837	394,941
At the end of year		3,421,318	1,773,481

		2016 HK\$	2015 HK\$
Cost		5,483,785	3,835,948
Accumulated impairment		(2,062,467)	(2,062,467)
Net carrying amount		3,421,318	1,773,481

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Traditional beauty services cash generating units;
- Medical, quasi-medical and traditional beauty service cash-generating units;
- Aesthetic dental service cash-generating units; and
- Medical services in the PRC cash-generating units.

Traditional beauty services cash-generating units

The goodwill in relation to traditional beauty services cash generating units acquired during the year ended 31 March 2013 (the "2013 CGUs") was fully impaired during the year ended 31 March 2013.

Medical, quasi-medical and traditional beauty service cash-generating units

The recoverable amount of the medical, quasi-medical and traditional beauty service cash-generating units acquired during the year ended 31 March 2014 (the "2014 CGUs") has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 17% (2015: 17%) and the growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3% (2015: 3%).

13. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Aesthetic dental service cash-generating units

The recoverable amount of the aesthetic dental service cash-generating units acquired during the year ended 31 March 2015 (the "2015 CGUs") has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projections is 16% (2015: 16%) and the growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3% (2015: 3%).

Medical services in the PRC cash-generating units

The recoverable amount of the medical services in the PRC cash-generating units acquired during the year ended 31 March 2016 (the "2016 CGUs") has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projection is 16% (2015: N/A) and the growth rate used to extrapolate the cash flows of the cash-generating units beyond the five-year period is 3% (2015: N/A).

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2016	2015
	HK\$	HK\$
Carrying amount of goodwill		
2013 CGUs	–	–
2014 CGUs	1,378,540	1,378,540
2015 CGUs	394,941	394,941
2016 CGUs	1,647,837	–
Total	3,421,318	1,773,481

Assumptions were used in the value-in-use calculations of the 2014 CGUs, 2015 CGUs and 2016 CGUs. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate – The discount rates used are before tax and reflect specific risks relating to the relevant cash-generating units.

Price inflation – The basis used to determine the price inflation is the forecast price index during the budget year for Hong Kong, Macau or the PRC where the operations are carried out.

The values assigned to the key assumptions are consistent with external information sources.

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS

	Note	Customer lists HK\$	Licence HK\$	Club membership HK\$	Total HK\$
Year ended 31 March 2016					
At 1 April 2015					
Cost		1,314,454	–	–	1,314,454
Accumulated amortisation		(962,697)	–	–	(962,697)
<hr/>					
Net carrying amount		351,757	–	–	351,757
<hr/>					
At 1 April 2015, net of accumulated amortisation		351,757	–	–	351,757
Addition		–	–	354,000	354,000
Acquisition of business	26(a)	–	1,239,956	–	1,239,956
Amortisation provided during the year		(326,535)	(245,985)	–	(572,520)
Exchange adjustment		–	(62,100)	–	(62,100)
<hr/>					
At 31 March 2016, net of accumulated amortisation		25,222	931,871	354,000	1,311,093
<hr/>					
At 31 March 2016					
Cost		1,314,454	1,171,229	354,000	2,839,683
Accumulated amortisation		(1,289,232)	(239,358)	–	(1,528,590)
<hr/>					
Net carrying amount		25,222	931,871	354,000	1,311,093

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS (Continued)

	Note	Customer lists HK\$	Licence HK\$	Total HK\$
Year ended 31 March 2015				
At 1 April 2014				
Cost		1,170,529	–	1,170,529
Accumulated amortisation		(517,552)	–	(517,552)
<hr/>				
Net carrying amount		652,977	–	652,977
<hr/>				
At 1 April 2014, net of accumulated amortisation		652,977	–	652,977
Acquisition of business	26(b)	143,925	–	143,925
Amortisation provided during the year		(445,145)	–	(445,145)
<hr/>				
At 31 March 2015, net of accumulated amortisation		351,757	–	351,757
<hr/>				
At 31 March 2015				
Cost		1,314,454	–	1,314,454
Accumulated amortisation		(962,697)	–	(962,697)
<hr/>				
Net carrying amount		351,757	–	351,757

The amortisation charge for the year is included in “other expenses” in the consolidated statement of profit or loss and other comprehensive income.

The intangible asset with indefinite useful life is related to a club membership in Hong Kong. No impairment loss was recognised during the year (2015: HK\$Nil)

NOTES TO THE FINANCIAL STATEMENTS

15. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	As at 31 March	
	2016 HK\$	2015 HK\$
Skincare and beauty products	3,177,581	4,121,390
Consumables and other supplies	14,705,628	9,549,771
	17,883,209	13,671,161

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 March	
	2016 HK\$	2015 HK\$
Carrying amount of inventories sold and consumed	70,687,271	47,585,730

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE RECEIVABLES

	As at 31 March	
	2016	2015
	HK\$	HK\$
Trade receivables	32,484,344	22,123,781

The Group's trading terms with its customers are mainly on credit card settlements. The credit period is generally 5 to 120 days for the credit card settlements from the respective financial institutions. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. 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, based on the invoice date, is as follows:

	As at 31 March	
	2016	2015
	HK\$	HK\$
Within 1 month	26,249,632	12,016,914
1 to 3 months	4,065,694	6,944,378
Over 3 months	2,169,018	3,162,489
	32,484,344	22,123,781

NOTES TO THE FINANCIAL STATEMENTS

16. TRADE RECEIVABLES *(Continued)*

The ageing analysis of the trade receivables based on the payment due date and net of provision is as follows:

	As at 31 March	
	2016	2015
	HK\$	HK\$
Neither past due nor impaired	27,093,828	19,159,954
Less than 3 months past due	4,068,655	2,469,328
3 to 6 months past due	687,861	130,041
7 to 12 months past due	392,787	271,165
More than 1 year past due	241,213	93,293
	32,484,344	22,123,781

At 31 March 2016, none of the trade receivables were individually determined to be impaired (2015: HK\$Nil).

Trade receivables that were neither past due nor impaired relate to a number of receivables due from financial institutions in respect of credit card settlements for whom there was no recent history of default.

Trade receivables that were past due but not impaired also relate to a number of financial institutions that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

NOTES TO THE FINANCIAL STATEMENTS

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March	
	2016	2015
	HK\$	HK\$
Prepayments	27,211,102	24,369,204
Deposits	31,967,628	29,917,669
Other receivables	5,183,607	3,140,552
	64,362,337	57,427,425
Portion classified as non-current		
– Rental deposits	(13,817,893)	(13,036,497)
– Prepayments and other deposits	(8,200,000)	(10,225,540)
Current portion	42,344,444	34,165,388

The above assets are neither past due nor impaired. The financial assets included in the above balance relate to receivables for which there were no recent history of default.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2016	2015
	HK\$	HK\$
Financial assets at fair value through profit or loss		
Listed debt instruments, at market value Hong Kong	–	27,263,284
Unlisted fund investments, at fair value Hong Kong	85,499,126	–
Certificate of deposits, at fair value Hong Kong	18,017,766	–
	103,516,892	27,263,284

NOTES TO THE FINANCIAL STATEMENTS

19. AMOUNT DUE FROM THE CONTROLLING SHAREHOLDER

The amount as at 31 March 2015 due from the Controlling Shareholder was interest-free, had no fixed terms of repayment and was secured by a deed of guarantee and indemnity given by the Controlling Shareholder. The maximum amount outstanding during the year was HK\$160,990,296 (2015: HK\$219,672,204). The balance has been fully settled during the year.

20. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	As at 31 March	
	2016 HK\$	2015 HK\$
Cash and cash equivalents	352,428,805	119,769,188
Time deposits	504,288,777	12,115,557
	856,717,582	131,884,745
Less: Pledged time deposits for banking facilities as security for credit card instalments programme	(2,000,000)	(2,000,000)
Time deposits with original maturity over 3 months	(500,000,000)	–
	354,717,582	129,884,745

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying period from one day to one year depending on the Group's immediate cash requirements, and earn interest at the respective time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

Included in cash and cash equivalents, HK\$3,346,862 (2015: HK\$Nil) are denominated in Renminbi and deposited with the banks in the PRC. These deposits are not freely convertible and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE PAYABLES

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

	As at 31 March	
	2016 HK\$	2015 HK\$
Within 1 month	5,084,524	3,318,653
1 to 2 months	80,159	370,734
2 to 3 months	–	51,280
Over 3 months	49,640	189,131
	5,214,323	3,929,798

The trade payables are non-interest-bearing and generally have payment terms within 60 days.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2016 HK\$	2015 HK\$
Other payables	5,896,845	8,186,844
Accruals	88,637,935	58,238,472
Provision for reinstatement costs	5,270,000	4,740,000
	99,804,780	71,165,316
Portion classified as non-current		
– provision for reinstatement costs	(3,110,000)	(3,250,000)
– other payables and accruals	–	(1,000,000)
	96,694,780	66,915,316

Other payables are non-interest-bearing and have an average payment term of three months.

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER PAYABLES AND ACCRUALS *(Continued)*

The provision for reinstatement costs represents management's best estimate of the Group's liabilities of the costs of dismantling and removing the leasehold improvements and restoring the sites on which they are located.

The movements in the provision for reinstatement costs are as follows:

	As at 31 March	
	2016	2015
	HK\$	HK\$
At the beginning of year	4,740,000	3,960,000
Additional provision	1,010,000	1,060,000
Amounts utilised during the year	(480,000)	(280,000)
At the end of year	5,270,000	4,740,000
Portion classified as current liabilities	(2,160,000)	(1,490,000)
Non-current portion	3,110,000	3,250,000

NOTES TO THE FINANCIAL STATEMENTS

23. DEFERRED REVENUE

	As at 31 March	
	2016	2015
	HK\$	HK\$
Deferred revenue	312,891,746	347,467,876

The movements in deferred revenue are as follows:

	As at 31 March	
	2016	2015
	HK\$	HK\$
At the beginning of year	347,467,876	396,168,765
Sales contracts entered into during the year	671,822,226	574,557,313
Revenue recognised upon the provision of services	(414,784,736)	(348,505,516)
Revenue recognised upon the retail sales of products	(37,280,066)	(30,180,860)
Refunds	(2,450,010)	(4,507,841)
Revenue recognised from unutilised prepaid packages	(252,121,137)	(240,063,985)
Exchange adjustment	237,593	–
At the end of year	312,891,746	347,467,876

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX (ASSETS)/LIABILITIES

	Depreciation allowance in excess of related depreciation	
	2016 HK\$	2015 HK\$
At 1 April	1,951,098	1,299,619
Deferred tax (credited)/charged to profit or loss during the year (note 10)	(2,449,906)	651,479
Deferred tax liabilities recognised in the consolidated statement of financial position at 31 March	(498,808)	1,951,098
Reconciliation to the consolidated statement of financial position		
	2016 HK\$	2015 HK\$
Deferred tax assets recognised in the consolidated statement of financial position	(637,917)	–
Deferred tax liabilities recognised in the consolidated statement of financial position	139,109	1,951,098
	(498,808)	1,951,098

The Group has tax losses arising in Hong Kong and the PRC of HK\$40,672,719 (2015: HK\$40,090,745) subject to agreement by the local tax authorities. The tax losses are available indefinitely for offsetting against future taxable profits of the companies from which the losses arose, except for tax losses arising in the PRC of HK\$2,644,138 (2015: HK\$Nil), which will be expired within 3-5 years.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the date of incorporation and the end of the year are set out below:

	Share capital	Share premium	Contribution reserve	Accumulated losses	Total
	(note 25(d)(i))	(note 25(d)(ii))	(note 25(d)(iv))		
	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 7 July 2015 (date of incorporation)					
Changes in equity for the period ended 31 March 2016:					
Issuance of shares before initial public offering (note 25(c)(i), (ii))	11,000	-	7	-	11,007
Repurchase of shares before initial public offering (note 25(c)(iii))	(3,650)	-	-	-	(3,650)
Dividends declared (note 25 (b))	-	-	-	(60,000,000)	(60,000,000)
Shares issued under initial public offering, net of share issuance expenses (note 25 (c)(iv))	2,450	703,435,028	-	-	703,437,478
Loss and total comprehensive income for the year	-	-	-	(21,308,482)	(21,308,482)
Balance at 31 March 2016	9,800	703,435,028	7	(81,308,482)	622,136,353

(b) Dividends

- (i) Dividends payable by the Company and UGIL (prior to the Reorganisation completed on 18 September 2015) to equity shareholders:

	As at 31 March 2016	2015
	HK\$	HK\$
Interim dividends declared	124,441,636	154,903,200

These dividends represented dividend declared prior to the IPO of the Group. The rate of dividend per share is not presented as it does not indicate the rate at which future dividend will be declared after the IPO.

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends *(Continued)*

- (ii) Dividends payable to equity shareholders of the Company attributable to the year after the IPO:

	As at 31 March	
	2016	2015
	HK\$	HK\$
Final dividend proposed after the end of the reporting period of 1.91 cents per ordinary share (2015: Nil cents per ordinary share)	18,733,796	–

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(c) Share capital

	Number of shares	31 March 2016 HK\$
Authorised		
Ordinary shares of HK\$0.00001 each	38,000,000,000	380,000
Ordinary shares, issued and fully paid		
At 7 July 2015 (date of incorporation)	–	–
Issuance of new shares before IPO and share sub-division (note 25(c)(i))	100	–
Effect of share sub-division (note 25(c)(ii))	99,900	1
Issuance of new shares before IPO but after share sub-division (note 25(c)(ii))	1,099,900,000	10,999
Repurchase of shares before IPO but after share sub-division (note 25(c)(iii))	(365,000,000)	(3,650)
Shares issued under IPO (note 25(c)(iv))	245,000,000	2,450
At 31 March 2016	980,000,000	9,800

25. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital *(Continued)*

- (i) The Company is an exempted company with limited liability incorporated in the Cayman Islands on 7 July 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, 1 nil paid share was issued to Mr. Tang Chi Fai. There was no authorised and issued capital as at 31 March 2015 since the Company has not been incorporated on 31 March 2015.

On 18 September 2015, additional 99 shares were issued to Mr. Tang Chi Fai. All shares together with the 1 nil paid share issued on the date of incorporation were then transferred to Union Medical Care Holding Limited and were fully paid-up on 18 September 2015.

- (ii) On 19 February 2016, the Company underwent a share sub-division whereby each of the issued or unissued ordinary shares of par value of HK\$0.01 each was sub-divided into 1,000 shares of par value of HK\$0.00001 each. Upon completion of the share sub-division, the authorised share capital was HK\$380,000, dividing into 38,000,000,000 shares of par value of HK\$0.00001 each, and 100,000 shares were issued and allotted. On the same date, a total of 1,099,900,000 shares were further allotted and issued, at par.
- (iii) On 26 February 2016, the Company repurchased 365,000,000 shares at par, the Company's issued shares consisted of 735,000,000 shares of par value of HK\$0.00001 each.
- (iv) On 11 March 2016, the Company issued 245,000,000 shares with a par value of HK\$0.00001 each, at price of HK\$3.03 per share by way of a global initial public offering to Hong Kong and international investors. Net proceeds from such issue amounted to HK\$703,437,478 (after offsetting share issuance expenses of HK\$38,912,522) of which HK\$2,450 and HK\$703,435,028 were recorded in share capital and share premium respectively.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the nominal value of the shares of between the nominal value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Cayman Companies Law, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of the business.

(ii) Merger reserve

The merger reserve represents the consolidated share capital of UGIL and a subsidiary acquired under common control, arising from the Reorganisation as detailed in note 2.2 completed on 18 September 2015.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 3.1.

(iv) Contribution reserve

The contribution reserve represents the difference between the share of equity of Union Health Services and the par value of share capital for the issuance of new shares arising from the Reorganisation as detailed in note 2.2 completed on 18 September 2015.

(e) Distributability of reserves

As at 31 March 2016, the Company's reserves available for distribution to equity shareholders of the Company was HK\$622,126,546.

26. BUSINESS COMBINATIONS

- (a) On 30 April 2015, the Group entered into a sale and purchase agreement with independent third parties, pursuant to which the Group would acquire a 100% interest in Guangzhou Zhuansheng Enterprise Management Company Limited (“Guangzhou Zhuansheng”) (廣州專生企業管理有限公司) and its wholly owned subsidiary Guangzhou Aesthetic Medical Beauty Clinic Company Limited (“Guangzhou Aesthetic”) (廣州專生美醫療美容門診部有限公司) from the vendor.

Guangzhou Zhuansheng and Guangzhou Aesthetic are collectively referred to as “the PRC Companies”. The PRC Companies are principally engaged in the provision of medical services in the PRC. The cash consideration for the acquisition of the PRC Companies was RMB1,050,000 (equivalent to HK\$1,324,770).

The acquisition was made as part of the Group’s strategy on business expansion.

The aggregate fair values of the identifiable assets and liabilities of the PRC Companies as at the date of acquisition on 30 April 2015 are as follows:

	Notes	Total HK\$
Property, plant and equipment	12	2,183,245
Intangible assets	14	1,239,956
Prepayments, deposits and other receivables		11,452
Cash and cash equivalents		604,791
Amount due to original shareholder		(4,302,345)
Other payables and accruals		(60,166)
Total identifiable net liabilities		(323,067)
Goodwill on acquisition	13	1,647,837
Satisfied by cash		1,324,770

NOTES TO THE FINANCIAL STATEMENTS

26. BUSINESS COMBINATIONS *(Continued)*

(a) *(Continued)*

An analysis of the cash flows in respect of the acquisition of the PRC Companies is as follows:

Cash consideration	(1,324,770)
Cash and cash equivalents acquired	604,791
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(719,979)

In the opinion of the directors, the goodwill recognised represented the expected synergy from combining the PRC Companies with the operations of the Group.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the PRC Companies contributed HK\$8,914,260 to the Group's revenue and profit of HK\$1,679,065 to the consolidated profit for the year ended 31 March 2016.

Had the combination taken place at the beginning of the year ended 31 March 2016, the revenue of the Group and the profit of the Group for the year would have been HK\$704,937,348 and HK\$148,133,628, respectively.

- (b) On 1 July 2014, the Group entered into a sale and purchase agreement with independent third parties, pursuant to which the Group would acquire a 100% interest in Kevinsdental Services Limited ("Kevin Dental") and Vision Dental Limited ("Vision Dental") from the vendor.

Kevin Dental and Vision Dental are collectively referred to as "the Dental Companies". The Dental Companies are principally engaged in the provision of dental services in Hong Kong. The cash consideration for acquisition of the Dental Companies was HK\$980,000.

The acquisition was made as part of the Group's strategy on business expansion.

26. BUSINESS COMBINATIONS *(Continued)*

(b) *(Continued)*

The aggregate fair values of the identifiable assets and liabilities of the Dental Companies as at the date of acquisition on 1 July 2014 are as follows:

	Notes	Total HK\$
Property, plant and equipment	12	712,361
Intangible assets	14	143,925
Prepayments, deposits and other receivables		84,746
Trade payables		(149,767)
Other payables and accruals		(206,206)
Total identifiable net assets at fair value		585,059
Goodwill on acquisition	13	394,941
Satisfied by cash		980,000

An analysis of the cash flows in respect of the acquisition of the Dental Companies is as follows:

Net outflow of cash and cash equivalents included in cash flows generated from investing activities	(980,000)
---	-----------

In the opinion of the directors, the goodwill recognised represented the expected synergy from combining the Dental Companies with the operations of the Group.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, the Dental Companies contributed HK\$19,361,328 to the Group's revenue and HK\$5,831,614 to the consolidated profit for the year ended 31 March 2015.

Had the combination taken place at the beginning of the year ended 31 March 2015, the revenue of the Group and the profit of the Group for the year would have been HK\$625,900,553 and HK\$174,605,166, respectively.

NOTES TO THE FINANCIAL STATEMENTS

27. NON-CASH TRANSACTIONS

- (a) During the year ended 31 March 2016, the Group entered into rental agreements in respect of certain of its beauty service centres under operating leases. Pursuant to the terms and conditions of the rental agreements, the Group is required to restore the beauty service centres to the conditions as stipulated in the rental agreements. Accordingly, the Group has accrued and capitalised the estimated restoration cost of HK\$1,010,000 (2015: HK\$1,060,000) when such obligations arose.
- (b) During the year ended 31 March 2016, interim dividend of HK\$64,441,636 (2015: HK\$154,903,200) were settled through the current accounts maintained between the Group and the Controlling Shareholder.

28. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements are as follows:

	2016 HK\$	2015 HK\$
Bank guarantee given to a credit card institution	2,000,000	2,000,000

As at 31 March 2016, the maximum liability of the Group under the bank guarantee given to a credit card institution was HK\$2,000,000 (2015: HK\$2,000,000).

29. COMMITMENTS**(a) Operating lease arrangements**

The Group leases certain of its beauty service centres, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from 1 to 5 years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 HK\$	2015 HK\$
Within one year	40,823,424	49,868,368
In the second to fifth years, inclusive	49,533,469	46,361,042
	90,356,893	96,229,410

(b) Capital commitments

The Group had the following capital commitments:

	2016 HK\$	2015 HK\$
Contracted, but not provided for	–	435,194

The capital commitment as at 31 March 2015 represented the commitment for the purchase of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2016 HK\$	2015 HK\$
Companies beneficially owned by the Controlling Shareholder			
Sales of skincare and beauty products	(i)	149,455	14,735
Purchases of skincare and beauty products and medical consumables	(i)	126,955	443,622
Commission income	(ii)	–	377,694
Commission expense	(ii)	61,597	601,184
Interest income	(iii)	–	419,852
Management fee income	(iv)	–	120,000
Registered practitioner expenses	(v)	272,750	1,802,910
Rental expenses	(vi)	144,000	144,000
Companies beneficially owned by the spouse of the Controlling Shareholder			
Sales of skincare and beauty products	(i)	611,030	1,403,998
Purchases of skincare and beauty products and medical consumables	(i)	12,382,171	8,262,879
Purchases of property, plant and equipment	(vii)	867,820	3,063,309
Rental expenses	(vi)	288,000	288,000
Insurance brokerage service fee	(viii)	422,975	532,378
Equipment maintenance service fee	(ix)	738,644	641,398
Travelling expenses	(x)	204,282	–
Companies beneficially owned by a family member of the Controlling Shareholder			
Sales of skincare and beauty products	(i)	–	1,500

30. RELATED PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

Notes:

- (i) Sales and purchases were made with the related parties according to the mutually agreed pricing.
- (ii) The commission income and commission expense were charged to/from related parties according to mutually agreed terms.
- (iii) Interest income was determined based on the interest charged on the bank loans entered into by the Group on behalf of the related parties.
- (iv) Management fee income was received from the related parties according to mutually agreed terms.
- (v) The registered practitioner expenses were reimbursed to the related parties on an actual cost basis.
- (vi) The rental expenses were charged from the related parties on an actual cost basis.
- (vii) Items of property, plant and equipment were purchased from a related party according to mutually agreed terms.
- (viii) Insurance brokerage service fee was charged from the related party according to mutually agreed terms.
- (ix) Equipment maintenance service fee was charged from the related party according to mutually agreed terms.
- (x) Travelling expenses were charged from the related party according to mutually agreed terms.

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

All members of key management personnel are directors of the Company, and their compensation is disclosed in note 8.

- (c) During the year ended 31 March 2016, the related party transactions in respect of purchases of skincare and beauty products and medical consumables and purchases of property, plant and equipment from a related company beneficially owned by the spouse of the Controlling Shareholder as disclosed in Note 30(a) constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules, which the disclosures required by Chapter 14A of the Listing Rules are provided under section Continuing Connected Transaction of the Report of the Directors. The remaining related party transactions disclosed in note 30(a) are exempted from the disclosure requirements in Chapter 14(A) of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amount of each of the categories of financial instruments as at the end of the reporting period is as follows:

As at 31 March 2016

Financial assets

	Financial assets at fair value through profit or loss			Total HK\$
	Designated as such upon initial recognition HK\$	Held for trading HK\$	Loans and receivables HK\$	
	Trade receivables	-	-	
Financial assets included in prepayments, deposits and other receivables	-	-	37,151,235	37,151,235
Financial assets at fair value through profit or loss	18,017,766	85,499,126	-	103,516,892
Pledged time deposits	-	-	2,000,000	2,000,000
Time deposits with original maturity over 3 months	-	-	500,000,000	500,000,000
Cash and cash equivalents	-	-	354,717,582	354,717,582
	18,017,766	85,499,126	926,353,161	1,029,870,053

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost HK\$
Trade payables	5,214,323
Financial liabilities included in other payables and accruals	70,207,754
Bank guarantee given to a credit card institution	2,000,000
	77,422,077

As at 31 March 2015

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK\$	Loans and receivables HK\$	Total HK\$
Trade receivables	–	22,123,781	22,123,781
Financial assets included in prepayments, deposits and other receivables	–	33,058,221	33,058,221
Financial assets at fair value through profit or loss	27,263,284	–	27,263,284
Amount due from the Controlling Shareholder	–	160,990,296	160,990,296
Pledged time deposits	–	2,000,000	2,000,000
Cash and cash equivalents	–	129,884,745	129,884,745
	27,263,284	348,057,043	375,320,327

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

As at 31 March 2015 *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost HK\$	Total HK\$
Trade payables	3,929,798	3,929,798
Financial liabilities included in other payables and accruals	42,895,754	42,895,754
Bank guarantee given to a credit card institution	2,000,000	2,000,000
	48,825,552	48,825,552

32. FAIR VALUE AND FAIR VALUE HIERARCHY

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

Assets measured at fair value:

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
As at 31 March 2016				
Unlisted fund investments and certificate of deposits at fair value – designated as such upon initial recognition	85,499,126	18,017,766	–	103,516,892
As at 31 March 2015				
Financial assets at fair value through profit or loss – held-for-trading	27,263,284	–	–	27,263,284

32. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The fair values of the unlisted fund investments are based on quoted market prices.

Valuation techniques and inputs used in Level 2 fair value measurements

The certificate of deposits are not quoted in an active market and may be subject to restrictions on redemptions. The fair value is determined by discounting the contractual cash flows. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus credit spread.

Financial assets and liabilities not measured at fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at the end of the reporting period.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and debt price and investment fund risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

The Group was involved in the provision of medical, quasi-medical and traditional beauty services and the sale of skincare and beauty products and receivable balances are mainly from financial institutions in respect of credit card receivables. Receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant. In addition, the Group's bank balances are deposited with creditworthy banks with no recent history of default.

The credit risk of the Group's other financial assets arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 16 to the financial statements.

Liquidity risk

The Group monitors and maintains a sufficient level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors its working capital requirements regularly.

The maturity profile of the Group's financial liabilities, based on the contractual undiscounted amounts, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

As at 31 March 2016

Financial liabilities

	Within 3 months or on demand or no fixed terms of repayment HK\$
Trade payables	5,214,323
Financial liabilities included in other payables and accruals	70,207,754
Bank guarantee given to a credit card institution	2,000,000
	77,422,077

As at 31 March 2015

Financial liabilities

	Within 3 months or on demand or no fixed terms of repayment HK\$
Trade payables	3,929,798
Financial liabilities included in other payables and accruals	42,895,754
Bank guarantee given to a credit card institution	2,000,000
	48,825,552

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)***Debt price and investment fund risk**

Debt price risk is the risk that the fair values of debt securities decrease as a result of changes in the value of underlying individual securities. The Group was exposed to debt price risk arising from individual debt investments classified as trading investments (note 18) as at 31 March 2015. The listed debt investments as at 31 March 2015 were valued at quoted market prices.

Investment fund risk is the risk that the fair value or future cash flows of investment funds will fluctuate due to changes in the prices of underlying securities. The maximum risk resulting from investment funds equals their fair value.

The following table demonstrates the sensitivity to every 5% change in the fair values of the listed debt investments and unlisted fund investments to which the Group has significant exposure at the end of the reporting period, with all other variables held constant and before any impact on tax. There is no impact on the Group's equity except on the retained profits.

	Carrying amount of investments HK\$	Change in profit before tax HK\$
As at 31 March 2016		
Unlisted fund investments at fair value – designated as such upon initial recognition	85,499,126	4,274,956
As at 31 March 2015		
Debt investments listed in Hong Kong – held-for-trading	27,263,284	1,363,164

Capital management

The Group's main objectives with respect to capital management include maintaining a solid and stable financing structure to support its ongoing business growth so that it can continue to maximise shareholders' return, and providing an adequate return to the shareholders by pricing products and services commensurate with the level of risk.

The Group regularly reviews and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes for managing capital during the year.

NOTES TO THE FINANCIAL STATEMENTS

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	HK\$
NON-CURRENT ASSET		
Investment in a subsidiary	35	8
CURRENT ASSET		
Cash and cash equivalents		706,461,328
CURRENT LIABILITIES		
Other payables and accruals		13,655,736
Amount due to a related party		70,669,247
		84,324,983
NET CURRENT ASSETS		622,136,345
NET ASSETS		622,136,353
EQUITY		
Share capital		9,800
Reserves		622,126,553
		622,136,353

Approved and authorised for issue by the board of directors on 13 June 2016

Lee Gabriel
Director

Yeung Chin Wan
Director

35. INVESTMENT IN A SUBSIDIARY

The following list contains only the particular of subsidiaries which principally affected the results, assets and liabilities of the Group.

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued share capital/ paid-up share capital	Effective percentage of equity interest held by the Group		Principal activities
			Directly	Indirectly	
Union Health Services Holding Limited	British Virgin Islands	US\$1	100%	–	Investment holding
Union (Group) Investment Limited (聯合(集團)投資有限公司)	Hong Kong	HK\$29,608	–	100%	Provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products
Doctor Reborn Cosmetic Surgery Institute Limited (專業醫生整容中心有限公司)	Hong Kong	HK\$10,000	–	100%	Holding of healthcare machines
Union Honor International Enterprise Limited (聯信國際企業有限公司)	Hong Kong	HK\$10,000	–	100%	Provision of management services
Union Medical Association Limited	Hong Kong	HK\$1	–	100%	Owner of trademarks
All Union International Investment Limited (栢聯國際投資有限公司)	Hong Kong	HK\$1	–	100%	Investment holding
New Union International Capital Limited (新聯國際資本有限公司)	Hong Kong	HK\$1	–	100%	Provision of management services

NOTES TO THE FINANCIAL STATEMENTS

35. INVESTMENT IN A SUBSIDIARY *(Continued)*

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued share capital/ paid-up share capital	Effective percentage of equity interest held by the Group		Principal activities
			Directly	Indirectly	
Professional Medical and Surgery Center Limited (專科醫學整容中心有限 公司)	Hong Kong	HK\$1	-	100%	Provision of management services
Union Harvest Corporation Limited (豐會有限公司)	Hong Kong	HK\$1	-	100%	Provision of marketing services
Grand Best Union Limited (創豐聯有限公司)	Hong Kong	HK\$1	-	100%	Provision of administrative services
Jade Master International Limited	British Virgin Islands	US\$10	-	100%	Investment holding
The One Dental Limited	Hong Kong	HK\$100	-	100%	Provision of dental services
The One Dental Plus Limited	Hong Kong	HK\$1	-	100%	Provision of dental services
Dr. Pro and Dr. Reborn Medical Aesthetics Centre Limited (專生美醫學美容中心有 限公司)	Macau	MOP26,000	-	85%	Provision of aesthetic medical beauty services
Professional Aesthetic Surgery Centre Limited (專業醫學整形中心有限 公司)	Hong Kong	HK\$1	-	100%	Provision for management services
Union Enchanting Limited (聯合迷仁有限公司)	British Virgin Islands	US\$1	-	100%	Investment holding

35. INVESTMENT IN A SUBSIDIARY *(Continued)*

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued share capital/ paid-up share capital	Effective percentage of equity interest held by the Group		Principal activities
			Directly	Indirectly	
New Elite Inc. Limited (新麗興業有限公司)	Hong Kong	HK\$10	-	100%	Provision of medical and traditional beauty services and sale of skincare and beauty products
Medic One Surgery Center Limited	Hong Kong	HK\$1	-	100%	Provision for management services
Best Union (China) Limited (佳聯(中國)有限公司)	Hong Kong	HK\$1	-	100%	Provision of medical, quasi-medical and traditional beauty services and sale of skincare and beauty products
Able Lead Corporation Limited (領誌有限公司)	Hong Kong	HK\$1	-	100%	Provision for healthcare services
Team Expert Investment Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Doctor Reborn Cosmetic Surgery Centre Limited (專業醫生重新中心有限公司)	Hong Kong	HK\$10	-	100%	Holding of healthcare machines
Union Medical Capital Management Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Union Preventive Healthcare Limited	British Virgin Islands	US\$1	-	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

35. INVESTMENT IN A SUBSIDIARY *(Continued)*

Name of subsidiaries	Place of incorporation/ establishment/ operation	Issued share capital/ paid-up share capital	Effective percentage of equity interest held by the Group		Principal activities
			Directly	Indirectly	
Union Laboratory Healthcare Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Grand Best Union Services Limited	Hong Kong	HK\$1	-	100%	Investment holding
Guangzhou Zhuansheng Enterprise Management Company Limited (廣州專生企業管理 有限公司)	The PRC	RMB500,000	-	100%	Provision of medical services
Guangzhou Zhuansheng Aesthetic Medical Beauty Clinic Company Limited (廣州專生美醫療美容門 診部有限公司)	The PRC	RMB10,000,000 (note 1)	-	100%	Provision of medical services
Union Dermatory Holding Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Union Dental Holding Limited	British Virgin Islands	US\$1	-	100%	Investment holding

Note 1: The registered capital of this subsidiary was not paid-up as at 31 March 2016.

36. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company issued and allotted 827,000 new shares, with a par value of HK\$0.00001 each, at a price of HK\$3.03 per share, under the over-allotment options of the initial public offering.

37. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 March 2016, the directors consider the immediate parent of the Group to be Union Medical Care Holding Limited, which is incorporated in the BVI, and the ultimate controlling party of the Group to be Mr. Tang Chi Fai. None of the parties produces financial statements available for public use.

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

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

	Effective for accounting period beginning on or after
<i>Annual Improvements to HKFRSs 2012-2014 Cycle</i>	1 January 2016
<i>Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture</i>	1 January 2016
<i>Amendments to HKAS 1, Disclosure initiative</i>	1 January 2016
<i>Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
<i>HKFRS 9, Financial instruments</i>	1 January 2018
<i>HKFRS 15, Revenue from contracts with customers</i>	1 January 2018
<i>HKFRS 16, Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position, except for the following.

NOTES TO THE FINANCIAL STATEMENTS

38. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016 *(Continued)*

HKFRS 9 *Financial Instruments*

HKFRS 9 replaces the existing guidance in HKAS 39 *Financial instruments: Recognition and measurement*. HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 *Revenue*, HKAS 11 *Construction contracts* and IFRIC 13 *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

HKFRS 16 *Leases*

HKFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, HKFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces HKAS 17 *Leases* and the related interpretations including HKFRIC 4 *Determining whether an arrangement contains a lease*.

With respect to HKFRSs 9, 15 and 16 given the Group has not completed its assessment of their full impact on the Group, their possible impact on the Group's results of operations and financial position has not been quantified.

INFORMATION FOR INVESTORS

INVESTOR CALENDAR

13 June 2016	2015/16 annual results announcement
21 September 2016	Annual General Meeting
14 to 21 September 2016 (Both days inclusive)	Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at annual general meeting)
26 to 28 September 2016 (Both days inclusive)	Closure of Register of Members (for determination of shareholders who qualify for the final dividend)
28 September 2016	Record Date (for determination of shareholders who qualify for the final dividend)
12 October 2016	Payment of final dividend

SHARE INFORMATION

Company Name	Union Medical Healthcare Limited
Listing	The Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	2138
Listing Date	11 March 2016
Board lot	1,000 shares
Issued share capital as at 31 March 2016	980,000,000 (980,827,000 as at 31 May 2016)

INVESTOR RELATIONS DEPARTMENT

Union Medical Healthcare Limited – Corporate Communications and Investor Relations Department
Tel: (852) 3975 4798
Email: ir@umhgp.com

SHAREHOLDERS SERVICE AND ENQUIRIES

For enquiries about your shareholding including change of name or address, transfer of shares, loss of share certificates or dividend cheques, registrations and requests for annual or interim report copies, please contact the Company's share registrar and transfer office:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2865 0990/2529 6087
Email: hkinfo@computershare.com.hk
Website: www.computershare.com

CORPORATE INFORMATION

DIRECTORS

Executive Directors

TANG Chi Fai (*Chairman, CEO*)
LEE Gabriel (*Chief Operating Officer*)
LUK Kun Shing Ben (*Chief Information Officer*)
YEUNG Chin Wan (*Chief Financial Officer*)

Independent Non-Executive Directors

MA Ching Nam
YU Ka Fai Alexis
LOOK Andrew

AUDIT COMMITTEE

LOOK Andrew (*Chairman*)
MA Ching Nam
YU Ka Fai Alexis

NOMINATION COMMITTEE

TANG Chi Fai (*Chairman*)
YU Kai Fai Alexis
LOOK Andrew

REMUNERATION COMMITTEE

YU Ka Fai Alexis (*Chairman*)
MA Ching Nam
LOOK Andrew

COMPANY SECRETARY

LEUNG Shiu Ki Albert (*HKICPA member*)
Unit 1122, 11/F
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

AUTHORISED REPRESENTATIVES

LEE Gabriel
YEUNG Chin Wan

STOCK CODE

2138

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY'S WEBSITE

www.umhgp.com

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A & B, 6/F
Hop Hing Industrial Building
704 Castle Peak Road
Lai Chi Kok
Kowloon
Hong Kong

LEGAL ADVISER

as to Hong Kong law
Dentons Hong Kong
Suite 3201, Jardine House
1 Connaught Place
Central, Hong Kong

COMPLIANCE ADVISER

Ample Capital Limited
Unit A, 14/F
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

AUDITOR

KPMG
Certified Public Accountants
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

DEFINITION

“AGM”	the annual general meeting of the Company proposed to be held on 21 September 2016
“Anaesthesiologist(s)”	registered medical practitioner(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council for anaesthesiology kept in accordance with the Medical Registration Ordinance
“Articles of the Association”	the Company’s articles of the association
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
“Chinese Medicine Ordinance”	the Chinese Medicine Ordinance (Chapter 549 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Chinese Medicine Practitioner(s)”	the Registered Chinese Medicine Practitioner and the Listed Chinese Medicine Practitioner who are employed by our Group
“Clinical Microbiologist”	a Hong Kong Doctor who is registered under the Specialist Register of the Hong Kong Medical Council for clinical microbiology and infection kept in accordance with the Medical Registration Ordinance
“Company”	Union Medical Healthcare Limited, an exempted company incorporated in the Cayman Islands with limited liability
“Dentist(s)”	person(s) who is (are) registered on the General Register kept in accordance with the Dentists Registration Ordinance
“Dentists Registration Ordinance”	the Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Director(s)”	the director(s) of the Company
“Doctor(s)”	collectively, Hong Kong Doctors, Macau Doctors and PRC Doctors, and each, a “Doctor”
“General Practitioner(s)”	Hong Kong Doctor(s) who is (are) not a Specialist(s)

DEFINITION

“General Register”	the register of registered medical practitioners kept by the Hong Kong Medical Council, as specified in the Medical Registration Ordinance
“Greater China”	the PRC, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries
“g.f.a”	gross floor area
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Doctors” or “registered medical practitioner(s)”	person(s) who is (are) qualified to practise medicine, surgery and midwifery in Hong Kong and is (are) registered as registered medical practitioner(s) of the Hong Kong Medical Council under the General Register or the Specialist Register kept in accordance with the Medical Registration Ordinance
“IPO”	initial public offering of the Shares on the Main Board of the Stock Exchange
“Key Client(s)”	a client who has, in the relevant financial year, contributed at least HK\$5,000 to our revenue from service provided and visited our service centres and/or clinics for at least four times
“Listed Chinese Medicine Practitioner(s)”	person(s) who is (are) listed as listed Chinese medicine practitioner(s) maintained by the Chinese Medicine Council of Hong Kong kept in accordance with the Chinese Medicine Ordinance
“Listing Date”	11 March 2016, being the date on which the Shares were first listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Doctor(s)”	doctor(s) licensed by and registered with the department of health in Macau (澳門特別行政區政府衛生局)

DEFINITION

“Medical Registration Ordinance”	the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Memorandum and Article of Association”	the Company’s memorandum and article of association
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Plastic Surgeon(s)”	Hong Kong Doctor(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council for plastic surgery kept in accordance with the Medical Registration Ordinance
“PRC”	the People’s Republic of China which, for the purpose of this annual report and unless the context suggests otherwise, excludes Hong Kong, Macau and Taiwan
“PRC Doctor(s) ”	medical practitioner(s) with the qualification of a doctor (醫師) or assistant doctor (執業助理醫師) under the PRC Law on Medical Practitioners (中華人民共和國執業醫師法) and is practicing at a medical or healthcare institution
“Prospectus”	the prospectus dated 1 March 2016 issued by the Company
“Recognised Medical Revenue”	Revenue comprises aesthetic surgical procedures, minimally invasive procedures and energy-based procedures performed by Doctors and general consultation services, as well as dental, Chinese medical and ophthalmological services.
“Recognised Revenue”	Revenue includes medical services, quasi-medical services, traditional beauty services and skincare and beauty products
“Registered Chinese Medicine Practitioner(s) ”	person(s) who is (are) registered as registered Chinese medicine practitioner(s) of the Chinese Medicine Council of Hong Kong under the Register of Chinese Medicine Practitioners kept in accordance with the Chinese Medicine Ordinance
“Registered Practitioner(s)”	Doctor(s), Chinese Medicine Practitioner(s) and/or Dentist(s)
“Reporting Period”	financial year ended 31 March 2016

DEFINITION

“Review Period”	the period since 11 March 2016, being the date when the Shares were listed on the Main Board of Stock Exchange to 31 March 2016
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of HK\$0.00001 each
“Shareholder(s)”	holder(s) of Share(s)
“Specialist Register”	the register of registered medical practitioners who are Specialists and kept by the Hong Kong Medical Council, as specified in the Medical Registration Ordinance
“Specialist(s)”	Hong Kong Doctor(s) who is (are) registered under the Specialist Register of the Hong Kong Medical Council kept in accordance with the Medical Registration Ordinance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Descriptions Ordinance”	the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Trained Therapists”	our employees who are trained in accordance with our internal guidelines to provide quasi-medical services and/or traditional beauty services
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.