



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1419

GLOBAL OFFERING



Sole Sponsor



Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



Human Health Holdings Limited

盈健醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

- Number of Offer Shares under the Global Offering** : 76,680,000 Shares (subject to the Over-allotment Option)
- Number of Hong Kong Offer Shares** : 7,668,000 Shares (subject to adjustment)
- Number of International Offer Shares** : 69,012,000 Shares (subject to adjustment and the Over-allotment Option)
- Offer Price** : Not more than HK\$1.51 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and expected to be not less than HK\$1.32 per Offer Share
- Nominal Value** : HK\$0.01 per Share
- Stock Code** : 1419

Sole Sponsor



Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 22 March 2016 and, in any event, not later than Wednesday, 30 March 2016. The Offer Price will be not more than HK\$1.51 and is currently expected to be not less than HK\$1.32 unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$1.51 for each Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price as finally determined should be lower than HK\$1.51.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$1.32 to HK\$1.51 per Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares in the Global Offering and/or the indicative Offer Price range will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.humanhealth.com.hk, not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters), and our Company on or before Wednesday, 30 March 2016, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or for the account or benefit of U.S. persons, except that Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

17 March 2016

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.humanhealth.com.hk.

Doctor and Dentist Preferential Offering and Employee Preferential Offering commence and BLUE and PINK Application Forms made available to Eligible Doctors and Dentists and Eligible Employees, respectively, from	9:00 a.m. on Thursday, 17 March 2016
Hong Kong Public Offering commences and WHITE and YELLOW Application Forms available from	9:00 a.m. on Thursday, 17 March 2016
Latest time to lodge BLUE and PINK Application Forms	12:00 noon on Monday, 21 March 2016
Latest time to complete electronic applications under HK eIPO White Form service through the designated website www.hkeipo.hk ⁽²⁾	11:30 a.m. on Tuesday, 22 March 2016
Application lists of the Hong Kong Public Offering, Doctor and Dentist Preferential Offering and Employee Preferential Offering open ⁽³⁾	11:45 a.m. on Tuesday, 22 March 2016
Latest time to (i) lodge WHITE and YELLOW Application Forms; (ii) give electronic application instructions to HKSCC ⁽⁴⁾ and; (iii) complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, 22 March 2016
Application lists of the Hong Kong Public Offering, Doctor and Dentist Preferential Offering and Employee Preferential Offering close	12:00 noon on Tuesday, 22 March 2016
Expected Price Determination Date ⁽⁵⁾	Tuesday, 22 March 2016
(1) Announcement of: <ul style="list-style-type: none"> ● the Offer Price; ● an indication of the level of interest in the International Offering; ● the level of applications in the Hong Kong Public Offering, the Doctor and Dentist Preferential Offering and the Employee Preferential Offering; and ● the basis of allocation of the Hong Kong Offer Shares, the Doctor and Dentist Reserved Shares and Employee Reserved Shares to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.humanhealth.com.hk ⁽⁶⁾ on	Thursday, 31 March 2016
(2) Announcement of results of allocations in the Hong Kong Public Offering, the Doctor and Dentist Preferential Offering and the Employee Preferential Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.humanhealth.com.hk (see the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — 11. Publication of Results") ⁽⁶⁾ from	Thursday, 31 March 2016

EXPECTED TIMETABLE⁽¹⁾

- (3) A full announcement of the Hong Kong Public Offering, the Doctor and Dentist Preferential Offering and the Employee Preferential Offering containing (1) and (2) above to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.humanhealth.com.hk⁽⁶⁾ from Thursday, 31 March 2016
- Results of allocations for the Hong Kong Public Offering, the Doctor and Dentist Preferential Offering and the Employee Preferential Offering will be available at www.tricor.com.hk/ipo/result with a “search by ID” function Thursday, 31 March 2016
- Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering, the Doctor and Dentist Preferential Offering and the Employee Preferential Offering on⁽⁷⁾ Thursday, 31 March 2016
- Dispatch of HK eIPO White Form e-Auto Refund payment instructions/refund cheques on⁽⁸⁾ Thursday, 31 March 2016
- Dealings in Shares on the Stock Exchange to commence on Friday, 1 April 2016

Notes:

- (1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Tuesday, 22 March 2016, the application lists will not open on that day. See the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — 10. Effect of bad weather on the opening of application lists”.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS”.
- (5) The Price Determination Date is expected to be on or around Tuesday, 22 March 2016 and, in any event, not later than Wednesday, 30 March 2016. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and our Company by Wednesday, 30 March 2016, the Global Offering will not proceed and will lapse.
- (6) The announcement will be available for viewing on the “Main Board — Allotment of Results” page on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.humanhealth.com.hk. None of the websites or any of the information contained on the websites forms part of this prospectus.
- (7) **Share certificates are expected to be issued on Thursday, 31 March 2016 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Friday, 1 April 2016. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely at their own risk.**
- (8) **e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.**

You should read carefully the sections headed “Underwriting”, “Structure and Conditions of the Global Offering” and “How to Apply for Hong Kong Offer Shares and Reserved Shares” in this prospectus for details relating to the structure and conditions of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering.

	<u>Page</u>
Expected Timetable	i
Contents	iii
Summary	1
Definitions	11
Glossary of Technical Terms	24
Forward-looking Statements	26
Risk Factors	27
Information about this Prospectus and the Global Offering	39
Waivers from Strict Compliance with Listing Rules	42
Directors and Parties Involved in the Global Offering	44
Corporate Information	47
Industry Overview	48
Regulatory Overview	59
History, Reorganisation and Group Structure	83
Business	104
Connected Transactions	140
Relationship with Controlling Shareholders	154

CONTENTS

	<u>Page</u>
Substantial Shareholders	159
Directors, Senior Management and Staff	160
Share Capital	170
Cornerstone Investor	172
Financial Information	174
Future Plans and Use of Proceeds	211
Underwriting	213
Structure and Conditions of the Global Offering	223
How to Apply for Hong Kong Offer Shares and Reserved Shares	234
Appendix I — Accountants' Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Summary of the Constitution of our Company and Cayman Islands Company Law	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading private integrated healthcare service provider in Hong Kong with comprehensive outpatient capabilities covering general practice services, specialties services and dental services. According to the Euromonitor Report, among the private healthcare service providers in Hong Kong^(Note), we ranked first as measured by the number of medical centres as at 31 August 2015. We operate our network of medical centres under the following brand names as at the Latest Practicable Date:



Human Health Integrated Medical Centre 盈健綜合醫務中心
19 medical centres which provide comprehensive medical services covering general practice services, and/or specialties services and/or dental services

Human Health Medical Centre 盈健醫務中心
29 medical centres which provide general practice services



Perfect Life 優越醫療
8 medical centres which mainly provide general practice services alongside with certain specialties services



Polyhealth Specialists 健匯專科中心
5 medical centres which provide specialties services



Poly Dental 健匯牙科
1 medical centre which provides dental services

and we also operate 4 dental centres which provide dental services under “Laserdentics 激光綜合齒科” or the name of respective dentist(s)

Our Group has been providing healthcare services to the Hong Kong community since 1997. Through our network of medical centres in Hong Kong, we generate our revenue in a growing market with a strong demand for our services. As at the Latest Practicable Date, we operated 66 medical centres across all 18 districts in Hong Kong, most of them are located at or near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. Among our medical centres, we have 115 service points providing healthcare services covering multiple disciplines, which include 57 general practice service points, 45 specialties service points and 13 dental service points. Our comprehensive healthcare services, which includes specialties services, covering up to 11 areas, namely general surgery, orthopaedics & traumatology, ophthalmology, otorhinolaryngology, paediatrics, obstetrics & gynaecology, gastroenterology & hepatology, respiratory medicine, cardiology, paediatric surgery and dermatology, together with our general practice services and dental services, enable us to position ourselves as an integrated healthcare service provider. We have established this network through organic growth as well as strategic acquisitions, most notably our acquisition of the controlling interest in Perfect Life in November 2014 and our acquisition of three companies engaged in the provision of dental services in June 2015. As a result of the acquisitions, 9 medical centres and 4 dental centres have been added to our Group. Our customers comprise individual customers and corporate customers which include medical scheme management companies, insurance companies and corporations. For FY2015, revenue generated from individual customers and corporate customers represented approximately 79.3% and 20.7% of our total revenue for that financial year, respectively. Moreover, as at 30 September 2015, the number of our patients

Note: This refers to private healthcare service providers in Hong Kong in respect of their directly operated medical centres, and excluding private hospital operators and providers of services other than general practice services, specialties services and dental services (such as those medical centres providing only traditional Chinese medicine service, health check service, laboratory service, imaging service and others).

SUMMARY

reached approximately 1.73 million, whereas our patient visits during FY2015 was approximately 1.23 million times, respectively. We attribute our prominent market position to our experienced and stable professional team. As at the Latest Practicable Date, a majority of our professional team members worked with our Group for more than three years to up to 18 years.

Our corporate culture follows our motto “From Our Heart • For Your Health” (仁心 • 稱心), which establishes us as a patient-centric and quality-focused service provider whose mission is to provide quality healthcare services through our network of medical centres. We are dedicated in providing healthcare services 7-day a week and late night services at a majority of our general practice medical centres. In addition, we are also committed in providing high quality healthcare services by adopting management practices and standard operation procedures ensuring the quality of service of our professional team and staff. We believe our commitment in providing quality healthcare services will result in our lasting doctor-patient relationships whilst we build upon our success in establishing and operating new medical centres in different regions in Hong Kong. During the Track Record Period, our Group has received the Caring Company award for the years from 2009 to 2015, the Hong Kong Star Brand Award (Enterprise) in 2012 and 2013, the Management Excellent Award in 2014 and Prime Award for Corporate Social Responsibility in 2014.

We believe we are well-positioned to capture market opportunities in the high-growth private healthcare service industry in Hong Kong. Based on the Euromonitor Report, the aggregate revenue of general practice, specialist and dental medical centres in Hong Kong increased at a CAGR of approximately 11.5% for the period from 2012 to 2014; the revenue of such medical centres is expected to grow at a CAGR of approximately 11.4% during the forecast period from 2015 to 2019. We outperformed the market at a CAGR of approximately 13.4% for the past three financial years, and we believe our business will continue to enjoy such growth. According to the Euromonitor Report, the private healthcare service industry in Hong Kong is highly fragmented, and is mostly comprised of individual operators of general outpatient and specialist medical centres, in particular, the total number of medical centres operated by private healthcare service providers in Hong Kong was 2,351 in 2014. There is likely to be an increasing trend of consolidation of private healthcare service operators and we believe that we are well positioned to capitalise on these industry trend.

We have a successful track record in the establishment and management of medical centres all operating under our direct management and brand names. We intend to strengthen our market position and to build upon our experience and successful track record of providing integrated healthcare services by continuing our dedication to patient-centric corporate culture, leveraging on our infrastructure, management expertise, knowhow and customer base. By continuing our growth in Hong Kong, we intend to further extend our network of general practice medical centres, as well as establish new specialist medical centres that focus on providing treatment for particular areas of medical problems, or those inter-related to such specialty areas. We also intend to expand to major first-tier cities in the PRC by replicating our business model. We believe these strategies will help us develop our business with higher growth potential and profitability.

OUR MEDICAL AND DENTAL NETWORK

As at the Latest Practicable Date, we operate a total of 66 medical centres in our network, out of which 12 medical centres are located on the Hong Kong Island, 22 medical centres are located in Kowloon and 32 medical centres are located in the New Territories (including Lantau Island).

SUMMARY

A distribution of our network of medical centres in Hong Kong by service points as at the Latest Practicable Date is set forth in the map of Hong Kong below:-



OUR CUSTOMERS AND SUPPLIERS

Our Customers

Our customers can be categorised into two groups: (a) individual customers who settle their own medical payments by cash or cash equivalent, such as government medical vouchers, credit cards or debit cards; and (b) corporate customers which we enter into contractual arrangements with them, such as medical scheme management companies, insurance companies and corporations, which settle medical payments for their policy members or staff members who are patients of our Group. Our individual customers comprise a significant portion of our customer base. For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, the revenue generated from our individual customers represented approximately 80.0%, 78.9%, 79.3% and 79.2% of our total revenue, respectively, and revenue generated from our corporate customers represented approximately 20.0%, 21.1%, 20.7% and 20.8% of our total revenue, respectively.

During the Track Record Period, revenue from the five largest customers of our Group accounted for approximately 16.4%, 17.1%, 16.3% and 15.5% of the total revenue, respectively. For the same periods, revenue attributable to our Group's largest customer accounted for approximately 5.7%, 5.2%, 5.0% and 5.4% of our total revenue, respectively. The five largest customers have been customers of our Group ranging from 7 to 13 years, which are medical scheme management companies. Our Directors confirmed that all of the five largest customers of our Group were Independent Third Parties. For further details on our customers, see "Business — Our Customers" on pages 126 to 128 in this prospectus.

Our Suppliers

Our suppliers primarily include doctors, dentists, pharmaceutical drugs distributors and manufacturers and laboratories and imaging centres.

For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, cost incurred with our five largest suppliers accounted for approximately 18.7%, 17.8%, 14.3% and 14.7% of our total cost of services

SUMMARY

rendered, respectively. During the same periods, cost incurred with our largest supplier accounted for approximately 5.3%, 4.3%, 3.3% and 3.3% of our total cost of services rendered, respectively. The five largest suppliers have been suppliers of our Group ranging from 1 to 16 years and they include doctors and distributors of pharmaceutical drugs. Our Directors confirmed that all of the five largest suppliers of our Group were Independent Third Parties. For further details on our suppliers, see “Business — Our Suppliers” on pages 128 to 130 in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that we possess the following competitive strengths which differentiate us from our competitors:

- Strategic network of medical centres where all locations are operating under our management and brand names;
- We are a comprehensive healthcare service provider and our specialties capabilities create synergy and improve our overall healthcare services;
- We provide seamless quality and integrated healthcare services to our patients through our management practices and standard operation procedures;
- We have a strong and stable management team; and
- Our established infrastructure provides a great platform for retention of good talents within our professional team and our professional team develops long term relationship with our Group.

OUR STRATEGIES

We strive to become one of the best private healthcare service providers in Hong Kong and in the PRC. To achieve this, we plan to implement the following strategies:

- Leverage on our customer base and establish additional specialist medical centres in Hong Kong;
- Expand our network of general practice medical centres in Hong Kong;
- Replicate the success of our management practice and standardised operating platform in the PRC;
- Identify established medical centres in Hong Kong as acquisition targets;
- Enhance our brand recognition through effective marketing strategies, refurbishment and maintenance of our medical centres; and
- Enhance our information technology infrastructure.

HIGHLIGHTS OF RISK FACTORS

There are certain risks involved in our operations set forth in “Risk Factors” on pages 27 to 38 in this prospectus. **You should read the “Risk Factors” section in its entirety before you decide to invest in the Offer Shares.** Some of the major risk factors include:

- We are dependent on our professional team and our financial results may be affected if we are not able to recruit qualified persons to join our team or retain them;
- We rely on our reputation within the healthcare service industry and our brands’ image which may be adversely affected by negative publicity;

SUMMARY

- Any non-renewal of leases or substantial increase in rent may affect our business and financial performance;
- We may not be able to implement our business strategies on schedule or within our budget or at all;
- We rely on a single geographical market and any adverse economic, social and/or political conditions affecting the market may adversely affect our business;
- Our expansion strategies into the PRC are subject to uncertainties and risks and we may not be able to replicate our business model in the PRC; and
- The establishment of medical centres in the PRC require various permits, licences, certificates and government approvals and there can be no assurance our Group can obtain any of them in a timely manner or at all.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Global Offering, Treasure Group will effectively hold approximately 72.10% of the total issued share capital of our Company (without taking into account any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised). Treasure Group is held as to 50% by Mr. Chan and 50% by Dr. Pang. Accordingly, Treasure Group, Mr. Chan and Dr. Pang will together be considered as our Controlling Shareholders upon Listing. Save as disclosed in this prospectus and except for their respective interests in our Company, our Controlling Shareholders had no interest in any other companies as at the Latest Practicable Date, which (i) held interests in our business during the Track Record Period and ceased to hold such interests after the Reorganisation; or (ii) may, directly or indirectly, compete with our Group's business. Dr. Pang entered into a Cooperation Agreement with our Group for providing general practice services at our medical centres, which will constitute continuing connected transactions under Chapter 14A of the Listing Rules, details of which is set out in the section headed "Connected Transactions" on pages 140 to 153 in this prospectus.

SUMMARY

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

The following tables set forth, for the periods indicated, selected financial and operating data from our consolidated financial information. For more details on the financial information, see the Accountants' Report in Appendix I to this prospectus.

Summary of Consolidated Statements of Profit or Loss

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HKS'000	Percentage of total revenue %	HKS'000	Percentage of total revenue %	HKS'000	Percentage of total revenue %	HKS'000 (unaudited)	Percentage of total revenue %	HKS'000	Percentage of total revenue %
Revenue	333,933	100.0	365,246	100.0	429,538	100.0	84,252	100.0	110,786	100.0
Cost of services rendered	(181,740)	(54.4)	(191,527)	(52.4)	(230,293)	(53.6)	(47,752)	(56.7)	(59,415)	(53.6)
Gross profit	152,193	45.6	173,719	47.6	199,245	46.4	36,500	43.3	51,371	46.4
Other income and gains	2,475	0.7	580	0.2	1,815	0.4	120	0.1	427	0.4
Administrative expenses	(111,035)	(33.3)	(124,938)	(34.2)	(155,879)	(36.3)	(33,204)	(39.4)	(45,334)	(40.9)
Share of profits and losses of a joint venture	—	—	—	—	—	—	—	—	(37)	(0.0)
Profit before tax . . .	43,633	13.1	49,361	13.5	45,181	10.5	3,416	4.1	6,427	5.8
Income tax expense	(7,005)	(2.1)	(8,604)	(2.4)	(9,463)	(2.2)	(726)	(0.9)	(1,858)	(1.7)
Profit for the year/period	36,628	11.0	40,757	11.2	35,718	8.3	2,690	3.2	4,569	4.1

Summary of Consolidated Statements of Financial Position

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HKS'000	HKS'000	HKS'000	HKS'000
Current assets	121,146	131,862	164,311	154,951
Current liabilities	48,364	56,003	114,138	104,458
Net current assets	72,782	75,859	50,173	50,493
Non-current assets	21,121	22,268	67,609	71,872
Non-current liabilities	132	79	2,783	2,797
Total equity	93,771	98,048	114,999	119,568

Summary of Consolidated Statements of Cash Flows

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HKS'000	HKS'000	HKS'000	HKS'000 (unaudited)	HKS'000
Net cash flows from/(used in) operating activities	38,970	41,346	55,235	7,469	(3,470)
Net cash flows used in investing activities	(5,798)	(6,956)	(31,903)	(985)	(4,205)
Net cash flows used in financing activities	(18,329)	(31,300)	(5,500)	(71)	(4,995)
Net increase/(decrease) in cash and cash equivalents	14,843	3,090	17,832	6,413	(12,670)
Cash and cash equivalents at beginning of year/period	73,483	88,326	91,416	91,416	109,248
Cash and cash equivalents at end of year/period	88,326	91,416	109,248	97,829	96,578

SUMMARY

Summary of Segment Data

Our revenue represents the value of healthcare services rendered, which comprises revenue from general practice services, specialties services and dental services. The following table sets forth, for the periods indicated, the breakdown of our revenue by service types:

Revenue by type of service

	Year ended 30 June											
	2013				2014				2015			
	HK\$'000	%	No. of visits '000 times	Average spending per visit HK\$ (Note)	HK\$'000	%	No. of visits '000 times	Average spending per visit HK\$ (Note)	HK\$'000	%	No. of visits '000 times	Average spending per visit HK\$ (Note)
General practice services	266,976	79.9	1,101	242	287,387	78.7	1,131	254	324,668	75.6	1,162	279
Specialties services	57,014	17.1	32	1,780	65,391	17.9	39	1,656	90,995	21.2	48	1,889
Dental services	9,943	3.0	18	562	12,468	3.4	21	588	13,875	3.2	22	634
	<u>333,933</u>	<u>100.0</u>	<u>1,151</u>		<u>365,246</u>	<u>100.0</u>	<u>1,191</u>		<u>429,538</u>	<u>100.0</u>	<u>1,232</u>	

Note: Average spending per visit is calculated by actual amount of revenue divided by the actual number of visits. Differences are due to rounding.

	Three months ended 30 September							
	2014				2015			
	HK\$'000 (unaudited)	%	No. of visits '000 times	Average spending per visit HK\$ (Note)	HK\$'000	%	No. of visits '000 times	Average spending per visit HK\$ (Note)
General practice services	60,750	72.1	236	257	75,233	67.9	257	292
Specialties services	20,114	23.9	12	1,651	24,526	22.1	14	1,738
Dental services	3,388	4.0	5	667	11,027	10.0	11	1,010
	<u>84,252</u>	<u>100.0</u>	<u>253</u>		<u>110,786</u>	<u>100.0</u>	<u>282</u>	

Note: Average spending per visit is calculated by actual amount of revenue divided by the actual number of visits. Differences are due to rounding.

Our total revenue increased from approximately HK\$333.9 million in FY2013 to approximately HK\$365.2 million in FY2014, to approximately HK\$429.5 million in FY2015, representing a CAGR of approximately 13.4%. Our total revenue increased from approximately HK\$84.3 million for the three months ended 30 September 2014 to approximately HK\$110.8 million for the three months ended 30 September 2015, representing an increase of approximately 31.5%. Revenue from general practice services contributed over 75% of our total revenue from FY2013 to FY2015, and its increase in amount over these years was primarily due to the increase in number of patient visits and average spending per visit. However, revenue from this segment over our total revenue has dropped slightly from approximately 72.1% for the three months ended 30 September 2014 to approximately 67.9% for the three months ended 30 September 2015. Revenue from specialties services also increased over the Track Record Period resulted from the increase in number of patient visits, which was primarily due to our recruitment of new specialists.

SUMMARY

Gross profit and gross profit margin by type of service

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HK\$'000	Gross profit margin %	HK\$'000	Gross profit margin %	HK\$'000	Gross profit margin %	HK\$'000	Gross profit margin %	HK\$'000	Gross profit margin %
General practice services . . .	129,025	48.3	145,189	50.5	159,009	49.0	28,540	47.0	37,526	49.9
Specialties services	18,490	32.4	22,908	35.0	33,890	37.2	6,501	32.3	9,523	38.8
Dental services	4,678	47.0	5,622	45.1	6,346	45.7	1,459	43.1	4,322	39.2
	<u>152,193</u>	<u>45.6</u>	<u>173,719</u>	<u>47.6</u>	<u>199,245</u>	<u>46.4</u>	<u>36,500</u>	<u>43.3</u>	<u>51,371</u>	<u>46.4</u>

Key Financial Ratios

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
Gross profit margin (%)	45.6%	47.6%	46.4%	43.3%	46.4%
Net profit margin (%)	11.0%	11.2%	8.3%	3.2%	4.1%
Return on equity (%)	39.1%	41.6%	31.1%	N/A	15.3%
Return on total assets (%)	25.7%	26.4%	15.4%	N/A	8.1%

	As at 30 June			As at 30 September
	2013	2014	2015	2015
Current ratio	2.5	2.4	1.4	1.5

For the three months ended 30 September 2015, our Group had net cash used in operating activities of approximately HK\$3.5 million, mainly as a result of (i) decrease in trade payables of approximately HK\$7.1 million as we increased payment of fees payables to doctors and dentists in September 2015; and (ii) increase in prepayment, deposits and other receivables of approximately HK\$6.9 million mainly as a result of increase in rental deposits of approximately HK\$6.1 million as requested by the landlords in relation to the release of personal guarantees given by certain directors of our group companies for the tenancy agreements of some of our medical centres and increase in prepayment of approximately HK\$0.9 million mainly for our listing expenses. Details of our cash flow position are set out in the section headed “Financial Information — Liquidity and Capital Resources — Cash flow” on pages 195 to 197 in this prospectus. Please also see the section headed “Risk Factors — We recorded negative cash flows from our operating activities for the three months ended 30 September 2015” on page 32 in this prospectus for the relevant risk factor.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, the average number of patient visits was approximately 108,000 times per month, which was in line with the average number of patient visits per month for FY2015. In particular, the average number of patient visits for our dental services was approximately 4,000 times per month, which doubled the average number of patient visits per month for FY2015 and was mainly attributable to the effect of our acquisition of three dental companies in June 2015. We had one new corporate customer and approximately 62,000 new patients subsequent to the Track Record Period and up to the Latest Practicable Date.

As part of the Reorganisation, our Group has entered into 138 Cooperation Agreements since 1 September 2015 and as at the Latest Practicable Date. Pursuant to the terms of the Cooperation Agreements, our Group shall grant the Managed Practices non-exclusive licences to use, *inter alia*, the proprietary names and proprietary rights of our Group and shall provide various management and administrative services to the Managed Practices. Accordingly, under these arrangements with the general practitioners, specialists and dentists, none of them is an employee of our Group. For further details, please refer to “History, Reorganisation and Group Structure —

SUMMARY

Cooperation Agreements” on pages 97 to 103 in this prospectus. The Cooperation Agreements were structured such that the status of our doctors and dentists was merely changed from an “employee” or “service provider” to a “cooperative partner” of our Group, but we consider that our Group would retain substantially the same business process and same rights such that our Group’s business operations and presentation of financial information of our Group (including revenue and cost structure) remain substantially unchanged and therefore, it would not have any material financial impact on our Group.

In January 2016, Pingan Yingjian has signed a lease agreement pursuant to which the lease term will be effective from June 2016 for the establishment of the first medical centre in Shanghai subject to the approvals and permits from the relevant PRC government authorities.

Our Directors confirm that since 30 September 2015, being the date to which the latest consolidated financial statements of our Group was made up, and up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospect.

USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering) (the “**Net Proceeds**”), assuming an Offer Price of HK\$1.42 per Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, will be approximately HK\$71.6 million. We intend to apply the Net Proceeds for the following purposes:

- approximately HK\$32.9 million (representing 46.0% of the Net Proceeds) will be used as part of the funding for our Group’s expansion of its network of medical centres in Hong Kong by setting up six new specialist medical centres;
- approximately HK\$5.0 million (representing 7.0% of the Net Proceeds) will be used as part of the funding for our Group’s expansion of its network of medical centres in Hong Kong by setting up six new general practice medical centres;
- approximately HK\$10.7 million (representing 15.0% of the Net Proceeds), which will be used as part of the funding for our Group’s expansion into the PRC market, which includes RMB8.75 million (equivalent to approximately HK\$10.4 million) to be used to cover our final payment for its contribution towards the registered capital of Pingan Yingjian of RMB35 million under the joint venture arrangement with Ping An Health through Pingan Yingjian to set up three medical centres in Shanghai by 2017 (which includes, but not limited to, costs in relation to recruitment, training of medical, nursing and other staff, business development and renovation of medical centres), and the cost to set up and operate medical centres in major first-tier cities in the PRC;
- approximately HK\$7.2 million (representing 10.0% of the Net Proceeds) will be used for the acquisition of established medical centres in Hong Kong;
- approximately HK\$4.3 million (representing 6.0% of the Net Proceeds) will be used for enhancing our brand image, through engagement of brand consultant, brand building activities and refurbishment and maintenance of our existing medical centres in Hong Kong;
- approximately HK\$4.3 million (representing 6.0% of the Net Proceeds) will be used for the enhancement of our information technology infrastructure; and
- approximately HK\$7.2 million (representing 10.0% of the Net Proceeds) will be used for working capital and other general corporate purposes.

For further details, please refer to the section headed “Future Plans and Use of Proceeds” on pages 211 to 212 in this prospectus.

SUMMARY

OFFERING STATISTICS

The table sets forth the offering statistics of the Global Offering, assuming that the Global Offering has been completed and 350,000,000 Shares in issue without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

	<u>Based on an Offer Price of HK\$1.32</u>	<u>Based on an Offer Price of HK\$1.51</u>
Market capitalisation of the Shares ⁽¹⁾	HK\$462.0 million	HK\$528.5 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$0.42	HK\$0.46

Notes:

- (1) The calculation of market capitalisation is based on the 350,000,000 Shares expected to be in issue immediately following completion of the Global Offering.
- (2) Please see the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for further details regarding the assumptions used and the calculation method.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by our Company since its date of incorporation. The dividends paid by our Group to its then shareholders was approximately HK\$24.3 million, HK\$36.8 million, HK\$50.0 million and nil for FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders’ interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of our Shareholders. We do not have a pre-determined dividend payout ratio. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Future dividend payments will also depend upon the availability of dividends received from our operating subsidiary in the PRC and will be subject to its constitutional documents and PRC laws. Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars. For further details, please refer to the section headed “Financial Information — Dividends and Dividend Policy” on page 209 in this prospectus.

LISTING EXPENSES

Total expenses in relation to the Listing amounted to approximately HK\$37.3 million. During the Track Record Period, we incurred listing expenses of approximately HK\$9.9 million and HK\$3.4 million for FY2015 and the three months ended 30 September 2015, respectively, and we expect to incur additional listing expenses of approximately HK\$24.0 million. Approximately HK\$7.4 million and HK\$2.6 million was recognised as administration expenses in our consolidated statements of profit or loss for FY2015 and the three months ended 30 September 2015, respectively, and approximately HK\$13.1 million is expected to be recognised as administrative expenses for the rest of the year ending 30 June 2016. Approximately HK\$14.2 million is expected to be recognised as a deduction in equity. We expect that the listing expenses to be incurred in the Global Offering for the year ending 30 June 2016 may have a negative impact on our results of operations.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

“Actmax”	Actmax Limited (雅名有限公司), a limited company incorporated in Hong Kong on 8 September 2000, which is wholly-owned by Novel Champion and an indirect wholly-owned subsidiary of our Company
“Actwise”	Actwise Limited (雅盟有限公司), a limited company incorporated in Hong Kong on 3 September 2008, which is wholly-owned by Novel Wiser and an indirect wholly-owned subsidiary of our Company
“A-Link”	A-Link Limited (雅領有限公司), a limited company incorporated in Hong Kong on 8 May 2000, which is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“Application Form(s)”	WHITE, YELLOW, GREEN, BLUE and PINK application form(s) or, where the context so requires, any of them
“Articles of Association”	the articles of association of our Company conditionally adopted on 17 February 2016 and effective on the Listing Date and as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Assured Doctor and Dentist Entitlement”	the entitlement of Eligible Doctors and Dentists to apply for the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering on the basis of an assured entitlement of 6,000 Doctor and Dentist Reserved Shares for each Eligible Doctor and Dentist
“Assured Employee Entitlement”	the entitlement of Eligible Employees to apply for the Employee Reserved Shares under the Employee Preferential Offering on the basis of an assured entitlement of 6,000 Employee Reserved Shares for each Eligible Employee
“Be Health”	Be Health Specialist Limited (健滙專科有限公司), a limited company incorporated in Hong Kong on 29 July 2009, which is wholly-owned by Novel Leader and an indirect wholly-owned subsidiary of our Company
“Beauty Honest”	Beauty Honest Limited (誠麗有限公司), a limited company incorporated in Hong Kong on 13 May 2011 and deregistered on 22 May 2015
“ BLUE Application Form(s)”	the application form(s) for use relating to the Doctor and Dentist Preferential Offering
“Board of Directors” or “Board”	the board of Directors of our Company
“Business Day” or “business day”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands

DEFINITIONS

“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and General Information — A. Further Information about our Company and its Subsidiaries — 3. Written Resolutions of all the Shareholders” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chairman”	chairman of our Board
“Champion Line”	Champion Line Limited (冠載有限公司), a limited company incorporated in Hong Kong on 23 April 2010, which is wholly-owned by Perfect Life and an indirect wholly-owned subsidiary of our Company. Application for deregistration has been submitted on 9 October 2015
“China” or “PRC”	the People’s Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Co-Lead Manager”	Convoy Investment Services Limited
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or modified from time to time
“Companies Law”	the Companies Law (Cap 22 (Law 3 of 1961)) of the Cayman Islands, as amended, consolidated or supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “we” or “us”	Human Health Holdings Limited (盈健醫療集團有限公司), an exempted company incorporated in the Cayman Islands on 9 June 2015 with limited liability
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Treasure Group, Mr. Chan and Dr. Pang
“Convoy Investment Services Limited”	Convoy Investment Services Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities

DEFINITIONS

“Cooperation Agreement(s)”	the cooperation agreement(s) entered into between our Group with our general practitioners, specialists and dentists and each of their relevant Managed Practices in connection with the operation of our medical centres, including any amendments, thereto, details of which are set forth in the section headed “History, Reorganisation and Group Structure — Cooperation Agreements” in this prospectus
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Counsel”	Mr. James Y.K. Tze, Esq., barrister-at-law in Hong Kong
“Deed of Indemnity”	the deed of indemnity dated 15 March 2016 entered into by our Controlling Shareholders in favour of our Company to provide certain indemnities, particulars of which are set out in the section headed “Statutory and General Information — E. Other Information” in Appendix IV to this prospectus
“Deed of Non-competition”	a deed of non-competition dated 15 March 2016 and executed by our Controlling Shareholders in favour of our Company, details of which are disclosed in the section headed “Relationship with Controlling Shareholders” in this prospectus
“Dental Council”	The Dental Council of Hong Kong
“Director(s)”	the director(s) of our Company
“Doctor Advisory Board”	a panel of doctors responsible for overseeing the quality of the healthcare services and handling of issues in relation to the training, recruitment and complaints of our general practitioners, specialists and dentists
“Doctor and Dentist Preferential Offering”	the preferential offer of the Doctor and Dentist Reserved Shares on an assured and preferential basis, as further described in the section headed “Structure and Conditions of the Global Offering – The Doctor and Dentist Preferential Offering” in this prospectus
“Doctor and Dentist Reserved Shares”	The 3,834,000 Offer Shares (representing 5% of the total number of Shares being offered under the Global Offering) being offered pursuant to the Doctor and Dentist Preferential Offering and which are to be allocated out of the International Offer Shares
“Dr. Chan Tat Ming”	Dr. Chan Tat Ming, a specialist under contract with Be Health and an Independent Third Party
“Dr. Chan Wai Hong”	Dr. Chan Wai Hong, a specialist under contract with Be Health and an Independent Third Party
“Dr. Choi”	Dr. Choi Tat Fai Richard, a specialist under contract with Be Health and a director of Perfect Life, Be Health and Win Talent
“Dr. Chu”	Dr. Chu Wen Jing Jennifer, a general practitioner under contract with Human Health Medical Services and an Independent Third Party
“Dr. Hui”	Dr. Hui Chi Wai Frederick, a specialist under contract with Be Health and an Independent Third Party

DEFINITIONS

“Dr. Lau Wai Hong”	Dr. Lau Wai Hong, a general practitioner under contract with Human Health Medical Services and an Independent Third Party
“Dr. Lau Wai Man”	Dr. Lau Wai Man, a dentist under contract with Poly Dental and a director of Poly Dental, Good Standard, Laserdodontics and Seto & Wan
“Dr. Pang”	Dr. Pang Lai Sheung, a co-founder and a Controlling Shareholder, acts as an executive Director and chief medical officer of our Company; Dr. Pang is also the wife of Mr. Chan
“Dr. Seto”	Dr. Seto Siu Keung a dentist under contract with Poly Dental, and a director of Poly Dental, Laserdodontics, Seto & Wan and Good Standard
“Dr. Sun”	Dr. Sun Kin Wai Kelvin, a specialist under contract with Be Health and an Independent Third Party
“Dr. Wan”	Dr. Wan Chung Wa Richard, a dentist under contract with Poly Dental and an Independent Third Party
“Dr. Yuen”	Dr. Yuen Ka Sing Michael, a specialist under contract with Be Health and an Independent Third Party
“electronic application instruction(s)”	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Offer Shares
“Eligible Doctor and Dentist”	a doctor or dentist who (a) has a Hong Kong address and is a holder of a Hong Kong Identity Card and (b) has not terminated or given notice to terminate his or her Cooperation Agreement with our Group as at the Latest Practicable Date (excluding our Directors and the directors of our subsidiaries, namely Dr. Pang, Dr. Choi, Dr. Lau Wai Man and Dr. Seto as well as Dr. Chan Siu Yu who is an associate of Mr. Chan)
“Eligible Employee”	a full-time employee of our Company or any of our subsidiaries who (a) is at least 18 years of age, (b) has a Hong Kong address and is a holder of a Hong Kong Identity Card, (c) remains as a full-time employee of our Company or any of our subsidiaries and is not on probation as at the Latest Practicable Date and (d) has not tendered his or her resignation or been given notice of termination of employment for any reason other than redundancy or retirement on or before the Latest Practicable Date (excluding our Directors, namely Mr. Chan, Dr. Pang, Ms. Sat and Mr. Poon)
“Eligible Shareholders”	Dr. Lau Wai Hong, Dr. Chu, Dr. Chan Tat Ming, Dr. Yuen, Dr. Hui, Dr. Chan Wai Hong, Dr. Sun and Dr. Wan (the aggregate percentage of shareholding held by the Eligible Shareholders immediately before Global Offering and immediately after the completion of Global Offering (assuming (i) no Eligible Doctors and Dentists other than the Eligible Shareholders have applied for and received a total of 3,834,000 Doctor and Dentist Reserved Shares and (ii) no exercise of the Over-allotment Option) is approximately 3.96% and 4.19%, respectively)

DEFINITIONS

“Employee Preferential Offering”	the preferential offer of the Employee Reserved Shares on an assured and preferential basis, as further described in the section headed “Structure and Conditions of the Global Offering — The Employee Preferential Offering” in this prospectus
“Employee Reserved Shares”	the 3,834,000 Offer Shares (representing 5% of the total number of Shares being offered under the Global Offering) being offered pursuant to the Employee Preferential Offering and which are to be allocated out of the International Offer Shares
“Euromonitor”	Euromonitor International Limited, an independent industry consultant commissioned by us to prepare the Euromonitor Report
“Euromonitor Report”	an independent research report prepared by Euromonitor for the purpose of this prospectus
“First Capital Securities Limited”	First Capital Securities Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) regulated activities
“FY2013”	the financial year ended 30 June 2013
“FY2014”	the financial year ended 30 June 2014
“FY2015”	the financial year ended 30 June 2015
“GDP”	an acronym for gross domestic product
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Offering (including the Employee Preferential Offering and the Doctor and Dentist Preferential Offering)
“Good Standard”	Good Standard Limited (喜進有限公司), a limited company incorporated in Hong Kong on 13 August 1999, which is wholly-owned by Rank Best and an indirect wholly-owned subsidiary of our Company
“Green Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries and joint venture or, where the context so requires, with respect to the period before which our Company became the holding company of our current subsidiaries and joint venture, our Company’s current subsidiaries and joint venture or the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Healthvision”	Healthvision (Asia) Limited (領健(亞洲)有限公司), a limited company incorporated in Hong Kong on 28 November 2005, which is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website (www.hkeipo.hk)

DEFINITIONS

“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name, submitted online through the designated website of the HK eIPO White Form Service Provider at www.hkeipo.hk
“HKFRSs”	Hong Kong Financial Reporting Standards, which include all Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations issued by HKICPA
“HKICPA”	The Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong GAAP”	generally accepted accounting principles in Hong Kong
“Hong Kong Offer Shares”	the 7,668,000 newly issued Shares offered by us for subscription under the Hong Kong Public Offering, representing 10% of the initial number of the Offer Shares subject to adjustment as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares by our Company for subscription by members of the public in Hong Kong (subject to adjustment as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus), and subject to the terms and conditions stated herein and in the Application Forms
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 16 March 2016 relating to the Hong Kong Public Offering entered into between, amongst others, our Company, our executive Directors, our Controlling Shareholders, the Sole Global Coordinator and the Hong Kong Underwriters, particulars of which are set forth in the section headed “Underwriting” in this prospectus
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Human Health (Greater China)”	Human Health (Greater China) Limited (盈健醫療(大中華)有限公司), a limited company incorporated in Hong Kong on 24 September 2014, which owns 100% interest in Yingjian Qiye and is wholly-owned by Solid Success and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Human Health (H.K.)”	Human Health (H.K.) Limited (盈健醫療(香港)有限公司), a limited company incorporated in Hong Kong on 5 July 2000, which is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“Human Health Associate”	Human Health Associate Limited, a limited company incorporated in Hong Kong in 11 May 2001, which is wholly-owned by Novel Wiser and an indirect wholly-owned subsidiary of our Company
“Human Health International (BVI)”	Human Health International Limited, a limited company incorporated in the BVI on 2 June 2011, which is a direct wholly-owned subsidiary of our Company
“Human Health Medical Network”	Human Health Medical Network Services Limited (盈健醫療網絡有限公司), a limited company incorporated in Hong Kong on 26 March 2013, which is wholly-owned by Novel Wiser and an indirect wholly-owned subsidiary of our Company
“Human Health Medical Services”	Human Health Medical Services Limited, a limited company incorporated in Hong Kong on 16 June 2003, which is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“Human Health”	Human Health Limited (盈健亞洲有限公司), a limited company incorporated in Hong Kong on 11 September 2002, which is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“IMI”	Impact Medical Imaging Centre Company Limited (健柏醫學造影中心有限公司), a limited company incorporated in Hong Kong on 19 October 2009, which is wholly-owned by WEHIL. IMI does not form part of our Group
“Independent Third Party(ies)”	party(ies) which are independent of and not connected with any Director, chief executive or Substantial Shareholder of our Company or any of its subsidiaries or any of their respective associates within the meaning of the Listing Rules
“International Offer Shares”	the 69,012,000 Shares being offered by our Company for subscription under the International Offering subject to adjustment and together, where relevant, with any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus
“International Offering”	the conditional placing of the International Offer Shares for and on behalf of our Company outside the United States (including to professional, institutional and corporate investors and excluding retail investors in Hong Kong) in reliance on Regulation S, subject to adjustment and the exercise of the Over-allotment Option as further described in the section headed “Structure and Conditions of the Global Offering” in this prospectus

DEFINITIONS

“International Placing Agreement”	the conditional underwriting agreement expected to be entered into on or about the Price Determination Date, between, amongst others, our Company, our executive Directors, our Controlling Shareholders, the Sole Global Coordinator and the International Underwriters in respect of the International Offering, particulars of which are set forth in the section headed “Underwriting” in this prospectus
“International Underwriters”	the underwriters named in the International Placing Agreement, being the underwriters of the International Offering
“Joint Bookrunners”	BOCOM International Securities Limited and First Capital Securities Limited
“Joint Lead Managers”	BOCOM International Securities Limited, First Capital Securities Limited and RHB Securities Hong Kong Limited
“Laserdontics”	Laserdontics Limited (激光綜合齒科有限公司), a limited company incorporated in Hong Kong in 22 August 2007, which is wholly-owned by Rank Best and an indirect wholly-owned subsidiary of our Company
“Latest Practicable Date”	8 March 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on the Main Board commences
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Managed Practice(s)”	the medical or dental practice registered as a sole proprietorship of each of our general practitioners, specialists and dentists for carrying out his/her/their medical or dental practice, which our Group provides management, administrative, facility, recruitment and other services and grants licenses to use our brand names pursuant to each of the Cooperation Agreements entered into with the respective medical or dental practitioners
“Max Health”	Max Health Chinese Medicine Limited (盈滙中醫服務有限公司) (formerly known as Human Health Medicine Limited (盈健堂有限公司)), a limited company incorporated in Hong Kong on 11 May 2005, which is wholly-owned by Mr. Chan. Max Health does not form part of our Group

DEFINITIONS

“Max Health Global”	Max Health Global Limited (盈滙環球有限公司), formerly known as Human Health International Limited (盈健醫療有限公司), a limited company incorporated in Hong Kong on 13 March 2000, which is an investment holding company owned as to 50% by Mr. Chan and 50% by Dr. Pang. Max Health Global does not form part of our Group
“Medical Council”	The Medical Council of Hong Kong
“Mr. Chan”	Mr. Chan Kin Ping, a co-founder and a Controlling Shareholder, acts as the chairman of the Board, chief executive officer and an executive Director of our Company; Mr. Chan is also the husband of Dr. Pang
“Mr. Poon”	Mr. Poon Chun Pong, acts as the chief operating officer and an executive Director of our Company and a director of Perfect Life, Pingan Yingjian and Yingjian Qiye; Mr. Poon is also the nephew of Mr. Chan and Dr. Pang
“Ms. Sat”	Ms. Sat Chui Wan, acts as the chief financial officer, executive Director and company secretary of our Company
“New Acquisitions”	the acquisitions of the entire interest in various subsidiaries of our Group in preparation for the Listing, as set out in the section headed “History, Reorganisation and Group Structure - New Acquisitions” in this prospectus
“Novel Champion”	Novel Champion Limited, a limited company incorporated in the BVI on 26 May 2010, which owns 100% interest in Actmax and is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“Novel Leader”	Novel Leader Limited, a limited company incorporated in the BVI on 26 May 2010, which owns 100% interest in Be Health and is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“Novel Wiser”	Novel Wiser Limited, a limited company incorporated in the BVI on 26 May 2010, which owns 100% interest in Actwise, Human Health Associate, Perfect Life and Human Health Medical Network and is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“Offer Price”	the final price for each Offer Share (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee payable thereon) of not more than HK\$1.51 per Offer Share and is expected to be not less than HK\$1.32 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Global Offering
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares (including the Doctor and Dentist Reserved Shares and the Employee Reserved Shares) together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option to be granted by us to the Sole Global Coordinator, exercisable by it on behalf of the International Underwriters pursuant to the International Placing Agreement

DEFINITIONS

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Perfect Life”	Perfect Life Asia Limited (優越醫療亞洲有限公司), a limited company incorporated in Hong Kong on 20 June 2001 and is wholly-owned by Novel Wiser and an indirect wholly-owned subsidiary of our Company
“person”	any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity
“Ping An Financial Technology”	Ping An Financial Technology Consulting Co., Ltd.* (深圳平安金融科技諮詢有限公司), a company incorporated in the PRC and is owned as to 92.4% by Ping An Insurance
“Ping An Health”	Pingan Health Internet Holdings Limited* (平安健康互聯網股份有限公司), a company incorporated in the PRC with limited liability and is directly owned as to 70% by Ping An Financial Technology and 30% by Urumqi Guang Feng Qi Equity Investment Partnership* (烏魯木齊廣豐旗股權投資有限合夥企業)
“Ping An Insurance”	Ping An Insurance (Group) Company of China, Ltd (中國平安保險(集團)股份有限公司), a company whose shares of which are listed on the Main Board of the Stock Exchange (stock code: 2318), which owns approximately 92.35% of Ping An Financial Technology
“Pingan Yingjian”	Pingan Yingjian Medical Management (Shanghai) Limited* (平安盈健醫療管理(上海)有限公司), a joint venture formed in the PRC in 24 April 2015, which is directly owned as to 50% by Yingjian Qiye and 50% by Ping An Health
“ PINK Application Form(s)”	the application form(s) for use relating to the Employee Preferential Offering
“Poly Dental”	Poly Dental Services Limited (滙俊牙科服務有限公司), a limited company incorporated in Hong Kong on 23 May 2006, which is wholly-owned by Rank Best and an indirect wholly-owned subsidiary of our Company
“PRC Government”	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or, where the context requires, any of them
“PRC Legal Advisers”	King & Wood Mallesons (金杜律師事務所), a qualified PRC law firm as the PRC legal advisers to our Company
“Price Determination Date”	the date on which the final Offer Price is to be determined by our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), which is expected to be on or about Tuesday, 22 March 2016 and in any event not later than Wednesday, 30 March 2016
“professional team”	the healthcare professionals such as general practitioners, specialists, dentists, physiotherapists, pharmacist, registered nurses and dental hygienist who are engaged by our Group on an exclusive basis

DEFINITIONS

“Quality Assurance Team”	a team comprising committee members of our Doctor Advisory Board, our operations director, and three operations managers responsible for overseeing the implementation and execution of quality control functions and policies
“Rank Best”	Rank Best Group Limited, a limited company incorporated in the BVI on 20 November 2012, which owns 100% interest in Seto & Wan, Laserdontics, Good Standard and Poly Dental and is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed “History, Reorganisation and Group Structure — Reorganisation” in this prospectus
“Reserved Shares”	the Doctor and Dentist Reserved Shares and the Employee Reserved Shares
“RHB Securities Hong Kong Limited”	RHB Securities Hong Kong Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Seto & Wan”	Seto & Wan Dental Centre Limited, formerly known as Seto & Wan Dental Clinic Limited, a limited company incorporated in Hong Kong in 22 September 1999, which is wholly-owned by Rank Best and an indirect wholly-owned subsidiary of our Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 17 February 2016, a summary of principal terms of which is set out in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus
“Sole Global Coordinator”	BOCOM International Securities Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities
“Sole Sponsor”	BOCOM International (Asia) Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Solid Success”	Solid Success Global Limited, a limited company incorporated in the BVI on 28 May 2014, which owns 100% interest in Human Health (Greater China) and is wholly-owned by Human Health International (BVI) and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Stabilising Manager”	BOCOM International Securities Limited
“State Administration of Foreign Exchange” or “SAFE”	State Administration of Foreign Exchange (國家外匯管理局)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Track Record Period”	FY2013, FY2014 and FY2015 and the three months ended 30 September 2015
“Treasure Group”	Treasure Group Global Limited, a limited company incorporated in the BVI on 11 March 2015, which is ultimately owned as to 50% by Mr. Chan and 50% by Dr. Pang, and a Controlling Shareholder of our Company
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Placing Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions, any state of the United States and the District of Columbia, and all areas subject to its jurisdiction
“US dollar” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations as promulgated thereunder
“WEH”	We Health Medical Diagnostic Limited (眾健醫學診斷有限公司), a limited company incorporated in Hong Kong on 22 October 2010, which is wholly-owned by WEHIL. WEH does not form part of our Group
“WEHIL”	We Health International Limited, a company incorporated in the BVI on 14 October 2010 and is held as to 90% by Mr. Chan and 10% by Great Praise Limited, a company incorporated in the BVI on 28 February 2011 and is held as to 100% by Dr. Pang. WEHIL does not form part of our Group
“ WHITE Application Form(s)”	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicants’ own names
“Win Talent”	Win Talent Management Limited (俊勝管理有限公司), a limited company incorporated in Hong Kong on 8 February 2011, which is wholly-owned by Perfect Life and an indirect wholly-owned subsidiary of our Company. Application for deregistration has been submitted on 9 October 2015
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require such Hong Kong Offer Shares to be deposited directly in CCASS

DEFINITIONS

“Yingjian Qiye”	Yingjian Qiye Management Consultancy (Shanghai) Limited* (盈健企業管理諮詢(上海)有限公司), a wholly foreign-owned enterprise established in the PRC on 19 December 2014 and an indirect wholly-owned subsidiary of our Company
“%”	per cent

Unless expressly stated or the context requires otherwise:

- *amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items;*
- *all references to any shareholdings in our Company assume no exercise of the Over-allotment Option unless otherwise specified;*
- *solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars or US dollars at specified rates. You should not construe these translations as representations that the Renminbi amounts could actually be, or have been, converted into Hong Kong dollar amounts and US dollar amounts (as applicable) at the rates indicated or at all. Unless we indicate otherwise, the translations of Renminbi amounts into Hong Kong dollars have been made at the rate of RMB0.83752 to HK\$1.00, and the translation of US dollar amounts into Hong Kong dollar have been made at the rate of US\$1.00 to HK\$7.75.*

For ease of reference, the names of the PRC established companies, entities, laws and regulations have been included in this prospectus in both Chinese and English. The name in Chinese is the official name of each such company, entity, law or regulation (as the case may be), while that in English is only an unofficial translation, and in the event of any inconsistency, the Chinese name shall prevail.

* For identification purpose only

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.

“advanced laser treatment”	the use of surgical lasers to treat various diseases such as skin tumors
“CAGR”	compound annual growth rate
“cardiology”	the branch of medicine which deals with disorders of the heart
“dental implant”	artificial substitutes for missing teeth
“dermatology”	the branch of medicine concerned with skin
“endodontics”	the branch of dentistry concerned with treating the roots and the dental pulp of teeth
“gastroenterology”	the branch of medicine concerned with the stomach and intestines
“general surgery”	surgical specialty that usually focuses on the abdomen (including the stomach, liver, intestines etc.), and other diseases (skin, breast, soft tissue, thyroid etc)
“gynaecology”	the branch of medicine concerned with diseases specific to females
“hepatology”	the branch of medicine concerned with the liver, gall bladder and pancreas
“integrated healthcare service provider”	a healthcare service provider that provides more than one discipline of healthcare services (e.g. general practice services, specialties services and dental services) to its patients or customers
“integrated medical centre”	a medical centre which offers an array of healthcare services, comprising general practice services and/or specialties services and/or dental services
“medical centre”	general practice medical centre, specialist medical centre, integrated medical centre and/or dental centre, where applicable
“medical scheme management companies”	companies that administer and structure corporate healthcare benefits plans to provide medical services to members of healthcare benefits plans under their administration, whose members are mainly policy holders of insurance companies and employees of corporations.
“medical team”	doctors and dentists of our professional team
“m ² ” or “sq. m.”	square metre(s)
“sq. ft.”	square feet
“neurosurgery”	the branch of medicine concerned with the nervous system
“obstetrics”	the branch of medicine concerned with childbirth
“ophthalmology”	the branch of medicine concerned with the eye
“orthodontics”	the branch of dentistry concerned with the treatment of deformed teeth

GLOSSARY OF TECHNICAL TERMS

“orthopaedics & traumatology”	the branch of medicine concerned with the skeletal system, spine, joints, muscle ligaments and other associated structures
“otorhinolaryngology”	the branch of medicine concerned with the ear, nose and throat
“paediatrics”	the branch of medicine concerned with treating children
“paediatric surgery”	the subspecialty of surgery that focuses on treating children
“paedodontics”	the branch of dentistry concerned with children’s teeth
“periodontal treatment”	a dentistry treatment concerned with the gum disease and the attempt to remedial it
“prosthodontics”	the branch of dentistry concerned with the implantation of artificial teeth
“radiography”	the medical use of electromagnetic radiation to view and diagnose problems with internal structures in patients
“respiratory medicine”	the branch of medicine concerned with the lungs, bronchial tubes and trachea.
“service point”	a type of medical service provided by a specific discipline of professional team in one medical centre. Where there are two types of medical services such as both general practice service and dental service provided in one medical centre, this will be counted as two service points
“velscope-oral cancer screening”	a non-invasive procedure for oral (mouth) cancer detection

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Business”, “Financial Information” and “Future Plans and Use of Proceeds” in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed “Risk Factors” in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our ability to identify and successfully take advantage of new business development opportunities;
- our dividend policy; and
- our profit estimate and other prospective financial information.

The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of Hong Kong and the central and local governments in the PRC relating to any aspect of our business or operations;
- general economic, market and business conditions in Hong Kong and China;
- macroeconomic policies of the PRC Government;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this prospectus.

RISK FACTORS

You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that all of our Group's operations are conducted in Hong Kong. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR GROUP AND OUR BUSINESS

We are dependent on our professional team and our financial results may be affected if we are not able to recruit qualified professionals to join our team or retain them

We depend on our professional team to provide medical services to our customers who look for quality healthcare services and stable doctor-patient relationship. We enter into service agreements with our professional team which may be terminated after giving relevant notice. In such event, our business may be adversely affected if we are not able to recruit or retain our professional team to support our network of medical centres. Our Group recruits new members for our professional team on a continuous basis, and recruitment of suitable candidates can be competitive as we compete with both public and private healthcare service sectors, and the supply of registered doctors, dentists and physiotherapists is limited. In the event that we cannot recruit or retain qualified persons to join our professional team, our long term expansion plans may be adversely affected.

We rely on our reputation within the healthcare service industry and our brands' image which may be adversely affected by negative publicity

Our Directors consider that our Group's success depends to a significant extent on the recognition of our brand and reputation in the healthcare service industry as a reliable service provider. Any litigation claims or complaints from the customers in relation to the quality of services provided by us may adversely affect the reputation and image of our Group, and may in turn, materially and adversely affect the demand for our services.

During the course of our services, members of our professional team such as doctors, dentists as well as physiotherapists may prescribe medication and/or recommend treatments to our patients with their own professional judgment. We cannot guarantee the quality of the pharmaceutical drugs or vaccination as they are not manufactured by us.

Where undesirable complications or harm are caused by our services or where the relevant treatment or medication does not fully meet the expectation of a customer, the customer may express negative comments through media such as the internet, newspaper or lodge complaints with the Hong Kong Consumer Council, the Medical Council and the Dental Council or pursue a claim against our Group or our professional team and our staff. These complaints may result in reviews, investigations or disciplinary actions by regulatory and professional bodies and may affect the reputation of the relevant member of our professional team and our staff as well as our Group. Should the provision of our healthcare services produce an undesirable outcome for a customer or if we receive a complaint from a customer, we may need to divert a significant amount of resources and incur extra expenses to handle such outcome or complaint which could affect our corporate image and reputation in the industry if it is widely published by the media. Where a member of our professional team is involved in medical disputes and/or are subject to complaints, professional investigations, or convicted of professional misconduct, it is possible that he/she may have to allocate resources to respond to these disputes, and may even be restricted from practising in our medical centre(s). This may have a material adverse effect on our operations and/or profitability if we are not able to find replacement promptly. In the event that any complaint results in disciplinary actions or legal proceedings against our Group and/or members of our professional team, we may need to allocate resources in order to claim an indemnity against relevant members of our professional team, and there may be an adverse effect on our reputation and hence financial performance.

RISK FACTORS

Our business model relies on contractual arrangements with the practitioners and their Managed Practices which may not be as flexible as our previous arrangements with the practitioners

Prior to 1 September 2015, our medical centres were operated by us under different arrangements with the four categories of practitioners, which historically allowed our Group to enjoy the flexibility to cater for different situations of the practitioners. For the reason set out in the section headed “History, Reorganisation and Group Structure — Cooperation Agreements — Reasons for entering into the Cooperation Agreements” in this prospectus, our Group has entered into 138 Cooperation Agreements with our medical and dental practitioners and the Managed Practices under which, since 1 September 2015 and as at the Latest Practicable Date, the medical and dental services shall be provided by the practitioners through their Managed Practices to our patients.

Currently, we generate our revenue from services provided by the Practitioners through their Managed Practices pursuant to the Cooperation Agreements with the medical and dental practitioners and the Managed Practices. Under the new arrangement, each of the general practitioners, specialists and dentists would be required to set up his/her own sole proprietorship for entering into the Cooperation Agreements, and it would require additional effort for our Group to explain to each of the general practitioners, specialists and dentists the rationale behind the new arrangement. In case any practitioner cannot accept the new arrangement or fail to set up his/her sole proprietorship, we may not be able to procure them to provide medical and dental services at our medical centres. Further, under the new arrangement, each of the general practitioners, specialists and dentists would need to set up his/her own sole proprietorship prior to entering into the Cooperation Agreements, whereas under the previous arrangement, our Group could enter into employment or service agreements with the practitioners or their designated service companies directly. As such, upon confirmation of a practitioner to sign Cooperation Agreements with our Group, he/she would not be able to provide services immediately but would need to set up his/her own sole proprietorship.

Same as the original arrangements, since the Cooperation Agreements are governed by the laws of Hong Kong, the terms and provisions in the Cooperation Agreements would be interpreted in accordance with the Hong Kong laws and any disputes would be finally resolved by negotiation between the parties and/or legal proceedings. If any of the Managed Practices fails to perform its obligations under the Cooperation Agreement, our Group may have to rely on legal remedies under Hong Kong laws, including seeking specific performance or injunctive relief, and claiming damages, which may be costly and time consuming. The results of the legal proceedings, if any, are also subject to uncertainty which could limit the ability of our Group to enforce the Cooperation Agreement. Any inability to enforce the Cooperation Agreement or limitation thereon could disrupt the business of our Group and have a material adverse impact on our Group’s business, prospects and results of operations.

Professional indemnity insurance coverage may not completely cover risks arising from our course of operation

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

RISK FACTORS

Any non-renewal of leases or substantial increase in rent may affect our business and financial performance

We operated all of our medical centres on leased properties, where we were exposed to fluctuations in the retail rental market. During the Track Record Period, rental expenses amounted to approximately HK\$36.7 million, HK\$41.7 million, HK\$49.8 million and HK\$14.3 million, representing approximately 33.0%, 33.4%, 31.9% and 31.5% of our administrative expenses for each of FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively. Upon the expiry of each of the leases of our existing medical centres, we have to negotiate terms of renewal with our respective lessors in relation to our existing medical centres. As there has been an increase in rentals for retail and commercial properties in Hong Kong generally in recent years, and a majority of our existing medical centres are located on premises leased from Independent Third Parties, there is no assurance that the leases would be renewed on similar or favourable terms (including, without limitation, on similar tenure and on similar rental charges). There is also no guarantee that the leases of our existing medical centres will not be terminated early by the lessors before the expiry of the relevant term. In the event that we are required to relocate our medical centres to other locations, there is no guarantee that we will be able to secure comparable locations with a lease based on comparable terms. We may also incur substantial expenses in renovation costs if we have to move our existing medical centres to new locations. This may have an adverse impact upon our business, financial position and our future potential growth.

We may not be able to implement our business strategies on schedule or within our budget or at all

The growth of our business depends on the implementation of our business strategies to a large extent. The successful implementation of our business strategies are subject to significant business, economic and competitive uncertainties and contingencies, including, among others, continued growth of healthcare services in Hong Kong and in the PRC.

Whether we can successfully implement our business strategies depends on various factors including, amongst others, delivery of pharmaceutical drugs or installation of medical equipment, setting up of new medical centres including the availability of suitable location, securing requisite government approvals, compliance with applicable laws and regulations, changes in economic and market conditions. Delay or failure to successfully implement our business strategies could result in the loss or delayed receipt of turnover, any increase in financing costs, and failure to meet profit and earnings projections, any of which may adversely affect our business, operational results and financial conditions.

The expansion of new medical centres includes acquisition of existing centres. The integration of our Group's resources and management may take an extended period of time. There is no assurance that we can achieve the expected synergy of our Group's existing and the target's professional team members, and we may experience difficulties in implementing our standard operation procedures and quality control standards. We cannot guarantee that after the acquisition all of our professional team members will be retained upon completion of the integration of the two companies. In this event, it will be difficult to recruit qualified candidates to be a member of our professional team in a short space of time. This may have an adverse impact upon our business, financial position and our future potential growth.

We rely on a single geographical market and any adverse economic, social and/or political conditions affecting the market may adversely affect our business

Currently, the business operations of our Group are based in Hong Kong. Our business operations and the demand for our services are therefore exposed to any deterioration in the economic, social and/or political conditions as well as any incidence of social unrest, strike, riot, civil disturbance or disobedience in Hong Kong (in particular where any such activity causes inconvenience to customers who visit, and our professional team who attend, our medical centres). Due to limited geographical coverage of our Group, the aforesaid adverse circumstances may materially and adversely disrupt operations of our medical centres and in turn, the revenue and profitability of our Group, and consequently, our results of operations and financial condition.

Our expansion strategies into the PRC are subject to uncertainties and risks and we may not be able to replicate our business model in the PRC

Our growth depends on the implementation of our future plans in connection with our business. As explained in more details in the section headed "Future Plans and Use of proceeds" of this prospectus, a part of

RISK FACTORS

our proceeds will be used for our expansion in the PRC. We have recently begun to extend our foothold to Shanghai through our joint venture company Pingan Yingjian and may consider to expand into certain first-tier cities in the PRC in the future. It is anticipated that new medical centres will adopt our business model developed by our Group. As we are lack of experience and track record in the PRC market, such expansion strategies are subject to uncertainties and risks. The expansion plans of our business may strain our managerial, operational and financial resources and we may not be able to successfully manage the growth of our business despite adopting various measures and strategies to do so including, *inter alia*, the need to raise working capital, to identify, recruit, train and integrate additional members of our professional team and our staff to provide our services. Whether our expansion plans can be implemented successfully depends on a number of factors which are beyond our control and there is no assurance such expansion plans will succeed or attain the desired growth rate our Group expects to achieve.

As the business operations of our Group are based in Hong Kong, we are subject to differences in the business, regulatory and political environment between Hong Kong and the PRC. There is no assurance that our expertise will extend to the PRC healthcare services market and we may not be able to adapt to the relevant laws and regulations. We may also experience unforeseeable delays and difficulties during the recruitment process for prospective members of professional team and staff, which will affect the future expansion plan in the PRC. We also cannot guarantee our Group will be able to identify and select locations in the PRC that would be suitable for the establishment of medical centres. Further, our expansion into the PRC may incur material expenses and may not generate profit within the expected timeframe of our Directors.

The establishment of medical centres in the PRC require various permits, licences, certificates and government approvals and there can be no assurance our Group can obtain any of them in a timely manner or at all

In expanding our operations in the PRC as referred to in the section headed “Business — Our Strategies — Replicate the success of our management practice and standardised operating platform in the PRC” in this prospectus, it is required to obtain various permits, licences, certificates and other approvals from the relevant healthcare administrative authorities. For details, please see the section headed “Regulatory Overview — Regulations in the PRC” in this prospectus. Obtaining each of such permits, licences, certificates and approvals may be subject to fulfillment of certain conditions. There is no assurance that either as Pingan Yingjian or our Group will obtain all necessary permits, licences, certificates and approvals for opening medical centres in the PRC in a timely manner or at all, or that our Group will not encounter problems in fulfilling any or all of the conditions imposed in respect of the granting of such permits, licences, certificates and approvals, or that either as Pingan Yingjian or our Group will be able to expeditiously adapt to new laws, regulations or policies that may come into effect from time to time.

Our Group and Ping An Health may not always agree on the same course of action or decision with respect to Pingan Yingjian. Any material disagreement or dispute may affect the success of Pingan Yingjian and our Group’s PRC expansion plan

On 24 April 2015, our Group, through our wholly owned subsidiary, formed a joint venture company, Pingan Yingjian, with Ping An Health, to set up medical centres in Shanghai. Our Group and Ping An Health each held a 50% interest in Pingan Yingjian and our Directors are of the view that this joint venture arrangement with Ping An Health is of strategic value for the business development of our Group’s first expansion into the PRC. See “Business — Our Strategies — Replicate the success of our management practice and standardised operating platform in the PRC” for more information about our Group’s PRC expansion plan. Matters in relation to the operation of Pingan Yingjian will require resolutions of the joint venture parties to be reached on a joint basis. Given Ping An Health’s much longer track record of operating in the PRC as the operator of “平安好醫生” (Ping An Hao Yi Sheng) online platform, there can be no assurance that Ping An Health will always agree with our Group on management decisions affecting the Pingan Yingjian or business operations to be carried out by it in the PRC. If Ping An Health and our Group fail to reach a consensus on certain resolutions, time will be needed to resolve the difference between the joint venture parties and they may need to resort to dispute resolution provisions under the joint venture agreement, which will divert the management’s attention, result in potentially significant legal costs, impede our Group’s expansion plan in the PRC, and in turn materially and adversely affect our Group’s business, results of operations and financial condition.

RISK FACTORS

Our past performance is not necessarily indicative of future results

Our total revenue increased from approximately HK\$333.9 million in FY2013 to approximately HK\$365.2 million in FY2014 and increased further to approximately HK\$429.5 million in FY2015, representing a CAGR of approximately 13.4%. Our total revenue increased from approximately HK\$84.3 million for the three months ended 30 September 2014 to approximately HK\$110.8 million for the three months ended 30 September 2015, representing an increase of approximately 31.5%. Although our revenue has increased during the Track Record Period, such financial data only reflect our past performance. Past performance is not necessarily indicative of future results. The effects of the changing regulatory, economic and other unpredictable factors may have a material effect on our business and hence affecting our future financial performance. Moreover, our financial and operating results may not meet the expectation of public market analysts or investors, which could cause the future price of the Shares to decline. Our revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control. You should not rely on our historical results to predict the future performance of our Shares.

We have limitations in promoting/marketing our business

Our professional team is required to comply with the Code of Professional Conduct for the Guidance of Registered Medical Practitioners issued by the Medical Council and Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong issued by the Dental Council. For details, see the sections headed “Regulatory Overview — Regulations of Medical Practitioners” and “Regulatory Overview — Regulations of Dental Practitioners” of this prospectus.

The limitation in promoting the business of our Group may affect our ability to further enhance our brand recognition or secure new business opportunities in the future. Moreover, there is no guarantee that our existing practices of monitoring our information dissemination process and publication can continue to be effective. Should there be any change in the guidance, or change of interpretation thereof, our professional team may be regarded as breaching the relevant codes and may be subject to relevant disciplinary actions. Should there be any disciplinary actions against our professional team, our reputation, business and results of operations could be materially and adversely affected.

Our insurance coverage may not completely cover the risks related to our business and operations

Our Group has purchased insurance including, insurance for potential business interruption, and insurance for public liability. Our Group’s financial position may be adversely affected in the event that the claim exceeds the coverage or the scope of the insurance does not cover such claim. Further, we may have difficulty in claiming compensation from insurance companies in full or at all, and sometimes there may be delays in receiving such compensation. If we suffer losses which are not covered by our insurance policies or the amount of compensation we receive from our insurers for our losses is significantly less than the actual losses suffered by us, our financial position and our operations may be materially and adversely affected.

If we are unable to retain the key members of our management, our growth and future success may be impaired and our business, operational results and financial condition could suffer

We believe that our success depends upon the continued contributions of our executive Directors and key management members. Our executive Directors and key management members possess expertise, and experience in our industry, operations and business that are difficult to replace.

We cannot assure you that the services of such personnel will continue to be available or that we will be able to replace them with qualified persons who have similar knowledge or experience. If we lose the service of any of our key management members or if we fail to continue to attract and retain additional personnel with suitable experience and qualifications to join our management team, our business may be disrupted and our business, operational results and financial conditions may be adversely affected.

RISK FACTORS

We may not be able to protect our patient's information from leakage or improper use, which could expose our Group and/or our professional team and our staff to claims or litigation

We understand that a patient's right to privacy is particularly essential in the healthcare service context and our patients expect us to keep their information strictly confidential. Under the Code of Professional Conduct for the Guidance of Registered Medical Practitioners issued by the Medical Council and the Code of Professional Discipline for the Guidance of Dental Practitioners issued by the Dental Council, our professional team is not allowed to disclose medical information of patients to any third party without the patients' consent except in certain specific circumstances. We are also subject to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) which restricts the use of personal data of clients collected by us to such purposes for which they were collected or for a directly related purpose. However, we cannot guarantee that our confidentiality policies and measures can completely prevent our patient's information from leakage or being used for an improper purpose. Any breach of our confidentiality obligations towards our patients could expose our Group and/or our professional team and our staff to potential liabilities, such as claims or litigation, which may have an adverse impact on our Group's reputation.

Our Group recorded a loss in our dental services segment during the Track Record Period

As set out in the section headed "Financial Information — Description of Selected Items in Statements of Comprehensive Income — Segment Information" in this prospectus, our dental services segment recorded loss on the segment result of approximately HK\$0.7 million, HK\$2.8 million, HK\$2.8 million and HK\$0.7 million for FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively. The loss was attributable to the fact that such segment has not reached optimal scale of operation since we were still expanding and developing our dental service segment during the Track Record Period. We cannot assure you that we are able to reach optimal scale of operation in the future to cover the segment expenses incurred through expansion and turn around into profit. If we cannot successfully achieve turnaround for the dental services segment or if the results of the dental services segment continues to deteriorate in future, our business, profitability, performance, financial condition and results of operations may be adversely affected.

We recorded negative cash flows from our operating activities for the three months ended 30 September 2015

We recorded negative cash flows from our operating activities for the three months ended 30 September 2015 of approximately HK\$3.5 million, mainly as a result of (i) decrease in trade payables of approximately HK\$7.1 million as we increased payment of fees payables to doctors and dentists in September 2015; and (ii) increase in prepayment, deposits and other receivables of approximately HK\$6.9 million mainly as a result of increase in rental deposits of approximately HK\$6.1 million as requested by the landlords in relation to the release of personal guarantees given by certain directors of our group companies for the tenancy agreements of some of our medical centres and increase in prepayment of approximately HK\$0.9 million mainly for our listing expenses. Please refer to the section "Financial Information — Liquidity and Capital Resources — Cash flow" in this prospectus for a more detailed discussion. We cannot assure you that we will not experience another period of negative cash flows from our operating activities in the future. If we are not able to generate sufficient cash flows from our operations or obtain sufficient financing to support our business operation, our growth prospects may be materially and adversely affected.

Our goodwill is subject to impairment review and any goodwill impairment may negatively affect our reported results

Our goodwill amounted to nil, nil, approximately HK\$32.0 million and HK\$32.0 million as at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively. Our goodwill as at 30 June 2015 and 30 September 2015 was attributable to acquisitions of Perfect Life, Good Standard, Laserdotics and Seto & Wan. Goodwill represents the residual amount of the consideration under business combination after the purchase price allocation. After initial recognition, goodwill is subject to impairment test at least annually. Testing for impairment requires an estimation of the value in use of the cash-generating units, namely (i) general practice services cash-generating unit; (ii) specialties services cash-generating unit; and (iii) dental services cash-

RISK FACTORS

generating unit, to which the goodwill is allocated. Estimating the value in use requires us to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those expected future cash flows.

We determine the recoverable amount of our dental services cash-generating unit based on a value in use calculation using cash flow projection based on financial budgets covering a five-year period, and a 2% perpetual growth rate to extrapolate the cash flows after the five-year period. If the growth rate in the cash flow projection decreases by 1% and 2%, the carrying amount of our dental services cash-generating unit would exceed its recoverable amount by approximately HK\$3.4 million and HK\$11.1 million, respectively. Such amount would be recognised as an impairment loss on goodwill. Please refer to the sensitivity analysis set out in “Accountants’ Report — II. Notes to Financial Information — Note 16” in Appendix I to this prospectus for a more detailed discussion. In case there is any significant decrease in the future growth rate of the dental services cash-generating unit, we may be required to recognise impairment loss on our goodwill and our reported results would be adversely affected.

Our business is subject to seasonality

We experience seasonal fluctuations in our revenue. During the Track Record Period, our Group generally recorded relatively more revenue during winter and spring seasons during which the general public are usually more susceptible to diseases and epidemic such as influenza, therefore, there would be comparatively more patients visiting our medical centres at such times. As a result, our revenue and number of patient visits for the three months ended 30 September 2014 only accounted for approximately 21.9% and 22.4% of those for FY2015, respectively, excluding the effect of acquisition of Perfect Life which only started to contribute revenue to our Group since November 2014. Please refer to the section headed “Financial Information — Key Factors Affecting Our Results of Operations — Seasonality” in this prospectus for a more detailed discussion. Any such fluctuations could have a material adverse effect on our financial condition and results of operations at different time.

We have not entered into any long term supply agreements with our suppliers

Currently, a majority of our pharmaceutical drugs are procured from a limited number of suppliers. We have not entered into any long term supply agreements with our suppliers and there is no assurance that they will continue to supply pharmaceutical drugs to us on commercially reasonable terms, or at all, which could affect our ability to secure future supply. Further, we may not be able to find suitable alternative suppliers within a short period of time, and as such, any shortage of or delay in the supply of the pharmaceutical drugs to us may materially and adversely affect the operations of our medical centres. As a result, our financial condition and results of operations could be materially and adversely affected.

We are subject to risk of system failure caused by unexpected network interruptions, security breaches, attack by hackers or computer virus, and business interruption due to natural or man-made disasters

Our business operation depends significantly on the reliability of our information systems for medical centre administration, management of patient information and financial information. There is no assurance that we can successfully maintain the satisfactory performance, reliability, security, and availability of our information technology infrastructure. Such failure may be caused by unexpected network interruptions, security breaches, attacked by hackers or computer virus.

Further, our operation may be interrupted if any of our medical centres or information technology infrastructure suspends operations due to the occurrence of events such as fire, flood, hardware and software failure, powerloss, telecommunication failure, terrorist attack or other natural or manmade disaster.

If any of the above events occur, our business operation may be disrupted for an indefinite period of time, thereby damaging our reputation and materially and adversely affecting our business.

RISK FACTORS

We face possible infringement of our intellectual property rights, which could weaken our competitive position and affect our operations

Our principal intellectual property rights are our trademarks and our knowhow in our business operations. We are susceptible to infringement of our intellectual property rights by third parties. There is no assurance that third parties will not copy or otherwise obtain and use our intellectual property rights without our prior authorisation. Infringement of our intellectual property rights could adversely affect the perception that our customers have of us as to our credibility, creditworthiness and abilities, which in turn may have a material adverse effect on our business, financial condition, results of operations and prospects. If we were to enforce our intellectual property rights through litigation, such litigation whether successful or unsuccessful, could result in the incurrence of substantial costs and the diversion of resources. In the event that we are unable to adequately protect or safeguard our intellectual property rights, our reputation, business, financial condition and results of operations and prospects may be materially and adversely affected.

As at the Latest Practicable Date, our Group had five registered trademarks in Hong Kong, 13 registered trademarks in the PRC and two trademark applications pending in Hong Kong which are material to our Group's business, details of all of which are set out in the section headed "Statutory and General Information — B. Further Information about Our Business — 2. Intellectual property of our Group" in Appendix IV to this prospectus. It is possible that we may be unable to register trademarks in future markets in which we operate or to renew the registrations of our trademarks. Further, there is no guarantee that the registration of our trademarks can completely protect us against any infringement or keep us away from any potential challenges raised by our competitors or other third parties.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

We conduct our business in a heavily regulated industry and incur on-going compliance costs as well as face penalties for non-compliance

The operation of our medical centres are subject to various laws and regulations. These rules and regulations relate mainly to certain medical facilities and equipment, prescription, handling and recording of pharmaceuticals, the licensing of medical professionals, disposal of clinical waste, and maintenance and security of patients' medical records. For more details, please refer to the section headed "Regulatory Overview" in this prospectus. We may need to incur additional costs in order to ensure our on-going compliance with relevant rules and regulations.

If we fail to comply with any of these laws, regulations or rules, we may face penalties or suspension of operations, any of which could materially and adversely affect our business, financial condition and results of operations.

Any changes in Hong Kong's regulatory regime for the healthcare service industry could have a material adverse effect on our business

The healthcare service industry is heavily regulated. The relevant laws and regulations may change significantly in the future and it is uncertain as to any future development on regulations and introduction of new laws on medical and dental procedures. Therefore, any such adverse change in Hong Kong's regulatory regime for the healthcare service industry could become unfavourable to our business and operations and would have a material adverse effect on our results of operations.

Our Group's business may be affected by intensifying competition arising from increasing number of general practitioners, specialists and dentists in private practices

According to the Euromonitor Report, the number of private healthcare services facilities grew by a CAGR of approximately 4.9% from 2010 to 2014. Our Directors believe that with an increasing number of private healthcare service facilities will intensify the competition against our business.

RISK FACTORS

We may face more intense competition in the future from existing competitors and new entrants into the market both in terms of recruitment of medical practitioners and market share. If we fail to compete effectively, maintain or grow our market share, our financial performance and prospects will be adversely affected.

Any severe communicable and uncontrollable disease in Hong Kong or the PRC may adversely affect our financial performance

As a substantial part of our revenue is derived from customers in Hong Kong which is in close proximity to the PRC, any outbreak of severe communicable disease such as recurrence of Middle East Respiratory Syndrome (or MERS) or severe acute respiratory syndrome (SARS) in Hong Kong or the PRC may lead to a greater infection control measures to be implemented by the Government, which in turn may lead to temporary closures of the affected medical centres and quarantine of all affected healthcare professionals. Moreover, if any member of our professional team or our staff is infected by any severe communicable disease, our Group may have to temporarily shut down our medical centres which may result in the suspension of business operations. In addition, outbreaks of communicable diseases could reduce the number of patient visits to our medical centres as patients defer their treatment or switch to other medical centres for treatment, which could materially and adversely affect our Group's business, results of operations and financial conditions.

RISKS RELATING TO THE PRC

The healthcare industry in the PRC is heavily regulated

We will be subject to various laws and regulations at the national, regional and local levels in the PRC. These rules and regulations relate mainly to operation of medical institutions, procurement of pharmaceutical drugs and medical devices, recruitment of registered medical practitioners and nurses, handling of medical waste, proper medical advertisements and pricing.

For more details, see the section headed "Regulatory Overview — Regulations in the PRC" in this prospectus. Our new business in the PRC will be subject to licensing requirements and periodic inspections and supervision by relevant government departments. If we fail to obtain or renew our license for our operations, or are found to be non-compliant with any of these laws, regulations or rules, we will be liable for fines, penalties or even suspension or revocation of operating licenses, which could materially and adversely affect our business, financial condition and results of operations.

Our medical centres to be set up in the PRC may be subject to intense competition

The healthcare service industry in the PRC is competitive. According to the Euromonitor Report, the number of private medical centres and private hospitals in the PRC increased from 152,094 in 2010 to 185,915 in 2014 at a CAGR of approximately 5.2%. The medical centres to be set up in the PRC will face competition from public hospitals, private hospitals and community health medical centres located in the same geographic area as our medical centres. Our potential competitors may provide similar healthcare services, or may be more attractive in terms of convenience, quality and pricing. If we are not able to compete in the PRC market, our financial condition and results may be materially and adversely affected.

We are subject to political, economic and social developments in the PRC

Our business will be expanded to the PRC and our future financial condition, results of operations and prospects will be subject to the risks of future economic, political and legal developments in the PRC. The PRC economy differs from the economies of other developed countries and the healthcare industry is heavily regulated. The significant control exercised by the PRC Government over the economy and various industries through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies may have an impact on our business to be established in the PRC.

RISK FACTORS

Government control of currency conversion and changes in the exchange rate of RMB may materially and adversely affect our future expansion into the PRC

RMB is not currently a freely convertible currency. Under the current foreign exchange regulation in the PRC, our PRC subsidiaries will be permitted to effect foreign exchange for current account transactions (including the distribution of dividends) through accounts permitted by the PRC Government. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. There can be no assurance that the PRC Government will not in the future impose restrictions on foreign exchange transactions.

In addition, the value of RMB against the U.S. dollar, Hong Kong dollar and other currencies is subject to change in the PRC's governmental policies and international economic and political developments. In June 2010, the PBOC announced the removal of the de facto peg. The RMB may appreciate or depreciate significantly in value against the U.S. dollar or the Hong Kong dollar in the medium to long term if and when the PBOC changes its current intervention policy. Fluctuations in exchange rates may adversely affect the value, translated or converted into U.S. dollar or Hong Kong dollar, of our cash flows, revenues, earnings and financial position. For example, an appreciation of the RMB against the U.S. dollar or the Hong Kong dollar would make any new RMB-denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars or Hong Kong dollars into RMB for such purposes. If this occurs, our future business, financial condition and results of operations may be materially adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has not been any prior public market for the Shares and an active trading market may not develop

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Global Offering, there has been no public market for the Shares. The Offer Price range has been determined through negotiation between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Global Offering. In addition, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Global Offering, or that the trading price of the Shares will not decline below the Offer Price.

The trading price of the Shares may also be subject to significant volatility in response to, among others, the following factors:

- variations in our operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by us or our competitors;
- changes in investors' perception of our Group and the investment environment;
- developments in the healthcare industry;
- changes in pricing made by us or our competitors;
- the liquidity of the market for the Shares; and
- general economic and other factors.

RISK FACTORS

The trading volume and share price of the Shares may fluctuate

The price and trading volume of the Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcements of new technologies, strategic alliances or acquisitions, industrial or environmental accidents suffered by us, loss of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices for the merchandise sold could cause large and sudden changes in the volume and price at which the Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Shares.

Future sales of substantial amounts of the Shares in the public market may adversely affect the prevailing market price of the Shares

Except for the Shares issued in the Global Offering, our Company has agreed with the Sole Global Coordinator not to issue any of the Shares or securities convertible into or exchangeable for the Shares during the period beginning from the date of this prospectus and continuing through the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange. Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to 12 months after the Listing Date. Please refer to the section headed “Underwriting — Underwriting Arrangements and Expenses” in this prospectus for a more detailed discussion of restrictions that may apply to future sale of the Shares. After these restrictions lapse, the market price of the Shares may decline as a result of sale of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of the new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future

If the final Offer Price of our Offer Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering, subscribers and purchasers of our Offer Shares will experience an immediate dilution in the pro forma adjusted consolidated net tangible asset.

In addition, we may consider offering and issuing additional Shares in the future for expansion of our business or to the extent that our Shares are issued upon the exercise of Share options. In this regard, you may experience further dilution in the consolidated net tangible asset per Share if we issue additional Shares in the future at a price which is lower than the consolidated net tangible asset per Share.

There can be no guarantee as to the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate

Certain facts and other statistics in this prospectus are derived from various sources including various official government publications and communications with various official government agencies. Whilst our Group has exercised reasonable care to ensure that such facts and statistics presented are accurately reproduced from their respective sources, the quality or reliability of such source materials cannot be guaranteed and have not been prepared or independently verified by us, the Sole Sponsor, the Underwriters or any of their respective directors, affiliates or advisers. Therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong and the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the official government statistics and unofficial statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases,

RISK FACTORS

investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics.

You should rely on this prospectus, and not place any reliance on any information contained in press articles or other media, in making your investment decision

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is not contained in, or is different from what is contained in, this prospectus. Prior or subsequent to the publication of this prospectus, there has been or may be press and media coverage regarding us and the Global Offering, in addition to marketing materials published by us in compliance with the Listing Rules. We have not authorised any such press and media reports, and the financial information, financial projections, valuations and other information purportedly about us contained in such unauthorised press and media coverage may be untrue and may not reflect what is disclosed in this prospectus. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. To the extent that any such information appearing in the press and media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus and the Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, which to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus and on the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Placing Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Sole Global Coordinator (on behalf of the Underwriters) and us. The Global Offering is managed by the Sole Global Coordinator.

If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. You should seek the advice of your stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and shares to be issued upon the exercise of the share options that may be granted under the Share Option Scheme.

No part of the Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (WUMP) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

HONG KONG BRANCH SHARE REGISTER AND THE STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our branch register of members to be maintained in Hong Kong by Tricor Investor Services Limited. Our principal register of members will be maintained by Codan Trust Company (Cayman) Limited in the Cayman Islands.

No stamp duty is payable by applicants in the Global Offering.

Dealings in the Shares registered on our Hong Kong branch share register will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

STABILISATION AND OVER-ALLOTMENT

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

In connection with the Global Offering, we intend to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Sole Global Coordinator (on behalf of the International Underwriters) within 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, we may be required to issue and allot up to an aggregate of 11,502,000 Shares (in aggregate representing 15% of the total number of the Shares initially available under the Global Offering) at the Offer Price to cover, among other things, over-allocation in the International Offering.

Further details with respect to stabilisation and the Over-allotment Option are set out in the sections headed “Structure and Conditions of the Global Offering — Over-allotment Option” and “Structure and Conditions of the Global Offering — Stabilisation” in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedure for the Hong Kong Offer Shares is set out in the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including their respective conditions, and the Over-allotment Option, are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars or US dollars at specified rates. You should not construe these translations as representations that the Renminbi amounts could actually be, or have been, converted into Hong Kong dollar amounts and US dollars amounts (as applicable) at the rates indicated or at all. Unless we indicate otherwise, the translations of Renminbi amounts into Hong Kong dollars have been made at the rate of RMB0.83752 to HK\$1.00, and the translations of US dollar amounts into Hong Kong dollars have been made at the rate of US\$1.00 to HK\$7.75.

ROUNDINGS

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

1. WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions, which will constitute non-exempt continuing connected transactions under the Listing Rules upon Listing.

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement in respect of such non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

The details of such continuing connected transactions and waivers are set out in the section headed “Connected Transactions” in this prospectus.

2. WAIVER IN RELATION TO THE DOCTOR AND DENTIST PREFERENTIAL OFFERING

Rule 10.01 of the Listing Rules provides that normally no more than 10% of any securities being marketed for which listing is sought may be offered to employees or past employees of the issuer or its subsidiaries or associated companies and their respective dependents or any trust, provident fund or pension scheme for the benefit of such persons on a preferential basis.

Our Company intends to make a preferential offer to Eligible Employees under the Employee Preferential Offering in accordance with Rule 10.01 of the Listing Rules as well as a preferential offer to Eligible Doctors and Dentists as part of the Global Offering. However, Rule 10.01 of the Listing Rules does not strictly extend to permit preferential offers to be made to the doctors and dentists who provide their medical and dental services to the patients of the medical centres operated by our Group. Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.01 of the Listing Rules in order to permit the Doctor and Dentist Preferential Offering to be made to Eligible Doctors and Dentists, in addition to the Employee Preferential Offering, conditional on the number of Shares offered to Eligible Employees and Eligible Doctors and Dentists in aggregate does not exceed 10% of the total Offer Shares under the Global Offering with reference to Rule 10.01 of the Listing Rules.

3. WAIVER IN RELATION TO THE ELIGIBLE SHAREHOLDERS

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 and paragraph 5 of Appendix 6 of the Listing Rules in relation to the participation by the Eligible Shareholders in the Doctor and Dentist Preferential Offering on the basis that:

- (i) the Eligible Shareholders will subscribe for Shares under the Doctor and Dentist Preferential Offering in their capacity as Eligible Doctors and Dentists, rather than a beneficial owner of any Share, and no preferential treatment will be given to the Eligible Shareholders in the allocation of the Doctor and Dentist Reserved Shares;
- (ii) no more than 3,834,000 Shares (i.e. 5% of the total number of Shares being offered under the Global Offering) will be allocated to Eligible Doctors and Dentists, and hence none of the Eligible Shareholders will become a Substantial Shareholder of our Company as a result of the allocation of Shares under the Doctor and Dentist Preferential Offering;
- (iii) details of the Doctor and Dentist Preferential Offering have been disclosed in this prospectus; and the total number and percentage of the Shares allocated to the existing Shareholders for investors’ information before and after the Global Offering will be disclosed in the allotment results announcement;
- (iv) the Eligible Shareholders are interested in less than 5% of our Company’s voting rights before the Listing;

WAIVERS FROM STRICT COMPLIANCE WITH LISTING RULES

- (v) none of the Eligible Shareholders are core connected persons or their close associates;
- (vi) the Eligible Shareholders do not have the power to appoint directors or any other special rights;
- (vii) the allocation of the Doctor and Dentist Reserved Shares to the Eligible Shareholders would not affect our Company's ability to satisfy the public float requirement upon the Listing and our Company would be able to maintain the public float requirement under the Listing Rules upon the Listing;
- (viii) the Sole Sponsor has, based on discussions with and confirmations given by our Company and the Joint Bookrunners to the Stock Exchange and to the best of the Sole Sponsor's knowledge and belief, confirmed to the Stock Exchange that it has no reason to believe that the Eligible Shareholders will receive any preferential treatment by virtue of their relationship with our Company in the allocation of the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering, and details of the allocation will be disclosed in the allotment results announcement;
- (ix) our Company has confirmed to the Stock Exchange that no preferential treatment has been, nor will be, given to the Eligible Shareholders by virtue of their relationship with our Company in the allocation of the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering, and details of the allocation will be disclosed in the allotment results announcement; and
- (x) the Joint Bookrunners have confirmed to the Stock Exchange that to best of its knowledge and belief, no preferential treatment has been, nor will be, given to the Eligible Shareholders by virtue of their relationship with our Company in the allocation of the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering, and details of the allocation will be disclosed in the allotment results announcement.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
Executive Directors		
Mr. Chan Kin Ping (陳健平)	Flat D, 56th Floor, Tower 1, Sorrento, 1 Austin Road West, Tsimshatsui, Kowloon, Hong Kong	Chinese
Dr. Pang Lai Sheung (彭麗嫦)	Flat D, 56th Floor, Tower 1, Sorrento, 1 Austin Road West, Tsimshatsui, Kowloon, Hong Kong	Chinese
Ms. Sat Chui Wan (薩翠雲)	Flat B, 5th Floor, Block 3, Villa Carlton, 369 Tai Po Road, Sham Shui Po, Kowloon, Hong Kong	Chinese
Mr. Poon Chun Pong (潘振邦)	Flat E, 42nd Floor, Block 3, Seaview Crescent, Tung Chung, New Territories, Hong Kong	Chinese
Independent non-executive Directors		
Dr. Lui Sun Wing (呂新榮)	Flat F, 23rd Floor, Block 7, Island Harbourview, 11 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong	Chinese
Mr. Chan Yue Kwong Michael (陳裕光)	House B6, Flamingo Garden, Lot 831 D D 226, Fei Ngo Shan Road, Kowloon, Hong Kong	Chinese
Mr. Sin Kar Tim (冼家添)	Flat H, 47th Floor, Block 5, Aquamarine, 8 Sham Shing Road, Cheung Sha Wan, Kowloon, Hong Kong	Chinese

For more information on our Directors and members of senior management, please refer to the section headed “Directors, Senior Management and Staff” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	BOCOM International (Asia) Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Central Hong Kong
Sole Global Coordinator	BOCOM International Securities Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Central Hong Kong
Joint Bookrunners	BOCOM International Securities Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Central Hong Kong First Capital Securities Limited Unit 4512, 45/F The Center 99 Queen's Road Central Central Hong Kong
Joint Lead Managers	BOCOM International Securities Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Central Hong Kong First Capital Securities Limited Unit 4512, 45/F The Center 99 Queen's Road Central Central Hong Kong RHB Securities Hong Kong Limited 12/F World-Wide House 19 Des Voeux Road Central Central Hong Kong
Co-Lead Manager	Convoy Investment Services Limited 24C, @ Convoy 169 Electric Road North Point Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to our Company

As to Hong Kong Law
DLA Piper Hong Kong
17th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
King & Wood Mallesons
55th Floor, Guangzhou International Finance Centre
5 Zhujiang New Town, Guangzhou
Guangdong, PRC

As to Cayman Law
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Legal Advisers to the Sole Sponsor
and the Underwriters**

As to Hong Kong Law
Deacons
5th Floor, Alexandra House
18 Chater Road
Hong Kong

Auditors and Reporting Accountants

Ernst & Young
22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Receiving banks

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

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands
Headquarters and principal place of business in Hong Kong	11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong
Website address	www.humanhealth.com.hk <i>(this website address and its contents do not form part of this prospectus)</i>
Company secretary	Ms. Sat Chui Wan, <i>HKICPA, FCCA</i> Flat B, 5th Floor, Block 3, Villa Carlton, 369 Tai Po Road, Sham Shui Po, Kowloon, Hong Kong
Authorised representatives	Mr. Chan Kin Ping Flat D, 56th Floor, Tower 1, Sorrento, 1 Austin Road West, Tsimshatsui, Kowloon, Hong Kong Ms. Sat Chui Wan Flat B, 5th Floor, Block 3, Villa Carlton, 369 Tai Po Road, Sham Shui Po, Kowloon, Hong Kong
Audit Committee	Mr. Sin Kar Tim (<i>Chairman</i>) Mr. Chan Yue Kwong Michael Dr. Lui Sun Wing
Remuneration Committee	Dr. Lui Sun Wing (<i>Chairman</i>) Mr. Chan Yue Kwong Michael Mr. Sin Kar Tim Mr. Chan Kin Ping
Nomination Committee	Mr. Chan Yue Kwong Michael (<i>Chairman</i>) Mr. Sin Kar Tim Dr. Lui Sun Wing Mr. Chan Kin Ping
Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	BOCOM International (Asia) Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Central Hong Kong
Principal bank	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road, Central Hong Kong

INDUSTRY OVERVIEW

This section contains certain information and statistics which is derived from various official and publicly available sources and a market research report, Euromonitor Report, commissioned by us and prepared by Euromonitor, an Independent Third Party. The Euromonitor Report has been prepared primarily as a market research tool. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in our Group. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information and statistics and we have no reason to believe that such information or statistics is false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the commissioned research report which may qualify, contradict or have an impact on the information in this section. However, such information and statistics have not been independently verified by us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Underwriters, our or their respective directors and officers or any other parties involved in the Global Offering. No representation is given as to the accuracy or completeness of such information and statistics.

SOURCE OF INFORMATION

We have commissioned Euromonitor, an independent market research company, to analyse and report on, among others, the trends of the healthcare service industry in Hong Kong and China for the period from 2009 to 2019 at a fee of US\$66,600 and our Directors consider that such fee reflects market rates. To ensure robust analysis of the stated industries, Euromonitor has adopted a full-circle information collection methodology that combines (a) secondary research which involves reviewing publicly available sources including national statistics, surveys, websites and third party research reports; and (b) primary research which involves trade interviews with leading industry players and observers for latest data and insights on existing size and market drivers, development trends and competitive landscape, etc. The information and statistics as set forth in this section have been extracted from the Euromonitor Report.

Established in 1972, Euromonitor is the world leader in strategy research for both consumer and industrial markets. Comprehensive international coverage and leading edge innovation make Euromonitor's products an essential resource for companies large and small, national and global. With offices around the world and analysts in 80 countries, it is a leading provider of global market intelligence.

Our Directors confirm that Euromonitor, including all of its subsidiaries, divisions and units, are independent of and not connected with us (within the meaning of the Listing Rules) in any way. Euromonitor has given its consent for us to quote from the Euromonitor Report and to use information contained in the Euromonitor Report in this prospectus.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Euromonitor Report and various official government publications.

ASSUMPTIONS AND PARAMETERS USED IN THE EUROMONITOR REPORT

Market projections in this Euromonitor Report, as a standard and reasonable dealing, are based on the following key assumptions:

- (a) The Hong Kong and PRC overall social, economic and political environment is expected to remain stable in the forecast period;
- (b) The Hong Kong and PRC economy is anticipated to maintain steady growth over the forecast period;
- (c) There will be no external shock, such as financial crisis or significant raw material shortage or cost inflation that affects the demand and supply of the private healthcare services market in Hong Kong and China during the forecast period;

INDUSTRY OVERVIEW

- (d) The Hong Kong and PRC consumers' consumption behaviours do not alter significantly; and
- (e) Key market drivers such as increase in per capita disposable income and trading-ups, rapid urbanisation, rising health and brand awareness, and leading players' further commitment to expansion, are expected to boost the future development of Hong Kong and China's private healthcare service markets.

RELIABILITY OF INFORMATION IN THE EUROMONITOR REPORT

Our Directors are of the view that the sources of information used in this section are reliable as the information was extracted from the Euromonitor Report. Our Directors believe that the Euromonitor Report is reliable and not misleading as Euromonitor is an independent professional research agency with extensive experience in its profession.

AN OVERVIEW OF HONG KONG ECONOMY

Hong Kong has been experiencing tepid economic growth in recent years, recording an average real GDP growth of approximately 2.7% over the five-year period from 2009 to 2014. The gross national income per capita in Hong Kong was HK\$310,217 in 2014, having grown by a total of approximately 8.7% in real terms between 2010 and 2014. According to the estimates made by International Monetary Fund ("IMF") as of December 2015, Hong Kong's annual real GDP growth is expected to retain approximately 2.3% in 2015 and approximately 2.5% in 2016.

AN OVERVIEW OF THE HEALTHCARE SERVICE INDUSTRY IN HONG KONG

The healthcare service industry in Hong Kong has been traditionally split into two sectors, the public and private healthcare services. Public healthcare services are predominantly provided by government-run healthcare service facilities administered by the Hospital Authority of Hong Kong, and are focused on delivering highly subsidised secondary and tertiary healthcare services, through its 42 public hospitals, as of 2014. On the other hand, private healthcare service sector delivers the majority of general practice services, as well as private specialties services and private hospital services.

The rising affluence of Hong Kong households, coupled with rising expectations of healthcare service standards and growing necessity for specialised healthcare services for chronic conditions caused by old age, is likely to provide a boost to the healthcare service industry in Hong Kong. The overall healthcare expenditure in Hong Kong experienced steady growth, recording a CAGR of approximately 7.6% from 2009 to 2013, reaching approximately HK\$112,144 million in 2013. Approximately HK\$70.6 billion has been estimated for public healthcare expenditure by the Hong Kong government in the 2015/2016 budget, which is approximately 24% higher than the previous budget's figures of approximately HK\$56.7 billion for public healthcare expenditure. In addition to government spending, private expenditure on healthcare of approximately HK\$58,315 million accounted for approximately 52.0% of overall expenditure on healthcare in 2013. The proportion of private healthcare expenditure as a percentage of public expenditure has been increasing over the years as a reflection of the government's efforts to redistribute the growing burden of healthcare provision.

The following table sets forth the breakdown of public and private expenditure on healthcare for the periods indicated:

	2009	2010	2011	2012	2013	CAGR 2009 – 2013
	(HK\$ million)					
Total expenditure on healthcare	83,716	88,069	93,405	101,985	112,144	7.6%
Public expenditure on healthcare	41,254	43,865	45,487	49,262	53,829	6.9%
Private expenditure on healthcare	42,462	44,203	47,918	52,723	58,315	8.3%
% share of private expenditure	50.7%	50.2%	51.3%	51.7%	52.0%	—

Note: Above data refer to figures of the respective years ended 31 March, in accordance with the financial year-end of the Hong Kong government. Public data up to 2013 had been released. The sum of individual items might not add up to the respective total because of rounding.

Source: Hong Kong Domestic Health Accounts

INDUSTRY OVERVIEW

Since 2008, the Hong Kong Food and Health Bureau first began its initiative to reform the overall healthcare service system by putting forth a comprehensive package of proposals and conducting a series of public consultations titled, “Your Health, Your Life”. After two stages of public consultations, the Hong Kong government launched a third round of consultations in 2014, with a sharper focus on the supplementary healthcare financing scheme. Formal initiatives to encourage public-private partnerships in healthcare services were also introduced, including an Elderly Healthcare Voucher Scheme to subsidise the use of private primary healthcare services for the elderly, vaccination subsidy programmes and partnership programmes for cataract surgeries and haemodialysis. The quantum of the subsidy for each elderly has increased from HK\$250 per annum in 2009 to HK\$2,000 per annum in 2014, indicating how private healthcare services and facilities have been increasingly coming into focus as a complementary partner to the public healthcare service system.

In Hong Kong, aside from paying out of pocket for private healthcare services, most employees of both the public and private sector are covered by some form of employer-provided group medical benefits, which entitles them to the use of certain private healthcare services at a specific list of partner medical centres. Many consumers also purchase their own healthcare insurance products to subsidise their inpatient and outpatient medical spending, when the need arises.

PRIVATE HEALTHCARE SERVICES IN HONG KONG

Private Healthcare Service Providers in Hong Kong

Private healthcare services and facilities can be categorized into five distinct categories, namely (i) private hospitals; (ii) private general practice medical centres; (iii) private specialist medical centres; (iv) private dental medical centres; and (v) other medical facilities including private traditional Chinese medicine medical centres, chiropractors, physiotherapy centres, imaging centres, health check-up centres and other similar facilities.

Stable Growth in Revenue and Outlet Numbers from 2010 to 2014

The private healthcare service industry in Hong Kong has been expanding both in the number of outlets, as well as revenue. As a whole, the number of private healthcare service facilities grew by a CAGR of approximately 4.9% from 2010 to 2014 to reach 3,963 facilities in 2014. During the same period, the revenue of these private healthcare service facilities increased at a significantly faster pace, at a CAGR of approximately 9.9% to approximately HK\$41,458.1 million in 2014, largely attributed to the ability of private healthcare service providers to command higher fees in comparison to public healthcare services as patients are willing to pay a premium for timely and high quality private healthcare services.

The growth in private specialist medical centres is a result of major integrated private healthcare service providers focusing on expanding their specialties services to cater to the spike in demand attributed to ageing population and the increased prevalence of lifestyle-related chronic medical conditions. Private specialist medical centres experienced the highest revenue growth at a CAGR of approximately 15.3% from 2010 to 2014, reaching approximately HK\$8,370.9 million in 2014, due to the number of private specialist medical centres rising to 705 outlets, which catered to over 9.8 million patient attendances. Private dental centres grew at a relatively modest rate with outlet numbers growing slightly by a CAGR of approximately 1.9% to 418 outlets in 2014, but revenue growth was stronger at a CAGR of approximately 6.9% from 2010 to 2014, reaching approximately HK\$1,557.2 million by 2014.

The Increasing Consolidation of Private Healthcare Service Operators into Large Healthcare Service Chains

The private healthcare service industry in Hong Kong is highly fragmented, in particular, the total number of medical centres (including outpatient medical centres, specialist medical centres, dental medical centres) operated by private healthcare service providers in Hong Kong reached 2,351 in 2014. Going forward, the nature of the industry will become less fragmented as the private healthcare service operators in Hong Kong are increasingly consolidating and expanding through the acquisition of rival private healthcare service chain operators, or through strategic partnerships and alliances. By doing so, private healthcare service operators seek to capture more consumer spending on healthcare services from a captive market of consumers who first land at private general practice medical centres and might subsequently be channelled to their subsidiaries or partner

INDUSTRY OVERVIEW

healthcare service outlets providing specialties services through referral. Building an integrated healthcare service chain also helps private healthcare service providers achieve economies of scale in their operations, while exploiting any possible synergies that might exist across their network or partnerships.

A large healthcare service chain generally owns better resources and has a higher level of brand recognition. It tends to differentiate its services from competitors and has clearly defined target consumers. Consistency in quality of services is also the major advantage of healthcare service chain. Further, this enables healthcare service providers to expand their coverage, serve a larger group of patients and maximise the utilisation of limited medical resources.

There are different types of business models operated by private healthcare service providers in Hong Kong. Some of them including our Group operate their medical centres directly and sign exclusive cooperation agreements with a vast majority of its medical practitioners, whereas certain market players act as agents/administrators of healthcare service plans and refer customers to panel or affiliated practitioners who have joined their network to provide healthcare services.

The following tables set forth the number and revenue of private healthcare service providers for the periods indicated:

Number of Private Healthcare Service Providers by Sub-category in Hong Kong, 2010 to 2014

	2010	2011	2012	2013	2014	CAGR 2010 – 2014
	(No. of Outlets)					
Total private healthcare service outlets	3,276	3,410	3,565	3,751	3,963	4.9%
Private hospitals	13	12	11	11	11	-4.1%
Private general practice medical centres	1,113	1,133	1,158	1,191	1,228	2.5%
Private specialist medical centres	552	581	615	657	705	6.3%
Private dental centres	388	394	402	411	418	1.9%
Others	1,209	1,289	1,379	1,481	1,601	7.3%

Source: Euromonitor estimates from desk research and trade interviews

Revenue Generated from Private Healthcare Service Providers by Sub-categories in Hong Kong, Historical (2010 to 2014) / Forecast (2015 to 2019)

	2010	2011	2012	2013	2014	CAGR 2010 – 2014
	(HK\$ million)					
Total revenue from private healthcare services	28,452.3	32,362.0	36,468.8	38,810.3	41,458.1	9.9%
Private hospitals	13,673.4	16,231.7	17,929.5	17,284.8	18,721.2	8.2%
Private general practice medical centres	4,518.8	4,782.1	5,649.3	5,876.4	6,139.1	8.0%
Private specialist medical centres	4,729.4	5,209.7	5,905.0	7,686.3	8,370.9	15.3%
Private dental centres	1,191.0	1,292.6	1,359.3	1,468.8	1,557.2	6.9%
Others	4,339.6	4,845.9	5,625.7	6,494.0	6,669.6	11.3%
	2015E	2016F	2017F	2018F	2019F	CAGR 2015 – 2019
	(HK\$ million)					
Total revenue from private healthcare services	45,548.3	50,330.2	56,154.1	63,204.1	71,428.2	11.9%
Private hospitals	20,378.3	22,229.1	24,554.2	27,406.8	30,647.2	10.7%
Private general practice medical centres	6,632.7	7,179.8	7,809.5	8,543.6	9,382.6	9.1%
Private specialist medical centres	9,253.0	10,394.9	11,766.5	13,457.3	15,492.7	13.8%
Private dental centres	1,648.5	1,751.9	1,865.4	1,992.0	2,137.6	6.7%
Others	7,635.7	8,774.5	10,158.5	11,804.5	13,768.2	15.9%

Note: The sum of individual items might not add up to the respective total because of rounding. All figures quoted above have been rounded to the nearest one decimal place. "E" denotes estimated figure and "F" denotes forecasted figure.

Source: Euromonitor estimates from desk research and trade interviews

INDUSTRY OVERVIEW

Future Development of Private Healthcare Services in Hong Kong

Prospects for Private Healthcare Services in Hong Kong

Overall, demand for healthcare services and facilities in Hong Kong is expected to grow rapidly over the forecast period from 2015 to 2019 due to a growing population which is also ageing at a rapid pace, with those aged 65 or above expected to increase from approximately 15.1% of the population in 2014 to accounting for approximately 26% of the population by 2031. As these elderly residents require, on average, almost six times as much inpatient care as the rest of the population according to the Euromonitor Report, growth in demand for healthcare services and facilities is expected to an exponential rate. Demand is also expected to spill over from the public healthcare service sector, well known for its long waiting time and facing a shortage of qualified healthcare service professionals, as local residents seek better quality and more timely alternatives to public hospitals, which are functioning well beyond capacity. Over the forecast period from 2015 to 2019, revenue generated by the overall private healthcare service industry is expected to grow at a CAGR of approximately 11.9% to reach approximately HK\$71,428.2 million by 2019.

Increasing Demand for Specialties Medical Centres and general industry landscape of specialties services in Hong Kong

Private specialist medical centres are expected to experience one of the fastest growths in revenue generated over the forecast period from 2015 to 2019. In particular, demand for cataract surgery, cholecystectomy, percutaneous transluminal coronal angioplasty, hip replacement, dementia, all of which are common problems for the elderly, is expected to grow significantly. Revenue generated from this category is projected to grow by a CAGR of approximately 13.8% from 2015 to 2019 to reach approximately HK\$15,492.7 million.

Specialties services are provided by registered specialists in public and private hospitals and private medical centres in Hong Kong. Factors including increasing number of sophisticated consumers, absence of certain specialties services at public healthcare facilities and ageing population drives the demand for specialised healthcare services such as Dermatology, Cardiology and Ophthalmology. The market for healthcare services in Hong Kong is changing as more sophisticated consumers are driving demand for more specialised and personalised healthcare services, which are usually not available through public healthcare service facilities. Despite the heftier price tags of private healthcare service facilities, there has been a rising demand for cosmetic and dermatologic services to improve facial appearances catering to the needs of target female customer group. At the same time, owing to the growing ageing population in Hong Kong, specialised medical centres providing one-stop, high quality and comprehensive cardiology and ophthalmology services have encouraging prospects. Those specialist medical centres with advanced equipment can provide comprehensive medical and diagnostic services including minor surgeries as well as early detection and prevention of the disease.

In response to the rising demand, certain ophthalmology medical centres in Hong Kong provide eye examination and cataract surgery services for senior citizens, which is a comprehensive eye examination tailored for adults over 60 years old, and cardiology medical centres also offer different heart screening packages and education on prevention of heart diseases in view of the fact that heart disease becoming one of the top 3 diseases causing death, together with malignant tumour and pneumonia. Due to the increase in population of the people who are in old age and the limited medical resources available from public healthcare system in Hong Kong, the demand for specialties medical centres, specifically for dermatology, cardiology and ophthalmology services will gradually increase in the near future. In addition, there is growth potential for other specialties services such as orthopaedics & traumatology, general surgery, and gastroenterology & hepatology due to the gradual ageing of the population and increasing incidence of chronic diseases in Hong Kong. The development of private medical centres providing those specialties services will make up for the tense medical resources in public healthcare system in Hong Kong. Moreover, with the growing incidence of gynaecological disease and women's strengthened consciousness to health and wellness, the demand for private medical centres providing obstetrics & gynaecology services may record growth potential in the near future.

INDUSTRY OVERVIEW

Number of Private Healthcare Patient Attendance in Hong Kong, Historical (2010 to 2014) / Forecast (2015 to 2019)

	2010	2011	2012	2013	2014	CAGR 2010 – 2014
	('000 Person)					
Total patient attendance	40,156.7	41,294.0	44,458.7	45,728.5	47,228.4	4.1%
Private hospitals	1,059.9	1,110.2	1,125.6	1,006.6	1,023.7	-0.9%
Private general practice medical centres	19,477.8	19,760.7	22,067.7	22,601.4	23,166.4	4.4%
Private specialist medical centres	8,725.9	9,091.9	9,417.9	9,607.9	9,848.1	3.1%
Private dental centres	1,708.7	1,687.5	1,692.8	1,748.6	1,769.6	0.9%
Others	9,184.4	9,643.6	10,154.7	10,764.0	11,420.6	5.6%
	2015E	2016F	2017F	2018F	2019F	CAGR 2015 – 2019
	('000 Person)					
Total patient attendance	48,967.4	50,953.8	53,240.7	55,857.7	58,808.6	4.7%
Private hospitals	1,048.3	1,081.8	1,134.8	1,204.1	1,283.5	5.2%
Private general practice medical centres	23,791.9	24,458.1	25,216.3	26,098.9	27,090.6	3.3%
Private specialist medical centres	10,192.8	10,661.6	11,216.0	11,866.6	12,626.0	5.5%
Private dental centres	1,794.4	1,823.1	1,852.2	1,885.6	1,925.2	1.8%
Others	12,140.1	12,929.2	13,821.3	14,802.6	15,883.2	6.9%

Note: The sum of individual items might not add up to the respective total because of rounding. All figures quoted above have been rounded to the nearest one decimal place. "E" denotes estimated figure and "F" denotes forecasted figure.

Source: Euromonitor estimates from desk research and trade interviews

KEY GROWTH DRIVERS FOR THE PRIVATE HEALTHCARE SERVICE INDUSTRY IN HONG KONG

All categories in the private healthcare service sector have experienced positive revenue growth from 2010 to 2014, which is attributed mainly to the problem of overcrowding at public healthcare service facilities leading to patients seeking private healthcare services and the rising demand for more specialised and focused medical treatment. Rising affluence has also translated into more Hong Kong residents being able to afford private healthcare services as an alternative. The key drivers for the growing demand and development of private healthcare service market in Hong Kong are:

- **Ageing population** — By end of 2014, 15.1% of Hong Kong's total population was aged 65 and above, and based on current population growth trends, this figure is expected to continue to rise to 26% by 2031. The changing demographic pattern in Hong Kong as the population rapidly ages leads to the need for more healthcare services.
- **Growing consumer spending** — As consumers in Hong Kong become increasingly affluent, with the proportion of middle-income Hong Kong consumers growing more in recent years compared to the portion of lower-income Hong Kong consumers, more locals are likely to become more discerning with their healthcare service choices. This has resulted in a growing number of consumers becoming increasingly more willing to pay a premium for more timely, exclusive and higher quality healthcare services at private facilities. These are strong pull factors for the private healthcare service sector, creating great potential for future growth.
- **Current public healthcare infrastructural squeeze** — Hong Kong's public healthcare system is currently facing an infrastructural squeeze, with public hospitals operating over capacity at most times, resulting in long wait times even for emergency cases. Such infrastructural constraints and the urgent need for medical attention are increasingly pushing consumers to switch towards non-subsidised private healthcare options. The Hong Kong government's recent focus on the supplementary healthcare financing scheme in relation to the private sector will aim to facilitate greater use of private healthcare services.

INDUSTRY OVERVIEW

- ***More personalised and specialised services*** — The market for healthcare services in Hong Kong is also changing as more sophisticated consumers are driving demand for more specialised and personalised healthcare services, which are usually not available through public healthcare service facilities. These consumers are turning to private healthcare facilities despite their relatively higher costs.

MAJOR CONSTRAINTS FOR THE PRIVATE HEALTHCARE SERVICE INDUSTRY IN HONG KONG

- ***Lack of sufficient professional manpower*** — Private healthcare service operators within the local market, including both established players as well as new entrants, face a manpower constraint in the form of a tight supply of qualified healthcare professionals to staff their outlets. Doctors in particular are in short supply, with the number of registered doctors in the private healthcare service sector not growing fast enough to cater to demand for healthcare services. This also poses a significant entry barrier to new investors looking to enter the private healthcare service market, and also limits expansion plans of existing players. Therefore, existing operators of private healthcare service chains are looking towards the acquisition of rival chains, or the forming of joint ventures and partnerships with other competitors as their key expansion strategy, instead of organic expansion through opening more outlets across Hong Kong.
- ***Increasing pressure on independent medical centres*** — More patients are likely to use healthcare services provided by the insurers' panel of service providers, which are mostly chained integrated healthcare service providers, providing a range of services from a network of medical centres. This will create pressure for the smaller independent medical centres and lead to a further consolidation of the private healthcare service sector. Furthermore, healthcare service providers who partner with insurers often are obligated to provide services at reduced rates, reducing profit margins per patient, which will have to be compensated by increased patient volume and demand. With the growing trend of industry players either joining a certain healthcare service network or a group of affiliated medical centres to create a larger pool of potential customers, new entrants and independent medical centres might find it hard to gain traction in the market and attract patients.

COMPETITIVE ANALYSIS FOR THE PRIVATE HEALTHCARE SERVICE INDUSTRY IN HONG KONG

Overview

We believe the private healthcare service industry is highly competitive and fragmented. Even with the consolidation of operators and integrated healthcare services on the rise, the top five largest private healthcare service chain operators operated only a small part of all private healthcare service outlets.

Going forward, the fragmented nature of the industry will be reduced due to the recent wave of acquisition, joint ventures and partnerships. However, individual healthcare service operators will still be expected to operate the majority of private healthcare service outlets in Hong Kong.

INDUSTRY OVERVIEW

Competition by coverage of medical centres

In relation to the number of medical centres in Hong Kong, there are three private healthcare service providers which lead the market by some margin, but still account for only a small part of the total number of private healthcare medical centres operating in Hong Kong in terms of number of medical centres as at 31 August 2015, further showing the fragmentation of this industry. Our Group is a leading player in this category, as set forth in the following table:

Top Five Leading Private Healthcare Service Providers in Hong Kong (by Number of Medical Centres as at 31 August 2015)

Rank	Private Healthcare Service Provider	Number of Medical Centres ^(Note 1)	Number of Practitioners
1.	Our Group	69	110 ^(Note 2)
2.	Private Healthcare Service Provider A	44	Information not available
3.	Private Healthcare Service Provider B	40	190 ^(Note 3)
4.	Private Healthcare Service Provider C	13	80 ^(Note 2)
5.	Private Healthcare Service Provider D	12	Information not available

Note 1: The ranking is based on the players' directly operated medical centres, excluding private hospital operators and providers of services other than general practice services, specialties services and dental services (such as those medical centres providing only traditional Chinese medicine service, health check service, laboratory service, imaging service, etc).

Note 2: The number of practitioners refers to general practitioners, specialists, physiotherapists and dentists as at 30 June 2015 providing services on an exclusive basis.

Note 3: The number of practitioners includes 70 general practitioners providing services on an exclusive basis, and 120 specialists, physiotherapists and dentists providing services on exclusive or non-exclusive basis.

Source: Euromonitor estimates from desk research and trade interviews

ENTRY BARRIERS FOR THE PRIVATE HEALTHCARE SERVICE INDUSTRY IN HONG KONG

The entry barriers in Hong Kong's private healthcare services vary depending on type of private healthcare service facilities that an investor wishes to set up, but can include:

- **Shortage of professional manpower** — doctors are in short supply and medical facilities cannot operate without certified and registered medical professionals, making it challenging for a private investor without necessary qualifications to enter the market.
- **Lack of an appropriate network of partners** — Building an integrated healthcare service chain helps private healthcare service providers achieve economies of scale in their operations, while exploiting any possible synergies that might exist across their network or partnerships. Appropriate network of partners is critical for the developments of chained medical centres in Hong Kong, at the mean time it is also very hard to find qualified and appropriate network of partners.
- **Difficulty in attracting patients** — with the growing trend of industry players either joining a certain healthcare service network or a group of affiliated medical centres to create a larger pool of potential customers, new entrants might find it hard to gain traction in the market and attract patients.

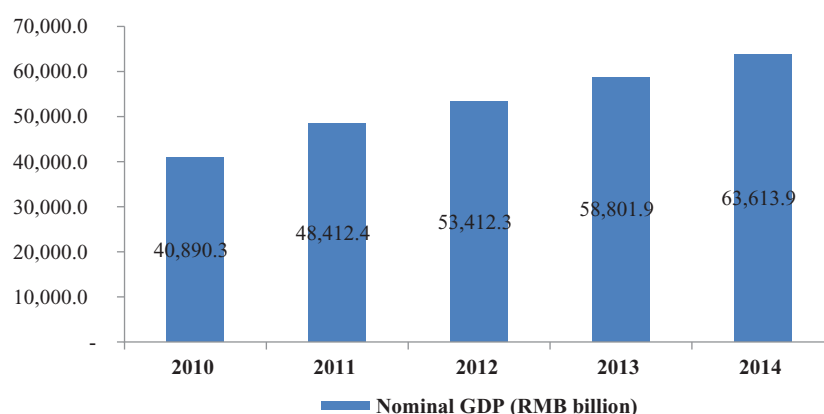
AN OVERVIEW OF CHINA ECONOMY

Starting from 2011, the Chinese government attempted to restructure its economy by reducing the dependency on exports and boosting domestic consumption and investment. The 12th Five-Year Plan for China's National Economic and Social Development clearly proposed to transform the growth model and drive domestic consumption by aggressively promoting urbanisation and increasing personal income (particularly for mid- and low-income groups). In these circumstances, China's real GDP growth in 2011 has levelled out to approximately 9.5%, followed by approximately 7.7% in 2013 and approximately 7.4% in 2014. Even so, China's GDP totalled approximately RMB63.6 trillion in 2014.

INDUSTRY OVERVIEW

With respect to future prospects, IMF adjusted the forecast downwards for global economic growth to approximately 3.5% in 2015 and approximately 3.7% in 2016; meanwhile, China is still anticipated to be one of the most robust economies worldwide with the forecast GDP growth of approximately 6.8% and 6.3% during the same period.

Nominal GDP in China, Historical (2010 to 2014)



Source: National Bureau of Statistics of China

AN OVERVIEW OF THE HEALTHCARE SERVICE INDUSTRY IN CHINA

Given the generally healthy domestic macroeconomic environment, National Bureau of Statistics data indicates the consumer healthcare price index has been rising at an average annual growth rate of about 1.5% during the period from 2010 to 2014. Additionally, the gap between spending by urban and rural residents has narrowed. In 2009, the per capita healthcare spending by urban residents was approximately 3.9 times that of rural residents, while that number dropped to approximately 2.5 times in 2013, reflecting a rise in health consciousness and dependency on professional medical services among rural residents. Due to income growth and heightened health awareness, total healthcare services patient attendance continues to climb and demand for medical care is growing strongly.

Expenditure on Health in China, Historical (2009 to 2014)

	2009	2010	2011	2012	2013	2014	CAGR 2009 – 2014
	(RMB billion)						
Total expenditure on healthcare	1,754.2	1,998.0	2,434.6	2,811.9	3,166.9	3,531.2	15.0%
Government expenditure on							
healthcare	481.6	573.2	746.4	843.2	954.6	1,057.9	17.0%
Social expenditure on healthcare . .	615.4	719.7	841.6	1,003.1	1,139.4	1,343.8	16.9%
Private expenditure on							
healthcare	657.1	705.1	846.5	965.6	1,072.9	1,129.5	11.4%

Note: The sum of individual items might not add up to the respective total because of rounding. All figures quoted above have been rounded to the nearest one decimal place.

Source: National Bureau of Statistics of China

PRIVATE HEALTHCARE SERVICES IN CHINA

China enacted regulations in 1995 that for the first time allowed private capital to invest in the healthcare service industry, but only at the general practice medical centre levels. In 2009, China restarted the medical system reform by further opening up to private investors, giving foreign investors, private investors and venture capitalists great confidence. Private healthcare service providers have changed a lot along the way, and evolving from underground medical centres to contracting for public hospitals' departments to the current business of setting up independent healthcare facilities. Private healthcare service facilities have been in a high-speed growth period during the last five years.

INDUSTRY OVERVIEW

China's private healthcare service facilities are classified into five major groups: (i) private hospitals (mostly general hospitals in addition to traditional Chinese medicine hospitals, traditional Chinese medicine and western medicine integrated hospitals and nursing homes); (ii) private general practice medical centres; (iii) private specialist medical centres; (iv) private dental centres; and (v) other private healthcare service facilities (community healthcare service centres and healthcare service facilities at the rural level).

Private general practice medical centres accounted for about 27% of all private healthcare service facilities in 2014, with a CAGR of approximately 2.5% during period from 2010 to 2014. Private general practice medical centres are widely spread across the Yangtze River Delta region, Pearl River Delta region and major provincial capitals due to the promising regulatory environment and affluent consumer base in these areas. The number of private specialist medical centres and private dental centres grew at higher rates, with CAGR of approximately 15.4% and 9.3%, respectively, than that of private general practice medical centres from 2010 to 2014.

Number of Private Healthcare Service Providers by Sub-category in China, Historical (2010-2014)

	2010	2011	2012	2013	2014	CAGR 2010 – 2014
	(No. of Outlets)					
Total private healthcare services outlets	447,850	456,729	446,862	438,879	432,296	-0.9%
Private hospitals	4,879	5,897	6,881	7,990	9,189	17.1%
Private general practice medical centres . .	106,026	106,954	108,220	112,504	117,170	2.5%
Private specialist medical centres	2,189	2,453	2,905	3,323	3,888	15.4%
Private dental centres	39,000	42,000	45,562	49,907	55,668	9.3%
Others	295,756	299,425	283,294	265,155	246,381	-4.5%
Foreign-invested private healthcare services . .	220	230	245	260	280	6.2%

Source: Euromonitor estimates from desk research and trade interviews

Market Characteristics of the Private Healthcare Services in China

- Dominance of the public healthcare service sector;
- Private general practice medical centres grow steady and tend to target high-end consumers in first-tier cities;
- Foreign invested healthcare service developed slowly due to higher entry barrier and complicated approval process; and
- Patient attendances at private healthcare service providers see steady growth potential in China.

Number of Private Healthcare Patient Attendance in China, Historical (2010 – 2014) / Forecast (2015 – 2019)

	2010	2011	2012	2013	2014	CAGR 2010 – 2014
	('000 Person)					
Total private healthcare patient attendance	878,163.4	936,184.1	1,004,028.3	1,076,787.7	1,160,169.9	7.2%
- In-patient	7,995.0	10,473.0	13,963.0	16,923.0	20,815.3	27.0%
- Out-patient	870,168.4	925,711.1	990,065.3	1,059,864.7	1,139,354.6	7.0%
	2015E	2016F	2017F	2018F	2019F	CAGR 2015 – 2019
	('000 Person)					
Total private healthcare patient attendance	1,253,910.3	1,358,281.5	1,474,684.9	1,606,342.1	1,753,997.7	8.8%
- In-patient	25,686.1	31,799.4	39,431.2	49,091.8	61,266.6	24.3%
- Out-patient	1,228,224.2	1,326,482.2	1,435,253.7	1,557,250.3	1,692,731.1	8.3%

Note: The sum of individual items might not add up to the respective total because of rounding. All figures quoted above have been rounded to the nearest one decimal place. "E" denotes estimated figure and "F" denotes forecasted figure.

Source: Euromonitor estimates from desk research and trade interviews

INDUSTRY OVERVIEW

KEY GROWTH DRIVERS FOR THE PRIVATE HEALTHCARE SERVICE INDUSTRY IN CHINA

Euromonitor Report has identified the following key drivers:-

- **Government policy initiatives** — The private healthcare service sector has taken on an increasing role to complement the basic services provided by its counterpart. Government spending on healthcare services, as a percentage of total government spending, rose from approximately 5.7% in 2012 to approximately 5.9% in 2013 and approximately 6.6% in 2014, according to the National Bureau of Statistics. Regulators have given private healthcare service facilities the green light to allow their patients to claim medical insurance and private healthcare service facilities to determine the pricing of services on their own. Private healthcare service facilities are expected to accelerate growth in the future as China's ageing population trend continues and the medical system reform advances.
- **Consumers' rising awareness and affordability of high quality healthcare services** — Medicine Observer Reporter, a Chinese medical media, estimates that the percentage of high-income families earning more than RMB220,000 annually will rise from approximately 2% in 2012 to approximately 6% of all households in 2020. Total private spending on healthcare insurance is so far expected to double. The target consumer base demanding high-end healthcare services will expand substantially.

MARKET CONSTRAINTS FOR THE PRIVATE HEALTHCARE SERVICE INDUSTRY IN CHINA

- **Lack of high-quality professionals** — Public healthcare service providers, given their monopoly over the industry's resources, control the high-calibre healthcare professionals market. Healthcare professionals in the private sector face obstacles when conducting research and obtaining the relevant approval, which is also reflected in the unfavourable position they have in the medical bidding process. This leads to private healthcare service providers having difficulty in recruiting management staff.
- **High level of trust given to the public sector** — Patients' preferences can affect the prospects of private healthcare service facilities to a large extent. Patients prefer and have a higher level of trust in public healthcare service facilities. These established facilities are able to offer more high-quality physicians for the patients.

ENTRY BARRIERS FOR THE PRIVATE HEALTHCARE INDUSTRY IN CHINA

At the state level, the State Council released a medical reform plan for the 12th Five-Year period in which it expressly stated its support to the development of non-public healthcare service facilities by broadening the access to the healthcare service industry for private investors and encouraging private corporations to set up healthcare service facilities. However, barriers still exist for private investors to enter the healthcare service industry which can include:

- private healthcare service facilities' expansion may hit obstacles posed by local healthcare plans;
- national standard for hospitals have been raised;
- many medical specialties are short of skilled professionals; and
- current medical insurance system varies in reimbursement standards across China, which will largely affect patient attendance by region.

To apply for setting up a medical institution, the applicant must go through the examination and approval procedures with the PRC Government. Due to the high requirement for market entry and approval process, accompanied with high operation cost, the development of private medical centres as general practice and specialist medical centres is restricted to some extent. However, the government has considered to lower the entry barriers for private medical centres in order to promote the development of healthcare service industry in China.

REGULATORY OVERVIEW

REGULATIONS IN HONG KONG

The principal businesses of our Group are the provision of management and administrative services to medical and dental practitioners and as a direct provider of physiotherapy services in Hong Kong. Currently, there is no specific legislation exclusively governing the business operation model of our Group in the provision of the management and administrative services to medical and dental practitioners. However, our operations in Hong Kong are subject to certain legislations, general rules and regulations in relation to medical and dental practitioners, dental hygienists, physiotherapists, pharmacists and registered nurses dealing in, storage and sale of pharmaceutical products dangerous drugs and antibiotics, medical services, advertisement and disposal of clinical waste. This section sets out a summary of the major laws, regulations and codes relevant to our operations in Hong Kong.

REGULATIONS OF MEDICAL PRACTITIONERS

Medical Registration Ordinance

All practising medical practitioners in Hong Kong are required to be registered with the Medical Council, which was established under the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong) (the “MRO”) after its enactment.

Section 20A(1) of the MRO prohibits medical practitioners to practice medicine without a practicing certificate and stipulates that “a registered medical practitioner shall not practice medicine, surgery or midwifery in Hong Kong, or any branch of medicine or surgery in Hong Kong, unless he is the holder of a practicing certificate which is then in force”.

Under the MRO, the Medical Council maintains a register of eligible medical practitioners.

In order to be registered with the Medical Council, medical practitioners should satisfy the requirements under sections 8 and 14 of the MRO, namely:

- having been awarded a degree of medicine and surgery by a university in Hong Kong (e.g. MBChB (CUHK), MBBS(HKU) or passed the licensing examination and assessment period conducted by the Medical Council);
- having completed internship;
- have not been convicted in Hong Kong or elsewhere of any criminal offence punishable with imprisonment;
- have not been found guilty of misconduct in a professional respect; and
- be of good character and up to the professional standard acceptable to the Medical Council.

Medical practitioners registered with the Medical Council are included in the General Register (as defined in the MRO) kept by the Medical Council.

Medical practitioners registered with the Medical Council will be issued with a practicing certificate each year. Medical practitioners are required to renew their practising certificates each year or their names may be subject to removal from the register maintained by the Medical Council (“**Registered Medical Practitioner**”).

As at the Latest Practicable Date, 83 general practitioners engaged with our Group, either exclusively or non-exclusively, to provide medical services are medical practitioners included in the General Register registered to practice medicine, surgery and midwifery in Hong Kong pursuant to practicing certificates issued to them under the MRO and are therefore subject to the regulation of the MRO.

REGULATORY OVERVIEW

The Medical Council also maintains a Specialist Register (as defined in the MRO) which shall include details of qualifications and experience and such other particulars necessary of those persons who have been approved by the Medical Council to have their names included in that register. To become registered in the Specialist Register, a medical practitioner must have satisfied the requirement under section 20K of the MRO, namely:

- having been awarded a Fellowship of the Academy of Medicine; and
- having been certified by the Academy of Medicine that he has completed the postgraduate medical training and has satisfied the continuing medical education requirements for the relevant specialty; or
- having been certified by the Academy of Medicine that he has achieved a professional standard comparable to that recognised by the Academy for the award of its fellowship and has completed the postgraduate medical training and satisfied the continuing medical education requirements comparable to those recommended by the Academy, for the relevant specialty.

The Education and Accreditation Committee of the Academy of Medicine will then consider whether to approve a registration application, consult with the appropriate Specialty College and seek the formal endorsement of the Council before making a recommendation to the Medical Council for a registration.

A successful applicant is entitled to hold himself out as a specialist and use a specialist title in one of the 56 specialties in the Specialist Register, and is required to undergo continuing medical education determined by the Academy of Medicine for his specialty.

As at the Latest Practicable Date, 38 specialists engaged with our Group, either exclusively or non-exclusively, to provide specialties services are included in the Specialist Register.

Code of Professional Conduct

All Registered Medical Practitioners in Hong Kong have to comply with the Code of Professional Conduct for the Guidance of Registered Medical Practitioners issued by the Medical Council (as may be amended from time to time) which covers, *inter alia*, the following aspects:

- professional responsibilities to patients including keeping proper medical records; confidentiality; obtaining consent to medical treatment; procedures in termination of doctor-patient relationship and fitness to practise;
- communication in professional practice, including regulations on professional communication and information dissemination; health education activities; use of specialist title and information about medical innovations;
- requirements in relation to prescription and labelling of medicine/drugs to be dispensed and the supply of dangerous or scheduled drugs;
- regulations in relation to fees; relationship among medical practitioners and other practitioners and/or with health care organizations;
- criminal conviction and disciplinary proceedings of medical practitioners;
- financial arrangements;
- regulations in relation to new medical procedures, clinical research and alternative medicine;

REGULATORY OVERVIEW

- regulations against abuse of professional position; and
- regulations governing serious infectious disease and other special areas.

Contravention of this Code of Professional Conduct may render a Registered Medical Practitioner liable to disciplinary action by the Medical Council.

All our medical practitioners are Registered Medical Practitioners and are therefore required to comply with this Code of Professional Conduct.

Our Directors are not aware of our medical practitioners being involved in (a) any disciplinary actions, investigations or other similar actions by the Medical Council or other professional and regulatory bodies in Hong Kong in relation to their practice with our Group during the Track Record Period; or (b) any actual, pending or threatened litigation or claims against or associated with their medical practice. Our Directors also confirm, with the support of the legal opinion of Counsel, there were no material non-compliance with this Code of Professional Conduct for our medical practitioners during the Track Record Period and up to the Latest Practicable Date.

Medical Clinics Ordinance

The Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong) (the “MCO”) provides for the registration, control and inspection of medical clinics in Hong Kong. In particular, the MCO requires the registration of medical clinics in which medical treatments, dental treatments or physiotherapy treatments are provided otherwise than by Registered Medical Practitioners, Registered Dentists or Registered Physiotherapists.

“Clinic” means any premises used or intended to be used for the medical diagnosis or treatment of persons suffering from, or believed to be suffering from any disease, injury or disability of mind or body. However, (i) private consultation rooms used exclusively by Registered Medical Practitioners in the course of their practice on their own account; (ii) premises used exclusively by Registered Dentists in the course of their practice on their own account; and (iii) premises used exclusively by Registered Physiotherapists, are the statutory exemptions under the MCO which does not require for registration.

None of our medical centres were registered under the MCO, opinion given by Counsel confirmed that our medical centres were not in contravention of the MCO, having considered, *inter alia*, the following:

- (i) at our medical centres, (1) private consultation rooms were used exclusively by our Registered Medical Practitioners in their course of their practice in providing medical services on their own account; (2) exclusive premises were used by our Registered Dentists in the course of their practice in providing dental service on their own account; and (3) exclusive premises were used by our Registered Physiotherapists in providing physiotherapy service; and
- (ii) at the time when the MCO was enacted, its legislative intent was not to regulate non-charitable medical centres which Registered Medical Practitioners, Registered Dentists and Registered Physiotherapists are providing medical, dental and physiotherapy services therein. Rather, the legislative intent of the MCO was to regulate and supervise low-cost clinical services by unregistered medical and dental practitioners and unregistered physiotherapists in specific non-profit-making clinics, with the intention to provide exceptions to the need for practitioners to be registered under the MCO, Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong) (the “DRO”) and Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong) (the “SMPO”) so long as they were providing cheap and affordable medical services.

Majority of our Registered Medical Practitioners and Registered Dental Practitioners were independent self-employed practitioners (i.e. not employees of our Group) while minority of them are employees of our Group or employees of a limited liability company which cooperated with our Group. Counsel noted that there is a

REGULATORY OVERVIEW

possible argument that the employed Registered Medical Practitioners and the employed Registered Dental Practitioners may not be considered to be practising “on their own account” and therefore our Medical Centres in relation to these practitioners may not fall clearly within the statutory exceptions described in sub-paragraph(i) above. However, Counsel also considered that there is no definition of “on their own account” under the MCO and it could mean that the practitioners need to bear the responsibilities and account for the treatments which they give to their patients. Such ambiguity may have resulted from the fact that, at the time of enactment of the MCO, it simply never occurred to the legislature that there would be a third kind of medical/dental provider structure (consisting of Registered Medical Practitioners and Registered Dental Practitioners) which is neither a sole proprietorship nor a partnership (both such cases would fall clearly within the statutory exception described in sub-paragraph (i) above).

Having considered the opinion given by Counsel relating to the said ambiguity in the MCO, our Group considers that it would be prudent for the medical practices and the dental practices of our Medical Centres to be conducted through Managed Practices which are owned and controlled by our Registered Medical Practitioners and Registered Dental Practitioners in the form of sole proprietorships (i.e. the structure of our Group following the Reorganisation). This would remove any possible uncertainty which may arise from the interpretation of our Group’s compliance with the MCO.

In respect of the previous structure of our Group over the Track Record Period, there is currently no provision in the MCO or any other relevant laws, regulations or codes in Hong Kong which (i) directly addresses the issue as to whether medical centres in Hong Kong may be indirectly owned or controlled otherwise than by Registered Medical Practitioners in the form of sole proprietorships or in the form of partnerships; or (ii) expressly prohibits a structure whereby Registered Medical Practitioners are employed by a corporation in the form of a limited liability company to carry out medical services. There are also express provisions under (i) the Dentists Registration Ordinance allowing the incorporation of dental practice; (ii) the Supplemental Medical Professions Ordinance allowing limited liability companies to carry on the business of practicing physiotherapy. For details, please refer to the subsection “Regulations of Dental Practitioners” and “Regulations of Physiotherapists”. After considering the above factors, Counsel has confirmed that such structure was in compliance with the MCO and other applicable laws, regulations or codes in Hong Kong. Counsel also further confirmed that the structure of our Group following the Reorganisation and New Acquisitions would continue to comply with all applicable laws, regulations or codes in Hong Kong.

REGULATIONS OF DENTAL PRACTITIONERS

Dentists Registration Ordinance

Dental Council was established under the DRO and all practicing dental practitioners in Hong Kong are required to be registered with the Dental Council.

To register with the Dental Council, dental practitioners should, *inter alia*:

- have passed the Licensing Examination and have complied with the conditions imposed by the Dental Council;
- have been awarded a bachelor degree in dentistry by a university in Hong Kong;
- have not been convicted in Hong Kong or elsewhere of any criminal offence punishable with imprisonment;
- have not been found guilty of unprofessional conduct; and
- be of good character and up to the professional standard acceptable to the Dental Council.

Dental practitioners registered with the Dental Council are included in the Register (as defined in the DRO) kept by the Dental Council (“**Registered Dental Practitioner**”).

REGULATORY OVERVIEW

Dental practitioners registered with the Dental Council will be issued with a practicing certificate upon registration. Dental practitioners are required to have valid practising certificates before they can practice dentistry.

As at the Latest Practicable Date, 17 dentists engaged with our Group, either exclusively or non-exclusively, to provide dental services are included in the General Register registered with the Dental Council.

Section 12 of the DRO permits a body corporate like our Group to carry on the business of dentistry.

Code of Professional Discipline

All Registered Dental Practitioners in Hong Kong have to comply with the Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong issued by the Dental Council (as may be amended from time to time) which covers, *inter alia*, the following aspects:

- professional responsibilities to patients including keeping proper records; confidentiality; obtaining consent to dental treatment;
- professional communication and information dissemination; dental/oral health education activities; use of specialist title;
- requirements in relation to prescription and labelling of medicine/drugs to be dispensed and not to abuse of dangerous or scheduled drugs;
- regulations in relation to fees; relationship among dental practitioners and other practitioners and/or with health care organisations;
- criminal conviction and disciplinary proceedings of dental practitioners;
- financial arrangements;
- regulations in third party involvement;
- regulations against abuse of professional confidence; and
- regulations governing improper delegation of professional Duties.

Contravention of this Code of Professional Discipline may render a Registered Dental Practitioner liable to disciplinary action by the Dental Council.

All our Dentists are Registered Dental Practitioners and are therefore required to comply with this Code of Professional Discipline.

Our Directors are not aware of our dental practitioners being involved in (a) any disciplinary actions, investigations or other similar actions by the Dental Council or other professional and regulatory bodies in Hong Kong in relation to their practice with our Group during the Track Record Period; or (b) any actual, pending or threatened litigation or claims against or associated with their dental practice. Our Directors also confirm, with the support of the legal opinion of Counsel, that our dental practitioners were in compliance with this Code of Professional Discipline during the Track Record Period.

REGULATORY OVERVIEW

REGULATIONS FOR DENTAL HYGIENISTS

Ancillary Dental Workers (Dental Hygienists) Regulations

Dental hygienist is a class of ancillary dental workers established under the Ancillary Dental Workers (Dental Hygienists) Regulations (Chapter 156B of the Laws of Hong Kong) (the “ADWR”). Under regulation 4 of the ADWR, the Dental Council has the absolute discretion to admit any person to practice as a dental hygienist if it is satisfied that the applicant holds the requisite qualifications and is a fit and proper person to practice as a dental hygienist. The Registrar of the Dental Council maintains a roll of the practicing dental hygienists (“**Enrolled Dental Hygienist**”).

An Enrolled Dental Hygienist may undertake the following dental work: (a) cleaning and polishing of teeth; (b) the scaling of teeth; (c) the application to teeth of solutions of sodium or stannous fluoride or such other similar prophylactic solutions as the Dental Council determined from time to time; (d) the exposure of x-ray films inter-orally or extra-orally for the investigation of lesions of the mouth, jaws, teeth and associated structures; and (e) the giving of advice on matters relating to dental hygiene.

Under regulation 6 of the ADWR, in order to perform the above dental work, Enrolled Dental Hygienists need to be employed by a registered dentist or by any organization that has employed at least one registered dentist; and the dental work has first been examined by a registered dentist who has then prescribed the treatment to be carried out by the dental hygienist and such dental work is carried out in accordance with the directions of a registered dentist who is available in the premises at all times when such dental work is being carried out and in such premises and under such conditions as are suitable for such work.

As at the Latest Practicable Date, one dental hygienist was employed by our Group and had duly qualified and enrolled with the Registrar of the Dental Council as Enrolled Dental Hygienist under regulation 4 and had been performing the permitted dental work under the conditions as stipulated under regulation 6 of the ADWR respectively. There is no code of conduct for Enrolled Dental Hygienists in Hong Kong. Our Group and our Enrolled Dental Hygienist also confirmed that as at the Latest Practicable Date, our Enrolled Dental Hygienist had not been accused of or involved in any offences, disciplinary actions, non-compliance incidents, medical negligence incidents, litigation, claims or investigations.

REGULATIONS OF PHYSIOTHERAPISTS

Supplementary Medical Professions Ordinance

SMPO defines “profession” as “any profession specified in the second column in the Schedule”. Under the said Schedule physiotherapist is defined as “a person trained to assess and treat physical disabilities by means of remedial exercises, manual therapy and mechanical, thermal or electrical energy”.

There is a Physiotherapists Board established under the SMPO. The Physiotherapists Board maintains a register of eligible physiotherapists, issues practicing certificate, issues guidance of professional code and conduct, exercises regulatory and disciplinary powers for the profession.

All practicing physiotherapists in Hong Kong are required to be registered with the Physiotherapists Board and be holders of a practicing certificate.

Section 20 of the SMPO allows companies like our Group to carry on the profession as physiotherapists by way of trade or business.

REGULATORY OVERVIEW

Physiotherapists (Registration and Disciplinary Procedure) Regulation

The Register kept by the Physiotherapists Board divided into Part Ia, Part Ib and Part II in accordance with the recognised experience (as defined in the Physiotherapists (Registration and Disciplinary Procedure) Regulation (Chapter 359J of the Laws of Hong Kong)) of the physiotherapist. Physiotherapists registered in Part Ia and Part Ib are not required to practice under supervision while physiotherapists registered under Part II shall only practice under the supervision of a part Ia physiotherapist.

To register with the Physiotherapists Board (“**Registered Physiotherapist**”), a physiotherapist should, *inter alia*, hold:

- a bachelor in physiotherapy awarded by the Hong Kong Polytechnic University;
- a professional diploma in physiotherapy issued by the Hong Kong Polytechnic on or before 1 January 1995;
- a certificate issued by the Hong Kong Government School of Physiotherapy of the Medical and Health Department on or before 1 January 1981; or
- a certificate from the Physiotherapists Board after he has passed an examination relating to physiotherapy.

As at the Latest Practicable Date, we had employed three physiotherapists. All physiotherapists of our professional team are included in the Register as Part Ia and Part Ib physiotherapists and are holders of practicing certificates issued by the Physiotherapists Board.

Code of Practice

All Registered Physiotherapists in Hong Kong have to comply with the Code of Practice of the Physiotherapists Board of Hong Kong for the Guidance of Registered Physiotherapists issued by the Physiotherapists Board (as may be amended from time to time) which governs, *inter alia*, the following aspects:

- regulations in relation to disregard of professional responsibilities towards patients; abuse of professional position for improper association or commit adultery; abuse of professional confidence;
- professional communication and information dissemination;
- prohibitions on depreciation of other physiotherapists; canvassing; misleading and unapproved descriptions and announcements; improper financial transactions; covering improper delegation of therapeutic duties to unregistered persons;
- regulations in relation to relationships with the medical and other health professions;
- criminal conviction and disciplinary proceedings of physiotherapists; and
- maintenance of professional competence.

Contravention of this Code of Practice may render a Registered Physiotherapist liable to disciplinary action by the Physiotherapists Board.

All physiotherapists of our professional team are Registered Physiotherapists and are therefore required to comply with this Code of Practice.

Our Directors are not aware of our physiotherapists being involved in (a) any disciplinary actions, investigations or other similar actions by the Physiotherapists Board or other professional and regulatory bodies

REGULATORY OVERVIEW

in Hong Kong in relation to their practice with our Group during the Track Record Period; or (b) any actual, pending or threatened litigation or claims against or associated with their physiotherapy practice. Our Directors also confirm, with the support of the legal opinion of Counsel, that our physiotherapists were in compliance with this Code of Practice during the Track Record Period and up to the Latest Practicable Date.

REGULATIONS OF PHARMACISTS

Pharmacy and Poisons Ordinance and its sub-legislations

Other than Registered Medical Practitioners, Registered Dentists and Registered Physiotherapists, our Group also employed a pharmacist and registered nurses.

All practicing pharmacists in Hong Kong are required to be registered with the Pharmacy and Poisons Board, which is established under section 3 of the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong) (the “PPO”).

Section 5 of the PPO, the Pharmacy and Poisons Board maintains a register eligible pharmacists and the register is available for inspection by the public.

In order to be registered with the Pharmacy and Poisons Board, a pharmacist should possess the qualifications as stated under section 8 of the PPO, namely:

- a diploma in pharmacy of the University of Hong Kong;
- registration as a pharmaceutical chemist or chemist and druggist with the Pharmaceutical Society of Great Britain;
- a certificate of a Commonwealth pharmaceutical institution which has entered into an agreement for reciprocity of registration with the Pharmaceutical Society of Great Britain;
- has successfully completed a course of training and study and who has passed any examinations thereon that may have been prescribed by the Pharmacy and Poisons Board; or
- holds any diploma or certificate, other than a certificate to which above refers, and who has satisfied the Pharmacy and Poisons Board by examination or otherwise that he has the skill and experience in pharmacy equivalent to that possessed by a person to whom mentioned above.

No person shall practice as a pharmacist in Hong Kong unless he/she is the holder of a practicing certificate which is then in force issued by the Pharmacy and Poisons Board (section 10A of the PPO) (“**Practicing Pharmacists**”). Practicing Pharmacists are required to renew their practicing certificates on the 1st January each year.

As at the Latest Practicable Date, we had employed one Practicing Pharmacist. The pharmacist employed by our Group is duly registered in the register of pharmacists with the Pharmacy and Poisons Board and holders of valid practicing certificates under section 10A of the PPO. During the Track Record Period, all pharmacists employed by our Group had duly applied for a valid practicing certificate and will continue applying for at the end of the year. There is no restriction for employment of registered pharmacists under the PPO. The employment of the Registered Pharmacist by our Group is legal. There is no direct selling of medicine or drugs by the pharmacist of our Group even though the pharmacist employed by our Group are allowed to do so under section 21 of the PPO. The prescription of any poisons as defined by the PPO or dangerous drugs remain solely administered by the Registered Medical Practitioners or by Registered Dentists of our Group during consultation with patients.

The duties of the pharmacist employed by our Group are mainly administrative, such as, gathering information from regulatory authorities, develop and advise on purchasing strategy of drugs, maintaining good relationship with drug suppliers, keeping the inventory of drugs for our Group.

REGULATORY OVERVIEW

Code of Practice

Notwithstanding that there are Code of Practice for Licensed Manufacturers and Registered Authorised Persons which were issued by the Pharmacy and Poison Board of Hong Kong in May 2015, and Code of Ethics for Hospital Pharmacists of Hong Kong, there is no specific code of conduct for private practicing pharmacists as provided by the Practising Pharmacists Association of Hong Kong. The Pharmaceutical Society of Hong Kong provides a general guidance on the said Code of Ethics to remind pharmacists to uphold and maintain the high standard of the profession and concerns the welfare of the patients and the general public. Our Directors are not aware of our pharmacists being involved in any offences, disciplinary actions, non-compliance incidents, medical negligence incidents, litigation, claims or investigations by the Pharmacy and Poisons Board or other professional and regulatory bodies in Hong Kong in relation to their practice with our Group during the Track Record Period.

REGULATIONS OF REGISTERED NURSES

Nurses Registration Ordinance

Nursing Council of Hong Kong is established under section 3 of the Nurses Registration Ordinance (Chapter 164 of the Laws of Hong Kong) and all practicing nurses in Hong Kong are required to be registered with the Nursing Council of Hong Kong.

To register with the Nursing Council of Hong Kong, nurses should, *inter alia*:

- have attained the minimum age of 21 years;
- be of good character;
- have completed such training as may be prescribed and has passed such examinations as may be required by the Nursing Council of Hong Kong, or possesses a valid certificate to practice nursing issued by such certifying body as may be recognised by the Nursing Council of Hong Kong from time to time as constituting sufficient evidence of his competency to practice nursing;
- have not been convicted of an offence punishable with imprisonment; and
- have not been guilty of unprofessional conduct.

A person shall not practice as a registered nurse in Hong Kong unless he/she is the holder of a practicing certificate (“**Registered Nurse**”) which is then in force issued by the Nursing Council of Hong Kong. The practicing certificate of registered nurse will be in force for a period of three years commencing on 1 January and will need to be renewed every three years.

Code of Ethics and Professional Conduct

All Registered Nurses in Hong Kong have to comply with the Code of Ethics and Professional Conduct for Nurses in Hong Kong which issued by the Nursing Council of Hong Kong (as may be amended from time to time) which covers, *inter alia*, the following aspects:

- respect the dignity, uniqueness, values, culture and beliefs of individuals and their families;
- safeguard individual’s right to self-determination;
- hold in confidence personal information obtained in a professional capacity;
- provide safe and competence practice;
- maintain the standard of professional practice;

REGULATORY OVERVIEW

- collaborate with colleagues/co-workers/stakeholders to meet the goal of quality care;
- uphold the image of nurses and the profession;
- foster the trust that is inherent in the privileged relationship between nurses and their clients;
- commit to promote professional growth and advancement;
- promote community health and wellbeing through partnership; and
- ensure that health care resources are allocated in a fair and equitable manner.

Contravention of this Code of Ethics and Professional Conduct for Nurses in Hong Kong may render a Registered Nurse liable to disciplinary action by the Nursing Council of Hong Kong.

In order to provide better service to our patients, our Group also employed Registered Nurses to assist the smooth operation of our medical centres. There is no prohibition for a company like our Group to employ Registered Nurses. As at the Latest Practicable Date, we had employed six Registered Nurses. The Registered Nurses employed are mainly responsible for assisting the Registered Medical Practitioners and Registered Dentists of our Group during consultation but are not involved in giving treatments and diagnosis to patients, which remains to be done by the medical practitioners. Our Registered Nurses are also responsible for administrative work at the medical centres such as registration and booking with patients and collecting consultation fee from patients.

During the Track Record Period, registered nurses employed by our Group were duly registered with the Nursing Council of Hong Kong and were holders of a valid practicing certificate. Our Directors confirm, with the support of legal opinion of Counsel, that the Registered Nurses of our Group were in compliance with the Code of Ethics and Professional Conduct for Nurses in Hong Kong during the Track Record Period. Our Directors are not aware of our Registered Nurses being involved in any offences, disciplinary actions, non-compliance incidents, medical negligence incidents, litigation, claims or investigations which arise from their duty as a Registered Nurse in our Group during the Track Record Period.

REGULATIONS ON PHARMACEUTICAL PRODUCTS AND DRUGS

Pharmacy and Poisons Ordinance and its sub-legislations

The PPO regulates the manufacturing, sale, dispense and labelling of products which are classified as pharmaceutical products and medicine. As stipulated under its sub-legislation, Regulation 36(1) of the Pharmacy and Poisons Regulations (Chapter 138A of the Laws of Hong Kong) (the “PPR”), “pharmaceutical products” must be registered before they can be sold, offered for sale, distributed or possessed for the purposes of sales, distribution, dispense or other use in Hong Kong.

Under the PPO, “pharmaceutical product” and “medicine” mean any substance or combination of substances:

- presented as having properties for treatment or preventing disease in human beings or animals; or
- that may be used in, or administered to, human beings or animals, either with a view to (i) restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action; or (ii) making a medical diagnosis.

Ingredients that are classified as poisons are listed in the Poisons List under the “Tenth Schedule” of the PPR. According to their potency, toxicity and potential side effects, poisons are further classified into different parts under the Poisons List. Poisons List divided poisons into Part I poisons and Part II poisons. The levels of control over the sale of the poison depend on its classification.

REGULATORY OVERVIEW

Part I poisons can only be sold by an authorised sellers of poisons by a registered pharmacist or in his presence and under his supervision. Part II poisons can be sold by authorised sellers of poisons on premises duly registered under the PPO or by listed sellers of poisons.

No person who is authorised to sell poisons included Part I or Part II of the Poisons List should sell any such poison unless the container of the poison is labelled and displays the name of the poison; its ingredients and proportion, the word “poison” and the name and address of the seller of the poison. Some Part I Poisons as set out in the “Tenth Schedule” of the PPR are further classified into the “First Schedule” and the “Third Schedule” of the PPR which impose additional restrictions on their sale by retailers. The sale of pharmaceutical products containing Part I First Schedule poisons as listed under the PPR requires keeping sale records for *inter alia*, the name and quantity of the poison supplied, the date on which the poison was supplied, the name and address of the person to whom the poison was supplied, and the name of the person who supplied the poison or who gave the prescription for the supply, as well as the signature and purpose for which it is required (in the case for wholesale dealing). The sale of pharmaceutical products containing Part I Third Schedule Poisons must be authorised by a prescription from a registered medical practitioner, a registered dentist or a registered veterinary surgeon.

Exceptions are provided for the possession and selling of Part I and Part II poisons that are for medicine which is supplied by a Registered Medical Practitioner for the purposes of medical treatment or by a Registered Dentist for the purposes of dental treatment.

As medication and dental treatment available at our medical centres may include Part I or Part II poisons, in order to be exempted from the above conditions and limitations imposed by PPO, the supply and dispensing of medication in the provision of dispensing service at our medical centres are carried out by or conducted under the supervision of our professional team who are Registered Medical Practitioners or Registered Dentists. During the Track Record Period and up to the Latest Practicable Date, our Group had also obtained a valid wholesale poisons licence issued by the Pharmacy and Poisons Board under the PPO for the storage of pharmaceutical products and poisons.

During the Track Record Period and up to the Latest Practicable Date, none of the members of our Group had been subject to any proceedings brought under, or received any written complaints or warnings in relation to, the PPO and its sub-legislations.

Dangerous Drugs Ordinance

The Dangerous Drugs Ordinance (Chapter 134 of the Laws of Hong Kong) (the “**DDO**”) regulates the import, export, procuring, supply, dealing in or with, manufacture and possession of drugs or substances which are classified as dangerous drugs in Part I of the First Schedule of the DDO.

Dangerous drugs are not allowed to be supplied to any person except to a person authorised or licensed to be in possession thereof otherwise it would be a criminal offence. However, the DDO provides that the administration of a dangerous drug by or under the direct personal supervision of, and in the presence of, a Registered Medical Practitioner or a Registered Dentist in the course of dental treatment are exempted. In addition to that Registered Medical Practitioners and Registered Dentists are also authorised by the DDO, so far as may be necessary for the purposes of the practice or exercise of their profession, function or employment and in that capacity as such, to be in possession of and to supply a dangerous drug as well as to have in their possession equipment or apparatus fit and intended for the injection of a dangerous drug.

As medication available at our medical centres may involve the use of dangerous drugs as defined under the DDO, the supply and dispensing of medication in the provision of dispensing of dangerous drug at our medical centres are carried out by or conducted under the supervision of our professional team who are Registered Medical Practitioners/Registered Dentists in the course of medical/dental treatment.

Furthermore, the Dangerous Drugs Regulations (a sub-legislation of the DDO) (Chapter 134A of the Laws of Hong Kong) further regulates the prescriptions, labelling and record keeping of dangerous drugs and monitors the sale of such drugs.

REGULATORY OVERVIEW

During the Track Record Period and up to the Latest Practicable Date, none of the members of our Group had been subject to any proceedings brought under, or received any written complaints or warnings in relation to, the DDO and its sub-legislation.

Antibiotics Ordinance

The Antibiotics Ordinance (Chapter 137 of the Laws of Hong Kong) (the “**AO**”) aims to regulate substances of penicillin and such other anti-microbial organic substances produced by living organisms and any substance the chemical properties of which are identical with or similar to those of the substances so prescribed but which is not produced by living organisms. Under the AO, no person can sell or otherwise supply such a substance/antibiotics with the express exceptions under section 4(1)(a) for Registered Medical Practitioners and Registered Dentists or a person acting in accordance with the directions of any such medical practitioner or dentist.

Medication available at the medical centres of our Group may involve the use of Antibiotics as regulated by the AO, the supply and dispensing of medication in the provision of dispensing of antibiotics at the medical centres of our Group are carried out by or conducted under the supervision of our doctors who are Registered Medical Practitioners or Registered Dentists in the course of medical/dental treatment. During the Track Record Period, our Group has obtained a permit to deal with and prepare substances to which the AO applies issued by the Director of Health under the AO to our Group for the storage and dealing in antibiotics.

During the Track Record Period and up to the Latest Practicable Date, none of the members of our Group had been subject to any proceedings brought under, or received any written complaints or warnings in relation to, the AO.

REGULATIONS ON MEDICAL DEVICES

Currently, there is no overarching legislation that regulates the manufacture, import, sale and use of medical devices in Hong Kong. However, depending on the nature and characteristics of the product concerned, some products may be regulated by Radiation Ordinance (Chapter 303 of the Laws of Hong Kong) and its sub-legislations, and/or by the Boilers and Pressure Vessels Ordinance (Chapter 56 of the Law of Hong Kong) (the “**BPVO**”).

Other than the irradiating apparatuses and autoclave devices used by Registered Medical Practitioners and Registered Dental Practitioners of our Group which are used solely for sterilisation purpose, none of the medical devices of our Group need to be registered or to obtain for any license/permit. Under Regulation 4 of the Radiation (Control of Irradiating Apparatus) Regulations (Chapter 303B of the Laws of Hong Kong), the irradiating apparatus of our Group requires a licence from the Radiation Board. Our Group had duly obtained the valid licenses for its irradiating apparatuses and the use of these apparatus was in accordance to Schedule 3 of Radiation (Control of Irradiating Apparatus) Regulations. As for the autoclave devices, our Group had also duly obtained the valid exemption certificates issued by the Labour Department under section 9(2) of the BPVO (“**Exemption Certificates**”). Under the Exemption Certificates, the autoclave devices of our Group are exempted from the requirements under the BPVO. During the Track Record Period and up to the Latest Practicable Date, our Group had obtained valid licenses and valid Exemption Certificates issued by the Radiation Board or by the Labour Department for our irradiating apparatuses and autoclave devices.

REGULATIONS ON ADVERTISEMENTS

Undesirable Medical Advertisements Ordinance

The Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong) (the “**UMAO**”) aims to protect public health through prohibiting or restricting advertisements which may induce the seeking of improper management of certain health conditions.

“Advertisement” includes any notice, poster, circular, label, wrapper or document, and any announcement made orally or by any means of producing or transmitting light or sound. These include advertisements published

REGULATORY OVERVIEW

in newspapers and magazines, leaflets, on radio, television and internet as well as on the label of a container or package containing any medicine, surgical appliance, treatments or orally consumed product. No person shall publish or cause to be published any advertisement likely to lead to the use of any medicine, surgical appliance or treatment for the purpose of treating human beings for or preventing human beings from contracting any disease or condition as specified under the UMAO or treating human beings for any purpose specified thereunder.

During the Track Record Period and up to the Latest Practicable Date, our Group had no practice promotion, service information and advertisement published in newspapers, magazines, journals, periodicals or in any mass media, thus our Group did not fall into the ambit of the UMAO.

REGULATIONS ON CLINICAL WASTE DISPOSAL

Waste Disposal Ordinance

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (the “**WDO**”) and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong) (the “**WDR**”) provide for, among others, the control and regulation of the production, storage, collection and disposal of clinical waste.

“clinical waste” means waste consisting of any substance, matter or thing belonging to any of the groups specified in Schedule 8 of the WDO that is generated in connection with-

- a dental, medical, nursing or veterinary practice;
- any other practice, or establishment (howsoever described), that provides medical care and services for the sick, injured, infirm or those who require medical treatment;
- dental, medical, nursing, veterinary, pathological or pharmaceutical research: or
- a dental, medical, veterinary or pathological laboratory practice,

but does not include chemical waste or radioactive waste and which consists wholly or partly of any of the materials specified in one or more of the groups listed below:

- used or contaminated sharps;
- laboratory waste;
- human and animal tissues;
- infectious materials;
- dressings; and
- such other wastes as specified by the Director of Environmental Protection under section 37(2) of the WDO.

The WDO prohibits unauthorised disposal of clinical waste. The Secretary for the Environment prepared and revised from time to time codes of practice giving guidance and directions as to the collection, storage, treatment, transportation and disposal of waste. The WDR requires all waste producers to arrange for their clinical waste to be properly disposed of. Waste producers need to discharge for such a duty if they consign the waste to a licensed clinical waste collector or arrange for the waste to be delivered to a collection point or licensed clinical waste disposal facility according to the requirements specified under the Regulation. The Regulation also requires waste producers to keep records of the clinical waste consigned to licensed collectors or

REGULATORY OVERVIEW

delivered to a collection point or licensed disposal facility, and to produce such records for inspection upon the request made by the Director of Environmental Protection.

A Code of Practice for the Management of Clinical Waste — Major Clinical Waste Producers and Waste Collectors has been published by the Secretary for the Environment under the WDO to provide guidance to major clinical waste producers and small clinical waste producers to assist them to comply with the legal requirements under the legislations. Private medical centres or practices are classified as small clinical waste producers under this Code of Practice.

Given the medical and dental treatments provided at our medical centres may produce used or contaminated sharps such as syringes and needles; laboratory waste; human tissues; infectious materials as well as dressings, our Group is subject to the WDO, the WDR and the Code of Practice.

During the Track Record Period and up to the Latest Practicable Date, none of the members of our Group and our Doctors had been subject to any proceedings brought under, or received any written complaints or warnings in relation to, the WDO and its sub-legislation.

REGULATIONS IN THE PRC

The Company Law and the Foreign Invested Enterprise Laws

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (中華人民共和國公司法) (the “**PRC Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) on 29 December 1993, effective as of 1 July 1994 and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013. The PRC Company Law generally governs two types of companies: limited liability companies and joint stock limited companies. All limited liability companies and joint stock limited companies are enterprise legal persons, and liable for their debts with all their assets. Liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of registered capital they have subscribed. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies; however, where the Company Law is silent on matters related to foreign invested enterprises (the “**FIEs**”), such matters may be governed by the specific PRC laws and regulations relating to the FIEs.

The establishment procedures, examination and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are governed by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) (the “**Wholly Foreign-owned Enterprise Law**”), which was promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) and effective on 12 April 1986, amended on 31 October 2000, and the Implementation Rules for the Wholly Foreign-owned Enterprise Law (中華人民共和國外資企業法實施細則), which was promulgated by the State Council (國務院) on 12 December 1990 and amended on 12 April 2001 and 29 February 2014. According to the Wholly Foreign-owned Enterprise Law and its Implementation Rules, the establishment of foreign-invested enterprises shall be subject to the examination and approval by the Ministry of Commerce or its local hands, which will issue a certificate of approval in respect thereof. Profits and other legal rights obtained by foreign investors in the PRC shall be subject to legal protection, and legitimate profits, other lawful income and post-liquidation funds received by foreign investors from the foreign-invested enterprises may be remitted abroad.

The Special Provisions of Shanghai FTZ

Pursuant to the Decision of the Standing Committee of the National People’s Congress on Authorising the State Council to Temporarily Adjust the Relevant Administrative Approval Items Prescribed in Laws in Shanghai FTZ (全國人大常委會關於授權國務院在中國(上海)自由貿易試驗區暫時調整有關法律規定的行政審批的決定), which was adopted by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) on 30 August 2013, effective as of 1 October 2013, the matters regarding the examination and approval, the extension of the contract period and termination of the contract of the FIEs

REGULATORY OVERVIEW

established in Shanghai FTZ shall be managed through filing, instead of the examination and approval procedures by the Ministry of Commerce or its local hands under the Wholly Foreign-owned Enterprise Law and its Implementation Rules.

Pursuant to the Decision of the State Council on Temporarily Adjusting the Relevant Administrative Approval or Specific Management Measures of Admittance Items Prescribed by Regulations and Documents of the State Council in the China (Shanghai) Pilot Free Trade Zone (國務院關於在中國 (上海) 自由貿易試驗區內暫時調整有關行政法規和國務院文件規定的行政審批或者准入特別管理措施的決定), which was promulgated on 12 December 2013, the matters regarding the establishment of FIEs shall be managed through record-filing, unless such business of the FIEs may fall into the Negative List (as defined below).

In 1995, the State Planning Commission (國家計劃委員會), the State Economic and Trade Commission (國家經濟貿易委員會) and the Ministry of Foreign Trade and Economic Cooperation (對外經濟貿易部) jointly promulgated the Provisional Provisions on Guiding Foreign Investment (指導外商投資方向暫行規定) (the “**Provisional Foreign Investment Provisions**”) and the Catalogue for the Guidance of Foreign Investment (外商投資產業指導目錄) (the “**Foreign Investment Catalogue**”), classifying all foreign investment projects into four categories: encouraged projects, permitted projects, restricted projects and prohibited projects. On 11 February 2002, the State Council promulgated the Provisions on Guiding Foreign Investment (指導外商投資方向規定) (the “**Foreign Investment Provisions**”), re-stating the four categories of foreign investment projects. The Foreign Investment Provisions came into force on 1 April 2002 and the Provisional Foreign Investment Provisions were simultaneously repealed. The Foreign Investment Catalogue has been revised several times since it was first promulgated, with the most significant revisions taking place in 1997, 2002, 2004, 2007, 2011 and 2015.

As for the FIEs established in the Shanghai FTZ, pursuant to the Special Management Measures for the Market Entry of Foreign Investment in the China (Shanghai) Pilot Free Trade Zone (Negative List) (中國 (上海) 自由貿易試驗區外商投資准入特別管理措施 (負面清單)) (the “**Negative List**”) which was promulgated and effective on 29 September 2013 and revised on 30 June 2014, 8 April 2015, industries not covered by the Negative List shall be governed by the management principle of equal treatment of domestic and foreign investment. Specifically, foreign investment in such industries not covered by the Negative List shall be subject to record-filing (except where the examination and approval of domestic investment projects is retained as prescribed by the State Council), and the establishment and change of foreign-invested enterprises shall also be managed by record-filing. For the industries covered by the Negative List, any foreign investment in such industries shall be subject to examination and approval (except where record-filing shall apply to foreign investment projects as prescribed by the State Council), and the establishment and change of foreign-invested enterprises shall be managed by examination and approval. The current business scope of Yingjian Qiye does not fall into the industries covered by the Negative List.

Pursuant to the Administrative Measures for Approval and Record-filing of Foreign Investment Projects in the Pilot Free Trade Zone (Trial) (Announcement No. 12 [2015] of the Ministry of Commerce) (商務部公告2015年第12號——自由貿易試驗區外商投資備案管理辦法 (試行)), which was promulgated on 8 April 2015 and effective on 8 May 2015, the establishment and subsequent changes of the FIEs involved in such industries not covered by the Negative List may be conducted by submitting the “Application Table of Record-filing for Establishment of Foreign Investment Enterprises in the Pilot Free Trade Zone” and “Application Table of Record-filing for Changes of Registration of Foreign Investment Enterprises in the Pilot Free Trade Zone” online. Pursuant to the Administrative Measures for the Record-Filing of Foreign-invested Enterprises in the China (Shanghai) Pilot Free Trade Zone (中國 (上海) 自由貿易試驗區外商投資企業備案管理辦法) which was promulgated on 29 September 2013, effective on 1 October 2013 and will be valid until 30 September 2016, the Management Committee of Shanghai FTZ shall be responsible for the record-filing management of foreign-invested enterprises within its scope of authority.

REGULATORY OVERVIEW

Legal Supervision over the Healthcare Sector in China

Industry Policies Regarding Medical Institution

The Notice of the State Council on Forwarding the Opinions of the NDRC, the National Health and Family Planning Commission (中華人民共和國國家衛生和計劃生育委員會, the “NHFPC”) and other Departments on Further Encouraging and Guiding Private Capital to Invest in Medical Institutions (關於進一步鼓勵和引導社會資本舉辦醫療機構意見的通知) (“**Notice No.58**”), which was promulgated by the General Office of the State Council on 26 November 2010, stipulates that the PRC government encourages and supports investments by private investors in medical institutions of various types. Private investors are permitted to apply to establish for-profit or not-for-profit medical institutions. Private investors are also encouraged to participate in the reform of existing public hospitals, including those established by state-owned enterprises, by converting them into not-for-public medical institutions in order to systematically reduce the proportion of public hospitals in the system. Private medical institutions with experience in the provision of healthcare services and good reputation shall be selected as participants in the restructuring of public hospitals. The restructuring of public hospitals may be carried out through pilot reform programs in hospitals established by state-owned enterprises. Private medical institutions are encouraged to modernise hospital management, establish standardised corporate governance structures, set up cost control and quality management systems, and employ professional managers to manage the hospital. Private investors are encouraged to set up hospital management companies to provide specialised services. Private medical institutions are encouraged to engage or authorise domestic or overseas medical institutions with professional experience to participate in the management of hospitals to improve their efficiencies. Medical institutions are encouraged to develop into large, sophisticated, technology-intensive medical groups and adopt brand-focused development strategies to build good reputation and image. Private medical institutions are encouraged to improve their clinical research and build their research and development teams.

The Opinions on Promoting the Development of Health Service Industry (國務院關於促進健康服務業發展的若干意見) (the “**2013 Opinions**”) was promulgated by the State Council on 28 September 2013. The 2013 Opinions encourage the private sector to invest in the medical service industry by various means including new establishment and participation in restructuring, and also encourage private capital investment in non-profit medical institutions for provision of basic health care services.

Several Opinions on Accelerating the Development of Medical Institutions with Private Capital (關於加快發展社會辦醫的若干意見), which were promulgated on 30 December 2013 by NHFPC and the State Administration of Traditional Chinese Medicine, stipulate the policies that support the development of the private-invested medical institutions, including the (i) gradual relaxation of investment in medical institutions by foreign capital; (ii) relaxation of requirements for service sectors, allowing private capital investment in areas which are not explicitly prohibited; (iii) relaxation requirements for the development and use of large medical equipment in private hospitals; (iv) improvement of supporting policies for the development of private hospitals in aspects such as medical insurance and price control; (v) acceleration of the approval process regarding the establishment and operation of private hospitals.

Regulations on Medical Institution

The Opinions on Implementing Classification Administration of Urban Medical Institution (關於城鎮醫療機構分類管理的實施意見), which were jointly promulgated by the Department of Health, State Administration of Chinese Traditional Medicine, Ministry of Finance and National Development and Reform Commission on 18 July 2000 and came into effect on 1 September 2000, provide that non-profit medical institutions shall be classified based on their business objectives, service purposes and implementation of various financial, taxation, pricing and accounting policies. Also, governments shall not operate for-profit medical institutions. Medical institutions shall file with relevant authorities of health written statements of their non-profit/for-profit status when they go through application, registration and re-examination procedures in accordance with relevant laws, and the handling authority of health shall, jointly with other relevant authorities, decide the non-profit/for-profit status for such medical institution based on the source of its investment and the nature of its business.

REGULATORY OVERVIEW

The administration of medical institutions in the PRC is carried out through classification of medical institutions. The Administrative Measures on Medical Institutions (醫療機構管理條例), which were promulgated on 26 February 1994 by the State Council and came into effect on 1 September 1994, and the Implementation Measures of the Administrative Measures on Medical Institutions (醫療機構管理條例實施細則), which were promulgated by the NHFPC on 29 August 1994 and came into effect on 1 September 1994, stipulate that to apply for setting up a medical institution, the applicant must go through the examination and approval procedures with the health administrative department at the county level or above, and may handle other formalities with the other relevant departments only after obtaining the Approval Letter on the Setup of Medical Institution (設置醫療機構批准書) (the “**Approval Letter**”). In order to obtain the Approval Letter, the establishment of medical institutions shall comply with the relevant regional planning requirements as well as the basic standards of medical institutions. The Administrative Measures on Medical Institutions of Shanghai City (上海市醫療機構管理辦法), promulgated by Shanghai People’s Government on 2 March 1997 and recently amended on 20 December 2010, further detail the conditions to obtain the Approval Letter in Shanghai City by requiring that establishment of medical institutions shall comply with the planning requirements of Shanghai City as well as the basic standards of medical institutions, and have appropriate place for operation and necessary funds.

Pursuant to the Administrative Measures on Medical Institutions, any entity or individual that intends to establish a medical institution must follow the Approval Letter to set up the medical institution and register with the relevant healthcare administrative authorities to obtain a Medical Institution Practicing License (醫療機構執業許可證) before it begins the practice. In order to obtain a Medical Institution Practicing License, a medical institution shall meet the following conditions: (i) having an Approval Letter; (ii) complying with the basic standards for medical institutions; (iii) having an appropriate name, organisation and place for operation; (iv) having funds, facilities, equipment and professional medical workers corresponding to the business it will engage in; (v) having the corresponding internal rules and regulations; and (vi) being able to bear civil liabilities independently. The Administrative Measures on Medical Institutions of Shanghai City replicates the above conditions for practice registration of medical institutions in Shanghai City.

The Administrative Measures for the Examination of Medical Institutions (For Trial Implementation) (醫療機構校驗管理辦法(試行)) (the “**Administrative Measures for Examination**”), which were promulgated by the NHFPC and came into effect on 15 June 2009, stipulate a medical institution’s Medical Institution Practicing License is subject to periodic examinations and verifications by registration authorities, and will be cancelled if such medical institution fails to pass the examination. The Interim Measures for the Assessment of Hospitals (醫院評審暫行辦法), the Measures for the Assessment of Medical Institutions (醫療機構評審辦法) and the Basic Standards for Medical Institutions (醫療機構基本標準(試行)), which were promulgated by the NHFPC on 21 September 2011, 21 July 1995 and 2 September 1994, respectively, stipulate that medical institutions in China are graded into three levels (Grade I, II and III) and three sub-levels (A, B, C) based on the assessment of competent authorities. The highest standard is Grade IIIA (三級甲等). Under the relevant regulations, each hospital will be assessed once every four years. The NHFPC and its Hospital Assessment Committee are responsible for conducting all hospital assessments in China.

The Basic Standards for Clinics (診所基本標準), which was promulgated by NHFPC on 2 August, 2010, stipulates that clinic is the medical institution which provides patients with clinic diagnosis and treatment without inpatient beds (or obstetric beds), including without limitation, easy diagnosis of common diseases and the pathogenesis of multiple medical services. Dental office shall provide at least 1 unit of dental therapy desk.

Regulations on Pharmaceutical Procurement and Medical Devices of Medical Institution

The Opinions on Further Regulating Centralised Pharmaceutical Procurement by Medical Institutions (進一步規範醫療機構藥品集中採購工作的意見) and the Interpretations of Issues Related to the Opinions on Further Regulating Centralised Pharmaceutical Procurement by Medical Institutions (關於進一步規範醫療機構藥品集中採購工作的意見有關問題的說明), which were jointly promulgated by the NHFPC and other six departments on 17 January 2009 and 19 June 2009, respectively, as well as the Standards of Centralised Pharmaceutical Procurement Work for Medical Institutions (醫療機構藥品集中採購工作規範) jointly promulgated by the NHFPC and other six departments on 7 July 2010, stipulate that the general

REGULATORY OVERVIEW

framework and detailed operational procedures with respect to the centralised pharmaceutical procurement mechanism under which not-for-profit medical institutions established by governments or state-owned enterprises are required to procure pharmaceuticals through the not-for-profit centralised pharmaceutical procurement platform organised by the competent governmental authorities. Medical institutions of other forms, such as for-profit medical institutions, are also encouraged to participate in the centralised pharmaceutical procurement system. All pharmaceuticals used by medical institutions are required to be listed in the catalogue of centralised pharmaceutical procurement with the exception of (i) narcotic pharmaceuticals and Class I psychotropic pharmaceuticals, (ii) certain pharmaceuticals under the state's special control such as Class II psychotropic pharmaceuticals, toxic pharmaceuticals for medical uses and radioactive pharmaceuticals, and (iii) Chinese herbs and ready-for-use Chinese herbs. The price generated by the centralised procurement activities of provinces, autonomous regions and municipalities directly under the central government shall be the supply price for pharmaceutical products supplied by pharmaceutical enterprises to all the medical institutions under the centralised pharmaceutical procurement mechanism and medical institutions shall apply the retail price of the pharmaceuticals as determined by the competent pricing control authority.

Pursuant to the Regulation on the Supervision and Administration of Medical Devices (醫療器械監督管理條例) which was promulgated by the State Council on 4 January 2000 and effective on 1 April 2000, to establish an enterprise for the trading of Class I medical devices, the applicant shall go through the archival filing formalities in the drug supervision and administration department of the people's government of the province, autonomous region, or municipality directly under the Central Government. To establish an enterprise for the trading of Class II and III medical devices, the applicant shall be subject to the examination and approval of the drug supervision and administration department of the people's government of the province, autonomous region, or municipality directly under the Central Government, and it shall be granted a Permit for the Medical Device Trading Enterprise. No business license may be issued by the administrative department for industry and commerce unless the applicant has obtained a Permit for the Medical Device Trading Enterprise. In 2014, the Regulation on the Supervision and Administration of Medical Devices was revised and adopted at the 39th executive meeting of the State Council on 12 February (the “**2014 Revision**”), according to Article 29 of the 2014 Revision, an enterprise engaging in the operation of medical devices shall have the business premises and storage conditions adaptive to its scale and scope of operation, and the quality management system and quality management organisation or personnel adaptive to the medical devices operated by it. Meanwhile, an enterprise engaging in the operation of the medical devices of Class II shall report itself to the food and drug supervision and administration department of the local people's government at the districted city level for recordation, and submit the certification materials on its compliance with the conditions as prescribed in Article 29 of the 2014 Revision.

The Regulations on the Administration of Narcotic Pharmaceuticals and Psychotropic Substances (麻醉藥品和精神藥品管理條例), which were promulgated by the State Council on 3 August 2005 and revised on 7 December 2013, provide that, where a medical institutions needs to use any narcotic pharmaceuticals or Class I psychotropic substance, it shall, upon approval by the competent public health department, obtain the Seal Card for the Purchase and Use of Narcotic Pharmaceuticals and Class I Psychotropic Substances (the “**Seal Card**”). If a medical institution with a Pharmaceutical Preparation Certificate for Medical Institutions (醫療機構製劑許可證) and a Seal Card needs to dispense for clinical use any narcotic pharmaceutical or psychotropic substance which is not available on the market, the preparation shall be subject to approval by the competent provincial, regional or municipal pharmaceutical regulatory department where the medical institution is located. The pharmaceutical preparations of a narcotic pharmaceutical or psychotropic substance dispensed by the medical institution may only be used in the institution itself and may not be marketed.

Regulations on Medical Practitioners and Nurses

The Law on Medical Practitioners of the People's Republic of China (中華人民共和國執業醫師法), which was promulgated by the Standing Committee of the NPC on 26 June 1998 and came into effect on 1 May 1999, provides that doctors in China must obtain qualification licenses for their medical profession. Qualified doctors and qualified assistant doctors must register with the relevant public health administrative authorities at or above the county level. After registration, doctors may work at medical institutions in their registered location in the

REGULATORY OVERVIEW

types of jobs and within the scope of medical treatment, disease-prevention or healthcare business as provided in their registration.

The Notice on Issues Concerning Physicians who Practice at Multiple Medical Institutions (衛生部關於醫師多點執業有關問題的通知), which was promulgated by the NHFPC on 11 September 2009 and came into effect on the same date, provides that a classification administration system shall be implemented for physicians' practices at multiple medical institutions. Physicians can practice at cooperative medical institutions after performing relevant record-filing procedures with the authorities with which the physicians' Medical Institution Practices License are registered. The local NHFPC shall implement its policies for physicians who practice at multiple medical institutions after being approved by the NHFPC.

On 12 July 2011, the Notice of the General Office of the NHFPC on Expanding the Pilot Scheme for Physicians who Practice at Multiple Medical Institutions (衛生部辦公廳關於擴大醫師多點執業試點範圍的通知) further relaxed the regulation on physicians' practices at multiple medical institutions and expands its trial areas. Qualified physicians in the pilot areas can apply for up to three medical institutions at which to practice. Physicians who apply for practicing at multiple medical institutions shall achieve the permission from their first practicing medical institution and approval of the local health administrative departments.

Several Opinions on Accelerating the Development of Medical Institutions with Private Capital (關於加快發展社會辦醫的若干意見), which were promulgated on 30 December 2013 by the NHFPC and the State Administration of Traditional Chinese Medicine, specifically stipulate that physicians shall be permitted to practice at multiple medical institutions and relevant authorities should provide favourable support for the orderly movement of medical personnel.

The Regulations on Nurses (護士條例), which were promulgated by the State Council on 31 January 2008 and came into effect on 12 May 2008, provide that a nurse must obtain a nurse's Practicing Certificate, which is valid for five years. The number of nurses on staff at a medical institution shall not be less than the standard number as prescribed by the competent public health administrative authorities.

Regulations on Medical Waste

The Regulations on the Management of Medical Waste (醫療廢物管理條例), which were promulgated by the State Council on 16 June 2003 and came into effect on the same day, and the Implementation Measures of the Management of Medical Waste (醫療衛生機構醫療廢物管理辦法), which were promulgated by the NHFPC on 15 October 2003 and came into effect on the same day, stipulate that medical institutions must timely deliver medical waste to a specially designated location for centralised disposal of medical waste and categorise the medical waste in accordance with the Classified Catalogue of Medical Waste. High-risk waste such as the culture medium or specimens of pathogens and the preserving liquid of bacteria strains or virus strains must be sterilised on the spot before disposal. Sewage generated by any medical institution and excretion of its patients or patients suspected of infectious diseases must be sterilised in accordance with the relevant laws, rules and regulations, and must not be discharged into sewage until the relevant standards are met.

Medical Advertisements

The Advertisement Law of the People's Republic of China (中華人民共和國廣告法) (the “**Advertisement Law**”), which was promulgated by the Standing Committee of NPC on 27 October 1994 and came into effect on 1 February 1995, provides that advertisements shall not contain false statements and be deceitful or misleading to consumers. Advertisements legally required to receive censorship, including those that are relating to pharmaceuticals and medical devices, shall be reviewed by relevant authorities in accordance with relevant rules before being distributed by broadcasting, movies, television, newspapers, journals or otherwise. The Advertisement Law was amended by the Standing Committee of the NPC on 24 April 2015 and came into effect on 1 September 2015. The amended Advertisement Law further stipulates that any advertisement for medical treatment, pharmaceuticals or medical devices shall not contain: (i) any assertion or guarantee for efficacy and safety; (ii) any statement on cure rate or effective rate; (iii) any comparison with the efficacy and safety of other

REGULATORY OVERVIEW

pharmaceuticals or medical devices or with other medical institutions; (iv) any use of endorsements or testimonials; or (v) other items as prohibited by laws and administrative regulations.

The Administrative Measures on Medical Advertisements (醫療廣告管理辦法), which were jointly promulgated by the State Administration of Industry and Commerce and the NHFPC on 10 November 2006 and came into effect on 1 January 2007, require that medical advertisements shall be reviewed by relevant health authorities and obtain a Medical Administrative Review Certificate that has an effective term of one year and may be renewed upon application.

Pricing

The Circular on the Issues regarding the Implementation of Market-Based Price for the Non-public Medical Institution's Healthcare Services (關於非公立醫療機構醫療服務實行市場調節價有關問題的通知), jointly issued by the National Development and Reform Commission, the NHFPC and the Ministry of Human Resources and Social Security, came into effect on 25 March 2014. It provides that price for healthcare services provided by non-public medical institutions can be determined by market. The relevant health and family planning department above county level shall, within the scope of its delegated authority, release a list of public medical institutions within its jurisdiction before the end of June 2014. A medical institution that is not included in such list shall be deemed as a non-public medical institution and can price its healthcare services at its own discretion. The government shall not unfairly interfere with any market-based price implemented by any non-public medical institution in any manner. The government with oversight power shall supervise the non-public medical institutions' pricing practice and urge such non-public medical institutions to establish internal pricing control system. Non-public medical institutions of for-profit nature are entitled to price items for healthcare services at their own discretion, while non-public medical institutions of non-profit nature shall price their service items in accordance with the Regulations on National Healthcare Services Pricing Items (全國醫療服務價格專案規範).

Regulations on Foreign Investment in Medical Institutions

According to the current Foreign Investment Catalogue, medical institutions falls into the restricted projects and foreign investment in medical institutions must be in the form of Sino-foreign equity joint ventures or cooperative joint ventures. The Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (中外合資、合作醫療機構管理暫行辦法), which were promulgated by the MOFCOM on 15 May 2000 and came into effect on 1 July 2000, provide that the equity percentage of the foreign partner in a Sino-foreign joint venture shall not exceed 70% and the total amount of investment shall not be less than RMB20 million. Establishment of Sino-Foreign joint venture is subject to approval by relevant authorities.

Pursuant to the Additional Provisions to the Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (中外合資、合作醫療機構管理暫行辦法的補充規定), which were jointly promulgated by the MOFCOM and the NHFPC on 30 December 2007 and came into effect on 1 January 2008, besides for the provision of the Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (中外合資、合作醫療機構管理暫行辦法), the total amount of investment by a Hong Kong or Macau service provider in establishing equity or cooperative medical institutions in China shall not be less than RMB10 million. Hong Kong and Macau service providers shall comply with the Closer Economic Partnership Arrangement between Mainland China (內地與香港關於建立更緊密經貿關係的安排) and Hong Kong and Arrangement regarding Establishing Closer Economic Partnership between Mainland China and Macau (內地與澳門關於建立更緊密經貿關係的安排), respectively.

Pursuant to the Additional Provisions (second) to the Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (中外合資、合作醫療機構管理暫行辦法的補充規定二), which were jointly promulgated by the MOFCOM and the NHFPC on 7 December 2008 and came into effect on 1 January 2009, Hong Kong and Macau service providers are allowed to establish wholly-owned clinics within Guangdong province without limitation of total investment. Hong Kong and Macau service providers may partner with Chinese medical entities to establish a clinic in

REGULATORY OVERVIEW

Guangdong province by means of equity joint venture or cooperative joint venture without limitation on total investment or equity percentage, the establishment of the clinic shall obtain the approval of the department of commerce of Guangdong province.

The Mainland China and Hong Kong Closer Economic Partner Arrangement (內地與香港關於建立更緊密經貿關係的安排) and its six Annexes (collectively, “CEPA”) were entered into between the governments of Hong Kong and the PRC on 29 June 2003 and 29 September 2003, respectively. Several supplemental agreements were entered into by the two governments subsequently. The Supplemental Agreement (ninth) (內地與香港關於建立更緊密經貿關係的安排補充協議九), which was entered into and came into effect on 29 June 2012, provides that Hong Kong service providers are allowed to establish medical institutions in the PRC by way of wholly foreign owned enterprise, equity joint venture or cooperative joint venture.

Trademark Law

According to the Trademark Law of the PRC (中華人民共和國商標法) which was promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) on 23 August 1982 and recently amended on 30 August 2013 and became effective on 1 May 2014, any natural person, legal person or other organisation that needs to obtain the exclusive right to use a trademark for its goods or services during production and business operations shall apply for trademark registration with the Trademark Office (商標局). The principle of good faith shall be upheld in the application for trademark registration and in the use of trademarks. The users of a trademark shall be responsible for the quality of their goods bearing that trademark. A trademark registrant that changes, without authorisation, the registered trademark, the name or address of the registrant or other registration items during the use of the registered trademark shall be ordered to make correction within the prescribed time period by the relevant local administration for industry and commerce, and shall have its registered trademark cancelled by the Trademark Office if it fails to make correction by the prescribed deadline.

Employment and Social Insurance

The Employment Contract Law of the People’s Republic of China (中華人民共和國勞動合同法) was promulgated by the Standing Committee of the NPC on 29 June 2007 and implemented 1 January 2008 and amended on 28 December 2012. This law sets out specific provisions relating to the execution, contents and terms of employment contracts, and the rights and obligations of employees and employers (including minimum wage requirements). This law provides, among others, that at the time of hiring, the employer shall truthfully inform the employee as the scope of work, working conditions, place of work, occupational hazards, production safety conditions, compensation and as to other matters at the employee’s request. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees, the employer is also required to enter into non-fixed-term employment contracts with employees who have already entered into fixed-term employment contracts for two consecutive terms. Further, when an employment contract is terminated in accordance with the specific situations mentioned in the PRC Employment Contract Law, the amount of compensation shall equal the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. The employer is also required to issue to the employee proof of termination of the employment contract and shall carry out the procedures for transferring the employee’s file and social insurance account within 15 days. An employer needs to archive all terminated employment contracts for at least two years. The implementation of this law protects both employees and employers. Our Company shall comply with this law.

Pursuant to the Interim Regulations Concerning the Levy of Social Insurance Fees (社會保險費徵繳暫行條例) which was promulgated by the State Council (國務院) and became effective on 22 January 1999, the Interim Measures Concerning the Maternity Insurance of Enterprise Employees (企業職工生育保險試行辦法) which was promulgated by the former Ministry of Labour on 14 December 1994 and became effective as of 1 January 1995, the Regulation Concerning the Administration of Housing Fund (住房公積金管理條例) which was promulgated by the State Council (國務院) and became effective on 3 April 1999, as amended on 24 March 2002, the Regulation on Occupational Injury Insurance (工傷保險條例) which was promulgated by the State Council (國務院) on 27 April 2003 and became effective as of 1 January 2004, as

REGULATORY OVERVIEW

further amended on 20 December 2010, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational insurance fund, maternity insurance fund and housing provident fund for the employees.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) on 28 October 2010 and became effective as of 1 July 2011, the state establishes social insurance systems such as basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance so as to protect the right of citizens in receiving material assistance from the State and the society in accordance with the law when getting old, sick, injured at work, unemployed and giving birth. Employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance. If an employing entity does not pay the full amount of social insurance premiums as scheduled, the social insurance premium collection institution shall order it to make the payment or make up the difference within the stipulated period and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date on which the payment is overdue. If payment is not made within the stipulated period, the relevant administration department shall impose a fine from one to three times the amount of overdue payment.

According to the Regulations on Management of Housing Fund (住房公積金管理條例), enterprises must undertake registration at the competent administrative centre of housing fund and then, upon the examination by such administrative centre of housing fund, undergo the procedures of opening the account of housing fund for their employees at the relevant bank. Enterprises are also obliged to timely pay and deposit housing fund for their employees in full amount. Where an enterprise fails to deposit the housing provident funds within the time limit or underpays the funds for its employees in accordance with the aforesaid regulations, the competent department shall order it to deposit the funds within a time limit, failing in which the competent department may apply to the people's court for enforcement.

Tax Law

Prior to the implementation of The Enterprises Income Tax Law (企業所得稅法) (the “**EIT Law**”), which was adopted and promulgated by the Fifth Session of the Tenth National People's Congress on 16 March 2007 and became effective as of 1 January 2008, foreign invested enterprises (including wholly foreign owned enterprises, Sino-foreign equity joint ventures, Sino-foreign contracted joint ventures) were generally subject to a 33% corporate income tax. The EIT Law imposes a uniform income tax rate of 25% on all enterprises in the PRC (including foreign-invested enterprises) and revokes many tax exemptions, reductions and preferential treatments applicable to foreign-invested enterprises before 1 January 2008. In order to clarify some of the provisions of the EIT Law, the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (the “**Implementation Rules**”) were promulgated by the State Council (國務院) on 6 December 2007 and became effective on 1 January 2008.

According to the EIT Law and Implementation Rules, income such as dividends, bonus, rental, interest and royalty from the PRC derived by a non-resident enterprise which has not set up institutions or establishment within the PRC, or has set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the institutions or establishments within the PRC is subject to a 10% withholding tax, which may be reduced if the foreign jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions.

Pursuant to the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) promulgated on 21 August 2006 and became effective on 1 January 2007, for the dividends income derived on 1 January 2007 or onwards, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5% of the sum of dividends, if the Hong Kong enterprise as the beneficial owner holds at least 25% of equity interests of the PRC enterprise. According to the Notice of the State Administration of Taxation on issues relating to the

REGULATORY OVERVIEW

administration of the dividend provision in tax treaties (國家稅務總局關於執行稅收協議股息條款有關問題的通知) which was promulgated by the State Administration of Taxation and became effective on 20 February 2009, the corporate recipients of dividends distributed by PRC enterprises must satisfy the direct ownership thresholds at all times during the twelve consecutive months preceding the receipt of the dividends.

Pursuant to the Provisional Regulations of the People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例) enacted by the State Council on 10 November 2008 and effective as of 1 January 2009 and its Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例實施細則) issued by the Ministry of Finance and State Administration of Tax on 15 December 2008 and effective as of 1 January 2009, the tax rate on servicing, sale of immovable properties, and transfer of intangible assets are chargeable at the tax rate of 5%; communications and transportation, construction, posts and telecommunications, culture and sports are chargeable at the tax rate of 3%; entertainment is chargeable at a tax rate from 5% to 20%.

The Temporary Regulations on Value-added Tax (增值稅暫行條例), which were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and amended on 10 November 2008 and came into effect on 1 January 2009, and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax (增值稅暫行條例實施細則), which were promulgated by the Ministry of Finance and became effective on 25 December 1993, and were amended on 18 December 2008 and 28 October 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services and importing goods in China shall pay a value-added tax. A tax rate of 17% shall be levied on general taxpayers selling or importing various goods and on taxpayers providing processing, repairing or replacement service; the applicable rate for the export of goods by taxpayers shall be nil, unless otherwise stipulated by the State Council.

According to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (營業稅改增值稅試點方案), which were promulgated by the Ministry of Finance and the State Administration of Tax, the government launched gradual taxation reforms starting from 1 January 2012, whereby it collected value-added tax in lieu of business tax on a trial basis in regions and industries showing strong economic performance, such as transportation and certain modern service industries.

The Notice on Relevant Tax Policies on Medical and Health Institutions (關於醫療衛生機構有關稅收政策的通知), which was promulgated by the Ministry of Finance and the State Administration of Tax on 10 July 2000 and came into effect on the same date, provides that incomes of for-profit medical institutions are taxable in accordance with relevant rules. Nevertheless, for-profit medical institutions are granted a three years' tax holiday commencing from the issuance of practice license if the profit is directly used for improving the medical and health conditions, during which: (1) self-produced preparations for self-use by for-profit medical institutions are exempted from value-added tax and (2) properties, land and vehicles for self-use by for-profit medical institutions are exempted for property tax, urban land use tax and vehicle use tax. Pharmaceutical retail enterprises spun-off from drug stores of for-profit medical institutions shall be subject to applicable taxations.

Foreign Currency Exchange

According to the Foreign Currency Administration Rules (中華人民共和國外匯管理條例) which was promulgated by the State Council (國務院) on 29 January 1996 and became effective as of 1 April 1996, as further amended on 14 January 1997 and 5 August 2008 and various regulations issued by the State Administration of Foreign Exchange (國家外匯管理局) (the "SAFE"), and other relevant PRC government authorities, Renminbi is freely convertible for current account items, including dividend distribution, interest payments and trade service related foreign exchange transaction. However, for capital account items, such as direct investments, loans, repatriating investments and investments in securities outside the PRC, prior approval of the SAFE is required.

Under the Administration Rules of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which was promulgated by the SAFE on 20 June 1996 and became effective as of 1 July 1996 and relevant regulations, enterprises in the PRC generally may purchase foreign exchange without

REGULATORY OVERVIEW

the approval or review of the SAFE for trade and service related foreign exchange transactions by providing commercial documents evidencing these transactions. Foreign-invested enterprises in the PRC may also retain foreign exchange, subject to a cap determined by the SAFE, under current account items. Foreign invested enterprises are permitted to remit their profits or dividends in foreign currencies out of their foreign exchange accounts or exchange RMB for foreign currency through banks authorised to conduct such business.

HISTORY, REORGANISATION AND GROUP STRUCTURE

OUR HISTORY

Our Company was incorporated in the Cayman Islands on 9 June 2015 and became the holding company of our subsidiaries after the completion of the Reorganisation and New Acquisitions.

As of the date of incorporation of our Company, its authorised share capital was HK\$100,000,000 divided into 10,000,000,000 Shares with a nominal value of HK\$0.01 per Share.

Our history can be traced back to 1997, when Mr. Chan and Dr. Pang established their first general practice medical centre in Kowloon East in Hong Kong with their personal financial resources and they began building a network of medical centres by establishing a number of new medical centres funded by the profits earned through operations of the established medical centres. By 2008, our Group has established a network of medical centres providing healthcare service including general practice services, specialties services and dental services.

MAJOR BUSINESS MILESTONES

Set out below are the major business milestones in our development:

<u>Year</u>	<u>Event</u>
1997	We established our first medical centre in Kowloon East in Hong Kong.
2002	We established our first MTR medical centre at Tseung Kwan O MTR station. Since then, more than 10 are now opened at MTR stations.
2004	Our noon and night medical services were offered at our medical centres.
2006	We commenced our specialties services in Tsim Sha Tsui.
2008	We established our first dental centre in Central.
2009	Our one-stop specialist medical centre “Polyhealth Specialists” commenced operations in Jordan.
2012	The second specialist medical centre “Polyhealth Specialists” commenced operations in Tseung Kwan O.
2013	Poly Dental, our flagship dental centre commenced operations in Jordan.
2014	Operated under our brand name “Polyhealth Specialists”, our “Polyhealth Orthopaedic & Sports Medicine Centre” and our “Polyhealth Physiotherapy & Rehabilitation Centre” commenced operations in Jordan.
2014	We acquired a controlling interest in Perfect Life.
2014	Our network of medical centres covers all 18 districts in Hong Kong.
2014	We extended our foothold in the PRC through the establishment of Yingjian Qiye.
2015	We entered into joint venture agreement with Ping An Health and established Pingan Yingjian in the PRC.
2015	The acquisitions of three dental companies Good Standard, Laserdentics and Seto & Wan were completed.

CORPORATE DEVELOPMENT

As at the Latest Practicable Date, our Group had a number of subsidiaries in Hong Kong, the PRC and the BVI, and a joint venture in the PRC to carry out our businesses. Several members of our Group were restructured during the Track Record Period to facilitate and streamline the operations of our Group. Details of our major operating subsidiaries and joint venture are set out below:

Operating subsidiaries incorporated in Hong Kong

1. Actmax

Actmax was incorporated in Hong Kong on 8 September 2000 as a limited company with an issued share capital of HK\$2.00 divided into two shares of HK\$1.00 each, of which one share was held by each of Human Health (H.K.) and Mr. Chan, who held the one share on trust for Human Health (H.K.).

On 1 July 2010, Human Health (H.K.) transferred its two shares in Actmax to Novel Champion at the consideration of HK\$2.00, of which one share was held by Mr. Chan on trust for Novel Champion.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 24 June 2015, Mr. Chan transferred his one share in Actmax to Novel Champion for the purpose of the Reorganisation.

Actmax is primarily engaged in the operation and management of medical centres providing general practice services.

2. Actwise

Actwise was incorporated in Hong Kong on 3 September 2008 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was held by Mr. Chan.

On 1 July 2010, Mr. Chan transferred his one share in Actwise to Novel Wiser at the consideration of one share in Novel Wiser at par value of US\$1.00 per share for the purpose of group restructuring.

Actwise was primarily engaged in the operation and management of medical centres which provide general practice services until June 2014.

3. A-Link

A-Link was incorporated in Hong Kong on 8 May 2000 as a limited company with an issued share capital of HK\$2.00 divided into two shares of HK\$1.00 each, of which one share was held by each of Max Health Global and Mr. Chan, who held the one share on trust for Max Health Global.

On 1 July 2014, Max Health Global transferred its two shares in A-Link to Human Health International (BVI) at a consideration of HK\$2.00 for the purpose of group restructuring. Since then, A-Link became a wholly-owned subsidiary of Human Health International (BVI).

A-Link is primarily engaged in managing tenancy agreements of our Group.

4. Be Health

Be Health was incorporated in Hong Kong on 29 July 2009 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 100 shares were held by Mr. Chan.

On 15 October 2009, Dr. Chan Wai Hong and Dr. Hui acquired eight and six shares, respectively, from Mr. Chan at the respective consideration of HK\$80,000 and HK\$60,000 with a view to investing into the business for profits. On the same day, Be Health allotted 86 new ordinary shares, eight new ordinary shares and six new ordinary shares, at a share price of HK\$4,300,000, HK\$400,000 and HK\$300,000, to Mr. Chan, Dr. Chan Wai Hong and Dr. Hui, respectively.

On 1 July 2010, Mr. Chan, Dr. Chan Wai Hong and Dr. Hui respectively transferred their 172 shares, 16 shares and 12 shares in Be Health to Novel Leader at the respective consideration of 172 shares in Novel Leader at par value of US\$1.00 per share, 16 shares in Novel Leader at par value of US\$1.00 per share and 12 shares in Novel Leader at par value of US\$1.00 per share, as a result of which the entire issued share capital of Be Health was wholly-owned by Novel Leader.

Be Health is primarily engaged in the operation and management of medical centres which provide specialties services.

5. Good Standard

Good Standard was incorporated in Hong Kong on 13 August 1999 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 9,999 shares were held by Dr. Lau Wai Man and one share was held by Ho Nga Ling.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 28 May 2015, Ho Nga Ling transferred her one share to Dr. Lau Wai Man at a consideration of HK\$1.00 per share. On 29 June 2015, Rank Best acquired 10,000 shares in Good Standard from Dr. Lau Wai Man at a consideration of HK\$10,800,000. As a result, Good Standard was directly and wholly-owned by Rank Best.

Good Standard is primarily engaged in the operation and management of medical centres which provide dental services.

6. Healthvision

Healthvision was incorporated in Hong Kong on 28 November 2005 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was held by Mr. Chan.

On 1 July 2014, Mr. Chan transferred his one share in Healthvision to Human Health International (BVI) at a consideration of HK\$1.00 for the purpose of group restructuring.

Healthvision is primarily engaged in the organisation of medical promotional programmes and marketing with not-for-profit organisations and corporate clients.

7. Human Health

Human Health was incorporated in Hong Kong on 11 September 2002 as a limited company with an issued share capital of HK\$2.00 divided into two shares of HK\$1.00 each, of which one share was held by each of Mr. Chan and Dr. Pang.

On 1 July 2014, each of Mr. Chan and Dr. Pang transferred their respective one share in Human Health to Human Health International (BVI) at the consideration of HK\$1.00 per share for the purpose of group restructuring, as a result of which the entire issued share capital of Human Health was wholly-owned by Human Health International (BVI).

Human Health owns a number of our Group's trademarks as detailed under the section headed "Statutory and General Information — B. Further information about our business — 2. Intellectual Property of our Group" in Appendix IV to this prospectus and is primarily engaged in the management of trademarks used by our Group.

8. Human Health Associate

Human Health Associate was incorporated in Hong Kong on 11 May 2001 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was held by each of Mr. Chan and Dr. Pang.

On 1 July 2010, each of Mr. Chan and Dr. Pang transferred their respective one share in Human Health Associate to Novel Wiser at the consideration of HK\$1.00 per share for the purpose of group restructuring, as a result of which the entire issued share capital of Human Health Associate was wholly-owned by Novel Wiser.

Human Health Associate is primarily engaged in the operation and management of medical centres providing general practice services.

9. Human Health (Greater China)

Human Health (Greater China) was incorporated in Hong Kong on 24 September 2014 as a limited company with issued capital of HK\$2.00 divided into two shares of HK\$1.00 each, of which two shares were held by Solid Success. As at the Latest Practicable Date, Human Health (Greater China) was the holding company of Yingjian Qiye.

HISTORY, REORGANISATION AND GROUP STRUCTURE

10. Human Health (H.K.)

Human Health (H.K.) was incorporated in Hong Kong on 5 July 2000 as a limited company with an issued share capital of HK\$2.00 divided into two shares of HK\$1.00 each, of which one share was held by each of Max Health Global and Mr. Chan, who held the one share on trust for Max Health Global.

On 1 July 2014, Max Health Global transferred its two shares in Human Health (H.K.) to Human Health International (BVI) at a consideration of HK\$2.00 for the purpose of group restructuring, as a result of which the entire issued share capital of Human Health (H.K.) was wholly-owned by Human Health International (BVI).

Human Health (H.K.) is primarily engaged in the provision of office administration services to our Group.

11. Human Health Medical Network

Human Health Medical Network was incorporated in Hong Kong on 26 March 2013 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was held by Mr. Poon.

On 10 June 2015, Novel Wiser acquired one share in Human Health Medical Network from Mr. Poon at a consideration of HK\$1.00, as a result of which the entire issued share capital of Human Health Medical Network was wholly-owned by Novel Wiser.

Human Health Medical Network is primarily engaged in management global insurance contracts and arrangement of patient appointment for medical centres of our Group.

12. Human Health Medical Services

Human Health Medical Services incorporated in Hong Kong on 16 June 2003 as a limited company with an issued share capital of HK\$2.00 divided into two shares of HK\$1.00 each, of which one share was held by each of Max Health Global and Mr. Chan, who held the one share on trust for Max Health Global.

On 1 July 2014, Max Health Global transferred its two shares in Human Health Medical Services to Human Health International (BVI) at a consideration of HK\$2.00 for each share for the purpose of group restructuring, as a result of which the entire issued share capital of Human Health Medical Services was wholly-owned by Human Health International (BVI).

Human Health Medical Services is primarily engaged in the management of Cooperation Agreements with general practitioners.

13. Laserdentics

Laserdentics was incorporated in Hong Kong on 22 August 2007 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was held by Dr. Seto.

On 29 June 2015, Rank Best acquired one share in Laserdentics from Dr. Seto at a consideration of HK\$12,000,000. As a result, Laserdentics was directly and wholly-owned by Rank Best.

Laserdentics is primarily engaged in the operation and management of medical centres which provide dental services.

HISTORY, REORGANISATION AND GROUP STRUCTURE

14. Perfect Life

Perfect Life was incorporated in Hong Kong on 20 June 2001 as a limited company with an issued share capital of HK\$1,800 divided into 1,800 shares of HK\$1.00 each, of which 918 shares, 216 shares, and 666 shares were held by Dr. Choi, Lee Suk Yee and UMP Medical Centre Limited, respectively.

On 20 November 2014, Dr. Choi as the vendor and Novel Wiser as the purchaser entered into an agreement for sale and purchase of shares, pursuant to which Dr. Choi agreed to sell and procure the transfer of, and Novel Wiser agreed to acquire 60% shareholding interest in Perfect Life at a consideration of HK\$18,600,000, which was determined based on arm's length negotiation. The acquisition was duly completed and consideration was settled on the same date and such transfer of shares was recorded on the register of members of Perfect Life on 9 January 2015. Dr. Choi, Lee Suk Yee and UMP Medical Centre Limited were Independent Third Parties to our Group prior to the said acquisition by Novel Wiser.

On 29 June 2015, Dr. Choi transferred his 720 shares, representing the remaining 40% shareholding interest in Perfect Life to Novel Wiser and Mr. Chan, who held the 360 shares on trust for Novel Wiser at a consideration of HK\$16,080,000 for the purpose of the Reorganisation. On 19 August 2015, Mr. Chan transferred his 360 shares in Perfect Life to Novel Wiser, as a result of which the entire issued share capital of Perfect Life was wholly-owned by Novel Wiser.

Perfect Life is primarily engaged in the provision of general practice services and specialties services.

15. Poly Dental

Poly Dental was incorporated in Hong Kong on 23 May 2006 as a limited company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share, 50 shares and 49 shares were held by Human Health (H.K.), Mr. Chan and Power Castle Enterprises Limited, respectively.

On 31 January 2008, Human Health (H.K.) transferred its one share to Mr. Chan at a consideration of HK\$1.00.

On 1 November 2013, Power Castle Enterprises Limited transferred its 17 shares, 16 shares and 16 shares in Poly Dental to Mr. Chan, Dr. Seto and Dr. Lau Wai Man, respectively at the respective consideration of HK\$17.00, HK\$16.00 and HK\$16.00 for the purpose of group restructuring. Further, by way of a deed of assignment of book debts and in consideration of the sum of HK\$1,020,000, HK\$960,000 and HK\$960,000 paid by Mr. Chan, Dr. Seto and Dr. Lau Wai Man, respectively to Power Castle Enterprises Limited, Power Castle Enterprises Limited transferred and assigned, with the consent of Poly Dental and in the proportion of consideration, to Mr. Chan, Dr. Seto and Dr. Lau Wai Man absolutely all title rights and interests in and to the book debts of HK\$2,940,000 that were due and owing by Poly Dental to Power Castle Enterprises Limited with effect from 1 November 2013.

On 1 April 2015, Mr. Chan transferred his 68 shares in Poly Dental to Rank Best at a consideration of HK\$68.00 for the purpose of the Reorganisation.

On 29 June 2015, each of Dr. Seto and Dr. Lau Wai Man transferred their 16 shares in Poly Dental to Rank Best at a consideration of HK\$960,000 for the purpose of the Reorganisation.

Poly Dental is primarily engaged in the operations and management of medical centres which provide dental services.

16. Seto & Wan

Seto & Wan was incorporated in Hong Kong on 22 September 1999 as a limited company with an issued share capital of HK\$2.00 divided into two shares of HK\$1.00 each, of which one share was held by Dr. Seto and one share was held by Dr. Wan.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 29 June 2015, Rank Best acquired one share in Seto & Wan from each of Dr. Seto and Dr. Wan at a consideration of HK\$4,000,000 and HK\$4,000,000, respectively and Mr. Chan held one share on trust for Rank Best.

On 9 September 2015, Mr. Chan transferred his one share in Seto & Wan to Rank Best, as a result of which the entire issued share capital of Seto & Wan was wholly-owned by Rank Best.

Seto & Wan is primarily engaged in the operation and management of medical centres which provide dental services.

Subsidiaries incorporated in the BVI

1. Human Health International (BVI)

Human Health International (BVI) was incorporated in the BVI on 2 June 2011 as a limited company, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00, of which one share of US\$1.00 each was allotted and issued to each of Mr. Chan and Dr. Pang.

As part of the Reorganisation, on 29 June 2015, each of Mr. Chan and Dr. Pang transferred their one share in Human Health International (BVI) to our Company in consideration of our Company's allotment and issue of 245,587,999 Shares all credited as fully paid, to Treasure Group at the direction of Mr. Chan and Dr. Pang, as a result of which the entire issued share capital of Human Health International (BVI) was wholly-owned by our Company.

As at the Latest Practicable Date, Human Health International (BVI) was our intermediate holding company.

2. Novel Champion

Novel Champion was incorporated in the BVI on 26 May 2010 as a limited company, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00, of which 90 shares of US\$1.00 each, 90 shares of US\$1.00 each, 10 shares of US\$1.00 each and 10 shares of US\$1.00 each were issued and allotted to Mr. Chan, Dr. Pang, Dr. Lau Wai Hong and Dr. Chu, respectively.

On 1 July 2014, each of Mr. Chan and Dr. Pang transferred their 90 shares in Novel Champion to Human Health International (BVI) at the respective consideration of US\$90.00 for the purpose of group restructuring.

As part of the Reorganisation, on 29 June 2015, each of Dr. Lau Wai Hong and Dr. Chu transferred their 10 shares in Novel Champion to Human Health International (BVI) in consideration of our Company's allotment and issue of 2,514,000 Shares all credited as fully paid, to Dr. Lau Wai Hong and Dr. Chu, respectively, as a result of which the entire issued share capital of Novel Champion was wholly-owned by Human Health International (BVI). As at the Latest Practicable Date, Novel Champion was the holding company of Actmax.

3. Novel Leader

Novel Leader was incorporated in the BVI on 26 May 2010 as a limited company, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00 of which 172 shares of US\$1.00 each, 16 shares of US\$1.00 each and 12 shares of US\$1.00 each were issued and allotted to Mr. Chan, Dr. Chan Wai Hong and Dr. Hui, respectively.

On 15 July 2010, 56 shares of US\$1.00 each, 8 shares of US\$1.00 each, 6 shares of US\$1.00 each, 15 shares of US\$1.00 each and 15 shares of US\$1.00 each were issued and allotted to Mr. Chan, Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen and Dr. Chan Tat Ming, respectively.

On 1 July 2014, Mr. Chan transferred his 228 shares in Novel Leader to Human Health International (BVI) at a consideration of US\$228.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 20 November 2014, 14,700 shares were allotted and issued as fully paid at fair value to Human Health International (BVI) for 10,944 shares, Dr. Chan Wai Hong for 1,152 shares, Dr. Hui for 864 shares, Dr. Yuen for 720 shares, Dr. Chan Tat Ming for 720 shares and Dr. Sun for 300 shares, as a result of which the entire issued share capital of Novel Leader was owned by Human Health International (BVI) for 74.48%, Dr. Chan Wai Hong for 7.84%, Dr. Hui for 5.88%, Dr. Yuen for 4.9%, Dr. Chan Tat Ming for 4.9% and Dr. Sun for 2.0%.

On 29 June 2015, Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming and Dr. Sun respectively transferred 1,176 shares, 882 shares, 735 shares, 735 shares and 300 shares in Novel Leader to Human Health International (BVI) in consideration of our Company's allotment and issue of 1,568,000 Shares, 1,176,000 Shares, 980,000 Shares, 980,000 Shares and 400,000 Shares, all credited as fully paid, to Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming and Dr. Sun, respectively, as a result of which the entire issued share capital of Novel Leader was wholly-owned by Human Health International (BVI). As at the Latest Practicable Date, Novel Leader was the holding company of Be Health.

4. Novel Wiser

Novel Wiser was incorporated in the BVI on 26 May 2010 as a limited company, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00 of which one share of US\$1.00 each was issued and allotted to each of Mr. Chan and Dr. Pang.

On 1 July 2014, each of Mr. Chan and Dr. Pang transferred their one share in Novel Wiser to Human Health International (BVI) at a consideration of US\$1.00 for each share for the purpose of group restructuring, as a result of which the entire issued share capital of Novel Wiser was wholly-owned by Human Health International (BVI). As at the Latest Practicable Date, Novel Wiser was the holding company of Actwise, Human Health Associate, Perfect Life and Human Health Medical Network.

5. Rank Best

Rank Best was incorporated in the BVI on 20 November 2012 as a limited company, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00 of which one share of US\$1.00 each was issued and allotted to Mr. Chan.

As part of the Reorganisation, on 1 April 2015, Mr. Chan transferred his one share in Rank Best to Human Health International (BVI) at a consideration of US\$1.00 per share, as a result of which the entire issued share capital of Rank Best was wholly-owned by Human Health International (BVI). As at the Latest Practicable Date, Rank Best was the holding company of Poly Dental, Good Standard, Laserdentics and Seto & Wan.

6. Solid Success

Solid Success was incorporated in the BVI on 28 May 2014 as a limited company, authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00, of which two shares of US\$1.00 each were issued and allotted to Human Health International (BVI). As at the Latest Practicable Date, Solid Success was the holding company of Human Health (Greater China).

Subsidiary and joint venture incorporated in the PRC

1. Yingjian Qiye

Yingjian Qiye was incorporated in the PRC on 19 December 2014 as a wholly foreign-owned enterprise by Human Health (Greater China) with registered capital of RMB18,000,000. On 30 March 2015, the registered capital of Yingjian Qiye was amended to HK\$22,500,000.

Yingjian Qiye is primarily engaged in the provision of corporate management consultation services, investment consultancy and management business information consultation and storage services in the PRC.

HISTORY, REORGANISATION AND GROUP STRUCTURE

2. Pingan Yingjian

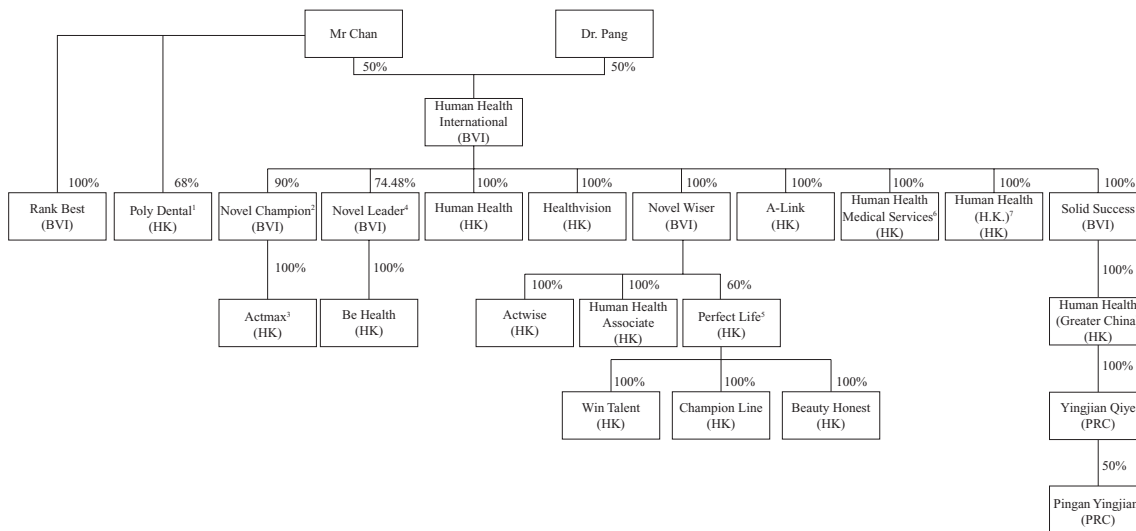
Pingan Yingjian was incorporated in the PRC on 24 April 2015 as a joint venture with registered capital of RMB35,000,000. The capital contribution shall have to be made by the respective parties within one year of establishment of Pingan Yingjian.

Pingan Yingjian is primarily engaged in the provision of healthcare advisory services, corporate management services, business consultancy, investment management, sales of types 1 and 2 medical devices in the PRC.

REORGANISATION

Shareholding and corporate structure of our Group before Reorganisation

The following chart sets out the shareholding and corporate structure of our Group immediately before the implementation of the Reorganisation:



Notes:

- (1) Poly Dental was owned as to 68% by Mr. Chan, 16% by Dr. Lau Wai Man and 16% by Dr. Seto immediately before the Reorganisation.
- (2) Novel Champion was owned as to 90% by Human Health International (BVI), 5% by Dr. Lau Wai Hong and 5% by Dr. Chu immediately before the Reorganisation.
- (3) Actmax was directly held by Mr. Chan as to 50% on trust for Novel Champion immediately before the Reorganisation.
- (4) Novel Leader was owned as to 74.48% by Human Health International (BVI), 7.84% by Dr. Chan Wai Hong, 5.88% by Dr. Hui, 4.9% by Dr. Yuen, 4.9% by Dr. Chan Tat Ming and 2% by Dr. Sun immediately before the Reorganisation.
- (5) Perfect Life was owned as to 60% by Novel Wiser and 40% as to Dr. Choi immediately before the Reorganisation.
- (6) Human Health Medical Services was directly held by Mr. Chan as to 50% on trust for Max Health Global immediately before the Reorganisation.
- (7) Human Health (H.K.) was directly held by Mr. Chan as to 50% on trust for Max Health Global immediately before the Reorganisation.
- (8) Pingan Yingjian is the joint venture established by our Group and Ping An Health for the purpose of providing medical services in the PRC. Pingan Yingjian was owned as to 50% by Yingjian Qiye and 50% by Ping An Health upon formation.

In preparation for the Global Offering, we carried out a series of restructuring and acquisitions steps for the purpose of establishing and streamlining our corporate structure for the Listing and to facilitate our growth and

HISTORY, REORGANISATION AND GROUP STRUCTURE

expansion strategy. The Reorganisation and New Acquisitions were completed on 29 June 2015. The principal steps involved in the Reorganisation and New Acquisitions are summarised below:

Transfer of the entire shareholding interest in Rank Best from Mr. Chan to Human Health International (BVI)

Pursuant to an instrument of transfer and bought and sold notes dated 1 April 2015, Mr. Chan transferred one share in Rank Best to Human Health International (BVI) at a cash consideration of US\$1.00, which was determined with reference to its par value. The transfer was fully, properly and legally settled and completed on 1 April 2015. Upon the completion of such transfer, Rank Best became directly and wholly-owned by Human Health International (BVI).

Transfer of 68% shareholding interest in Poly Dental from Mr. Chan to Rank Best

Pursuant to an instrument of transfer and bought and sold notes dated 1 April 2015, Mr. Chan transferred 68 shares in Poly Dental to Rank Best at a cash consideration of HK\$68.00, which was determined with reference to its par value. The transfer was fully, properly and legally settled and completed on 1 April 2015. Upon the completion of such transfer, Poly Dental became directly owned as to 68% by Rank Best, 16% by Dr. Lau Wai Man and 16% by Dr. Seto.

Setting up of Treasure Group by Mr. Chan and Dr. Pang

Treasure Group was incorporated in the BVI on 11 March 2015 and is authorised to issue 50,000 shares of a single class each with a par value of US\$1.00. On 26 March 2015, one share in Treasure Group was issued and allotted to each of Mr. Chan and Dr. Pang at a consideration of US\$1.00 and US\$1.00, respectively.

Setting up of our Company

Our Company was incorporated in Cayman Islands on 9 June 2015 with an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. On 9 June 2015, one subscriber Share with a par value of HK\$0.01 was allotted, issued and credited as fully paid to Sharon Pierson and transferred on the same day to Treasure Group at a cash consideration of HK\$0.01. Accordingly, our Company became directly and wholly-owned by Treasure Group.

Deregistration of Beauty Honest

Beauty Honest, Champion Line and Win Talent are subsidiaries acquired from the acquisition of Perfect Life. To simplify group structure, these companies have been deregistered or were in the process of deregistration. The deregistration of Beauty Honest was completed on 22 May 2015. Accordingly, Beauty Honest will not form part of our Group upon Listing.

Transfer of 50% of the legal interest in Actmax from Mr. Chan to Novel Champion

Immediately before the Reorganisation, Actmax was directly held by Mr. Chan as to 50% on trust for Novel Champion. Pursuant to an instrument of transfer dated 24 June 2015, Mr. Chan transferred one share, representing 50% of the legal interest in Actmax to Novel Champion at a consideration of nil dollar. The transfer was fully, properly and legally settled and completed on 24 June 2015. Upon the completion of such transfer, Actmax became legally, directly and wholly-owned by Novel Champion.

Transfer of the entire shareholding interest in Human Health International (BVI) from Mr. Chan and Dr. Pang to our Company

Human Health International (BVI) was the holding company of substantially all the businesses and operations of our Group immediately before the Reorganisation. Pursuant to a share swap agreement dated

HISTORY, REORGANISATION AND GROUP STRUCTURE

29 June 2015, Mr. Chan and Dr. Pang transferred one share and one share, respectively, in Human Health International (BVI) to our Company. In exchange, our Company allotted and issued 245,587,999 Shares, all credited as fully paid, to Treasure Group. The transfer was fully, properly and legally settled and completed on 29 June 2015. Upon the completion of such transfer, Human Health International (BVI) became directly and wholly-owned by our Company.

Acquisition of the remaining 25.52% shareholding interest in Novel Leader

Pursuant to a share swap agreement dated 29 June 2015, Human Health International (BVI) acquired 1,176 shares, 882 shares, 735 shares, 735 shares and 300 shares in Novel Leader from Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming and Dr. Sun, respectively, representing the remaining 25.52% shareholding interests in Novel Leader. In exchange, our Company allotted and issued 1,568,000 Shares, 1,176,000 Shares, 980,000 Shares, 980,000 Shares and 400,000 Shares, all credited as fully paid, to Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming and Dr. Sun, respectively. The number of Shares allotted and issued to each of Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming and Dr. Sun was determined based on arm's length negotiation and all of them are Independent Third Parties. The acquisitions were fully, properly and legally settled and completed on 29 June 2015.

Accordingly, Novel Leader became directly and wholly-owned by Human Health International (BVI).

Acquisition of the remaining 10% shareholding interest in Novel Champion

Pursuant to a share swap agreement dated 29 June 2015, Human Health International (BVI) acquired 10 shares and 10 shares in Novel Champion from Dr. Lau Wai Hong and Dr. Chu, respectively, representing the remaining 10% shareholding interests in Novel Champion. In exchange, our Company allotted and issued 2,514,000 Shares and 2,514,000 Shares, all credited as fully paid, to Dr. Lau Wai Hong and Dr. Chu, respectively. The number of Shares allotted and issued to each of Dr. Lau Wai Hong and Dr. Chu was determined based on arm's length negotiation. The acquisitions were fully, properly and legally settled and completed on 29 June 2015.

Accordingly, Novel Champion became directly and wholly-owned by Human Health International (BVI).

Acquisition of the remaining 40% shareholding interest in Perfect Life

Pursuant to a share swap agreement dated 29 June 2015, Novel Wiser acquired 720 shares in Perfect Life from Dr. Choi, representing the remaining 40% shareholding interests in Perfect Life, 360 shares of which was held on trust by Mr. Chan for Novel Wiser. In exchange, our Company allotted and issued 5,360,000 Shares, all credited as fully paid, to Dr. Choi. The number of Shares allotted and issued to Dr. Choi was determined based on arm's length negotiation. The acquisition was fully, properly and legally settled and completed on 29 June 2015.

Accordingly, Perfect Life became directly held by Mr. Chan as to 20% on trust for Novel Wiser and directly owned as to 80% by Novel Wiser.

Pursuant to an instrument of transfer dated 19 August 2015, Mr. Chan transferred 360 shares, representing 20% of the legal interest in Perfect Life to Novel Wiser at a consideration of nil dollar. The transfer was fully, properly and legally settled and completed on 19 August 2015. Upon the completion of such transfer, Perfect Life became legally, directly and wholly-owned by Novel Wiser.

Acquisition of the remaining 32% shareholding interest in Poly Dental

Pursuant to a share swap agreement dated 29 June 2015, Rank Best acquired 16 shares and 16 shares in Poly Dental from Dr. Lau Wai Man and Dr. Seto, respectively, representing the remaining 32% shareholding interests in Poly Dental. In exchange, our Company allotted and issued 160,000 Shares and 160,000 Shares, all credited as

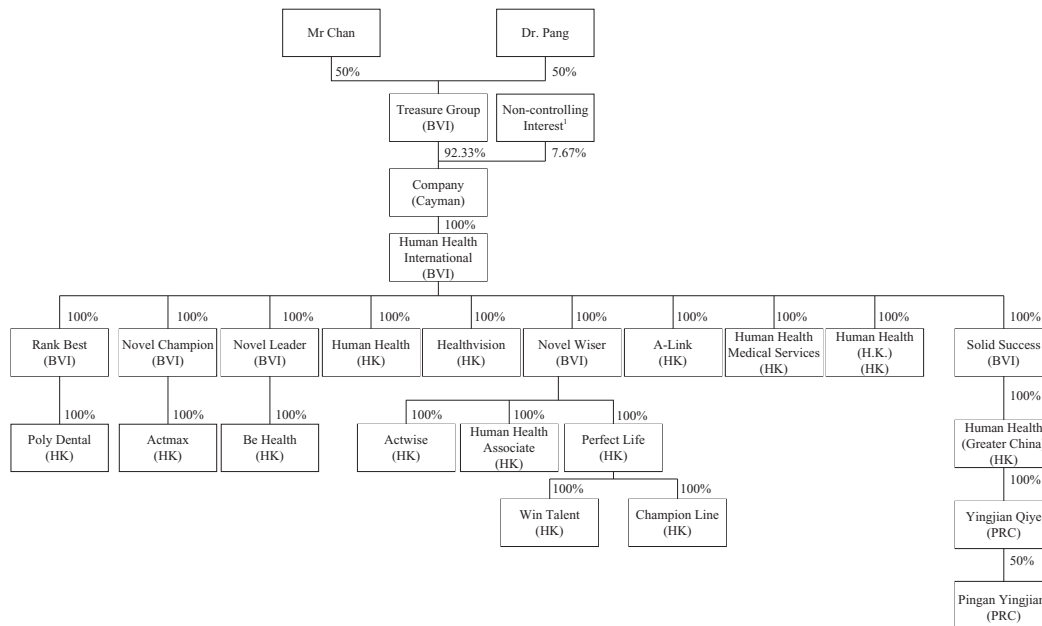
HISTORY, REORGANISATION AND GROUP STRUCTURE

fully paid, to Dr. Lau Wai Man and Dr. Seto, respectively. The number of Shares allotted and issued to each of Dr. Lau Wai Man and Dr. Seto was determined based on arm's length negotiation. The acquisitions were fully, properly and legally settled and completed on 29 June 2015.

Accordingly, Poly Dental became directly and wholly-owned by Rank Best.

Shareholding Structure Immediately after Completion of Reorganisation but before New Acquisitions and Global Offering

The following chart sets forth our corporate structure after completion of Reorganisation but before New Acquisitions and Global Offering:



Notes:

- (1) Non-controlling interest comprises 1,568,000, 1,176,000, 980,000, 980,000, 400,000, 2,514,000, 2,514,000, 5,360,000, 1,960,000, 2,560,000 and 400,000 Shares held by Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming, Dr. Sun, Dr. Lau Wai Hong, Dr. Chu, Dr. Choi, Dr. Lau Wai Man, Dr. Seto and Dr. Wan, respectively.
- (2) Pingan Yingjian is the joint venture established by our Group and Ping An Health for the purpose of providing medical services in the PRC. Pingan Yingjian was owned as to 50% by Yingjian Qiye and 50% by Ping An Health following the completion of Reorganisation but before New Acquisitions and Global Offering.

NEW ACQUISITIONS

Acquisition of the entire legal interest in Human Health Medical Network from Mr. Poon by Novel Wisier

Immediately before the Reorganisation and New Acquisitions, Human Health Medical Network was directly and wholly held by Mr. Poon, our executive Director and a nephew of Mr. Chan and Dr. Pang. Pursuant to an instrument of transfer and bought and sold notes dated 10 June 2015, Mr. Poon transferred one share, representing the entire legal interest in Human Health Medical Network to Novel Wisier at a cash consideration of HK\$1.00, which was determined with reference to its par value. The transfer was fully, properly and legally settled and completed on 10 June 2015. Upon the completion of such transfer, Human Health Medical Network became legally, directly and wholly-owned by Novel Wisier.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Acquisition of the entire shareholding interest in Good Standard

Pursuant to a sale and purchase agreement dated 29 June 2015, Rank Best acquired 10,000 shares in Good Standard from Dr. Lau Wai Man, a minority Shareholder of our Company and a dentist under contract with Poly Dental, representing the entire shareholding interests in Good Standard. In exchange, Rank Best (or another payer designated by Rank Best) paid HK\$5,400,000 in cash to Dr. Lau Wai Man and our Company allotted and issued 1,800,000 Shares, all credited as fully paid, to Dr. Lau Wai Man. The consideration paid to Dr. Lau Wai Man was determined based on arm's length negotiation. The acquisition was fully, properly and legally settled and completed on 29 June 2015.

Accordingly, Good Standard became directly and wholly-owned by Rank Best.

Acquisition of the entire shareholding interest in Laserdontics

Pursuant to a sale and purchase agreement dated 29 June 2015, Rank Best acquired one share in Laserdontics from Dr. Seto, a minority Shareholder of our Company and a dentist under contract with Poly Dental, representing the entire shareholding interests in Laserdontics. In exchange, Rank Best (or another payer designated by Rank Best) paid HK\$6,000,000 in cash to Dr. Seto and our Company allotted and issued 2,000,000 Shares, all credited as fully paid, to Dr. Seto. The consideration paid to Dr. Seto was determined based on arm's length negotiation. The acquisition was fully, properly and legally settled and completed on 29 June 2015.

Accordingly, Laserdontics became directly and wholly-owned by Rank Best.

Acquisition of the entire shareholding interest in Seto & Wan

Pursuant to a sale and purchase agreement dated 29 June 2015, Rank Best acquired one share and one share in Seto & Wan from Dr. Seto and Dr. Wan, respectively, representing the entire shareholding interests in Seto & Wan. In exchange, Rank Best (or another payer designated by Rank Best) paid HK\$2,800,000 in cash and HK\$2,800,000 in cash to Dr. Seto and Dr. Wan, respectively, and our Company allotted and issued 400,000 Shares and 400,000 Shares, all credited as fully paid, to Dr. Seto and Dr. Wan, respectively. The consideration paid to Dr. Seto and Dr. Wan were determined based on arm's length negotiation. The acquisitions were fully, properly and legally settled and completed on 29 June 2015.

Accordingly, Seto & Wan became directly held by Mr. Chan as to 50% on trust for Rank Best and directly owned as to 50% by Rank Best.

Pursuant to an instrument of transfer dated 9 September 2015, Mr. Chan transferred one share, representing 50% of the legal interest in Seto & Wan to Rank Best at nil consideration. The transfer was fully, properly and legally settled and completed on 9 September 2015. Upon the completion of such transfer, Seto & Wan became legally, directly and wholly-owned by Rank Best.

Each of the New Acquisitions is not considered to be a major transaction and therefore the relevant pre-acquisition financial information is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

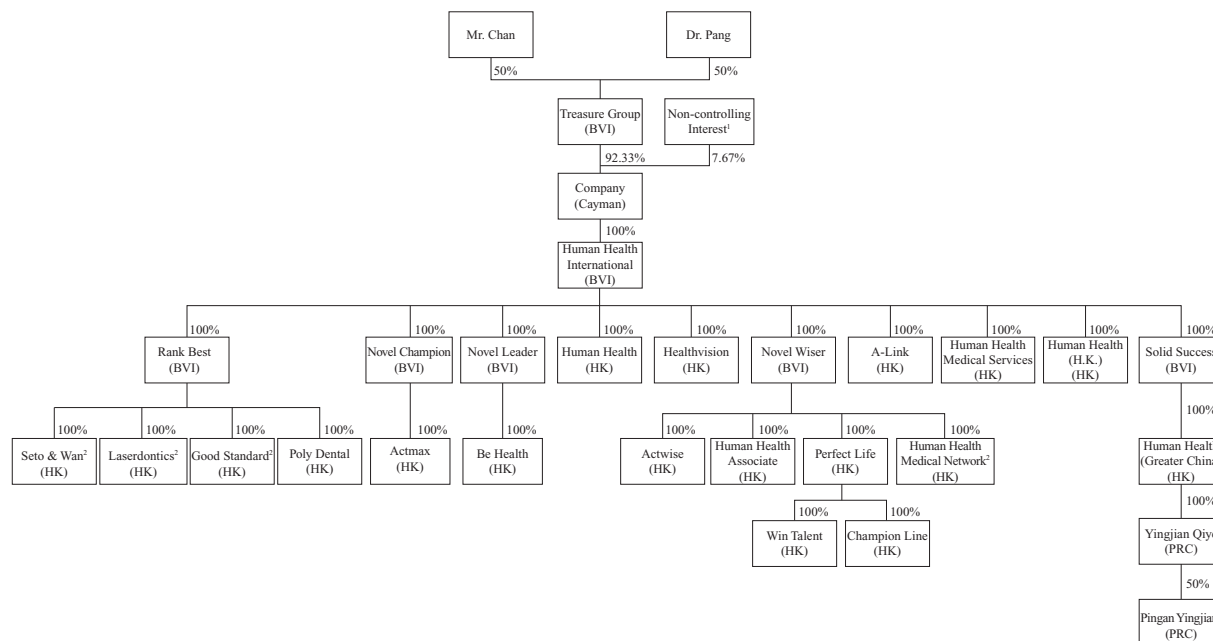
HISTORY, REORGANISATION AND GROUP STRUCTURE

Upon completion of the Reorganisation and New Acquisitions, our Company became directly owned by the following Shareholders:

<u>Shareholders of our Company</u>	<u>Shareholding (%)</u>
Treasure Group	92.3263
Dr. Lau Wai Man	0.7368
Dr. Seto	0.9624
Dr. Lau Wai Hong	0.9451
Dr. Chu	0.9451
Dr. Choi	2.0150
Dr. Chan Tat Ming	0.3684
Dr. Yuen	0.3684
Dr. Hui	0.4421
Dr. Chan Wai Hong	0.5895
Dr. Sun	0.1504
Dr. Wan	0.1504

Shareholding Structure Immediately after Completion of Reorganisation and New Acquisitions but before Global Offering

The following chart sets forth our corporate structure immediately after completion of Reorganisation and New Acquisitions but before Global Offering:



Notes:

- (1) Non-controlling interest comprises 1,568,000, 1,176,000, 980,000, 980,000, 400,000, 2,514,000, 2,514,000, 5,360,000, 1,960,000, 2,560,000 and 400,000 Shares held by Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming, Dr. Sun, Dr. Lau Wai Hong, Dr. Chu, Dr. Choi, Dr. Lau Wai Man, Dr. Seto and Dr. Wan, respectively.
- (2) Human Health Medical Network, Seto & Wan, Laserdentics and Good Standard were acquired in June 2015.
- (3) Pingan Yingjian is the joint venture established by our Group and Ping An Health for the purpose of providing medical services in the PRC. Pingan Yingjian was owned as to 50% by Yingjian Qiye and 50% by Ping An Health following completion of the Reorganisation and New Acquisitions but before Global Offering.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Deregistration of Win Talent and Champion Line

To simplify group structure, applications for deregistration for Win Talent and Champion Line have been submitted on 9 October 2015.

Other business owned by our Controlling Shareholders

As our Group focuses on providing general practice, specialties and dental services, certain businesses conducted or owned by our Controlling Shareholders not related to our principal business were not included in our Group. For details, please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus.

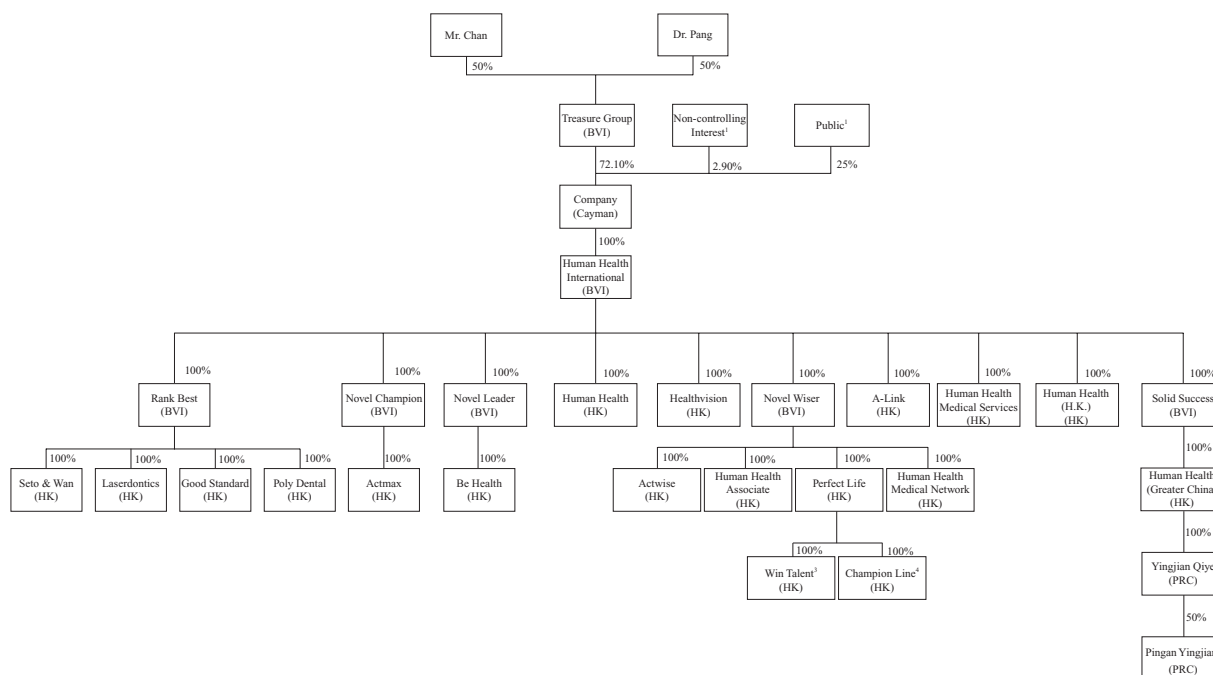
CAPITALISATION ISSUE AND GLOBAL OFFERING

Conditional upon the grant of the approval for the Listing of and permission to deal in the Shares, 76,680,000 Shares will be initially offered pursuant to the Global Offering, representing approximately 21.91% of the entire enlarged issued share capital of our Company.

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, an amount of HK\$73,200 standing to the credit of the share premium account of our Company will be capitalised by applying such sum towards paying up in full at par a total of 7,320,000 Shares for allotment and issue to the then existing shareholders of our Company in proportion to their then existing shareholdings in our Company.

Shareholding Structure Immediately after Completion of Global Offering

The following chart sets forth our corporate structure immediately after the completion of Global Offering, assuming no exercise of the Over-allotment Option:



Notes:

- (1) Non-controlling interest representing 2.90% comprises 2,013,937, 2,630,448 and 5,507,501 Shares held by Dr. Lau Wai Man, Dr. Seto and Dr. Choi, respectively. 1,611,149, 1,208,362, 1,006,968, 1,006,968, 411,008, 2,583,182, 2,583,182, and 411,008 Shares held by Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming, Dr. Sun, Dr. Lau Wai Hong, Dr. Chu and Dr. Wan, respectively represent 3.09% of Shares are treated as being held in the public hands.
- (2) Pingan Yingjian is the joint venture established by our Group and Ping An Health for the purpose of providing medical services in the PRC. Pingan Yingjian was owned as to 50% by Yingjian Qiye and 50% by Ping An Health immediately following completion of Global Offering.

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (3) Application for deregistration of Win Talent has been submitted on 9 October 2015.
- (4) Application for deregistration of Champion Line has been submitted on 9 October 2015.

COOPERATION AGREEMENTS

Prior to 1 September 2015, our Group operated our medical centres to provide healthcare services either:

- (i) through entering into service agreements to procure the general practice, specialties and dental services provided by general practitioners, specialists and dentists who are independent contractors that carry on their practice on their own account (“**Category (i) Practitioners**”); or
- (ii) through entering into service agreements to engage service companies which procure and provide the general practice, specialties and dental services of general practitioners, specialists and dentists in the medical centres operated by us (“**Category (ii) Practitioners**”); or
- (iii) through direct employment of general practitioners and specialists (“**Category (iii) Practitioners**”); or
- (iv) through procuring the general practice, specialties and dental services provided by general practitioners, specialists and dentists who are independent contractors that carry on their practice on their own account by way of service notice (“**Category (iv) Practitioners**”).

Our Group entered into different arrangements with the aforementioned four categories of practitioners as our Group had historically allowed such flexibility to cater for the different situations of the practitioners as well as inherited other form of arrangement due to acquisition of Perfect Life, and the reasons of which are set out below:

- for Category (i) Practitioners, they provided the general practice, specialties and dental services (as the case may be) at the medical centres operated by us on an exclusive basis and would prefer engaging with us directly as independent contractors for entering into and as a party to the service agreements with us;
- for Category (ii) Practitioners, they provided the general practice, specialties and dental services (as the case may be) at the medical centres operated by us on an exclusive basis and would prefer engaging with us through their designated service companies. Category (ii) Practitioners were shareholders and directors of their designated service companies and in essence in control of their designated service companies. Both the Category (ii) Practitioner and his/her designated service company would be parties to the service agreement with us such that we engaged the designated service company which would procure and provide the general practice, specialties and dental services (as the case may be) of the Category (ii) Practitioner in the medical centres operated by us;
- for Category (iii) Practitioners, they were the then employees of Perfect Life when our Group acquired the controlling interest in Perfect Life in November 2014; and
- for Category (iv) Practitioners, they had their own practice on their own account at premises other than the medical centres operated by us, and they provided the general practice, specialties and dental services (as the case may be) at the medical centres operated by us on a non-exclusive basis at times when we required their services in order to provide flexibility to our operations. Category (iv) Practitioners would prefer having their engagements with us on a non-exclusive basis and our Group engaged Category (iv) Practitioners by way of service notices, which, as confirmed by Counsel, were legally binding.

Since 1 September 2015 and as at the Latest Practicable Date, our Group had entered into 104 Cooperation Agreements directly with Category (i) Practitioners, Category (ii) Practitioners and Category (iii) Practitioners, and their Managed Practices. Pursuant to the terms of the Cooperation Agreements, our Group shall grant the Managed Practices non-exclusive licences to use, *inter alia*, the proprietary names and proprietary rights of our

HISTORY, REORGANISATION AND GROUP STRUCTURE

Group and shall provide various management and administrative services to the Managed Practices (details of which are set out in the paragraphs headed “Summary of the major terms of the Cooperation Agreements — (1) Provision of use of licences” and “Summary of the major terms of the Cooperation Agreements — (2) Provision of management and administrative services” in this sub-section of the prospectus). During the continuance of the Cooperation Agreements, the Managed Practices shall pay our Group a fee, equivalent to all the fees (including all service fees and all other associated revenue generated during the course of consultation) received from clients of the medical centres (details of which are set out in the paragraph headed “Summary of the major terms of the Cooperation Agreements — (4) Fees received from Managed Practices and professional fees paid to general practitioners, specialists and dentists” in this sub-section of the prospectus), which, in substance our Group was providing the general practice, specialties and dental services directly through the general practitioners, specialists and dentists.

In addition, effective from 1 September 2015 to the Latest Practicable Date, for Category (iv) Practitioners, due to (a) the historical fact that they had their own practice on their own account at premises other than the medical centres operated by us and hence might not be able to provide exclusive general practice, specialties and dental services to our Group; (b) the historical fact that they provided the general practice, specialties and dental services (as the case may be) at the medical centres operated by us on a non-exclusive basis at times when we required their services in order to provide flexibility to our operations; and (c) the fact that they decided to continue with such non-exclusive practice with us as such would not be entering into the exclusive nature of the Cooperation Agreements, our Group has provided them with non-exclusive Cooperation Agreements in the form of a notice so as to align with the form of arrangement we previously entered into with Category (iv) Practitioners, which include essential terms (as applicable to their non-exclusive nature) of the Cooperation Agreements and shall be acknowledged and accepted by Category (iv) Practitioners. In such a case whenever, Category (iv) Practitioners use the management and administrative services of our Group and provide general practice, specialties and dental services in the medical centres of our Group, it can be treated as acceptance of the offer and the cooperation terms as stated in the non-exclusive Cooperation Agreement in the form of a notice and in substance, they had entered into a non-exclusive Cooperation Agreements with our Group whenever they use the management and administrative services of our Group. Counsel has confirmed that such non-exclusive Cooperation Agreements in the form of a notice are legally binding. As at the Latest Practicable Date, our Group has entered into 34 non-exclusive Cooperation Agreements with Category (iv) Practitioners.

Our Group shall pay professional fees to the general practitioners, specialists and dentists (through their Managed Practices) for the provision of healthcare services at our medical centres in the following manners:

- (i) for Category (i) Practitioners and Category (ii) Practitioners, the professional fees payable to them are calculated on the same basis as set out in their original service agreements;
- (ii) for Category (iii) Practitioners, the professional fees payable to them are calculated on a basis no less favourable than their previous entitlements as set out in their original employment contracts with us; and
- (iii) for Category (iv) Practitioners, the professional fees payable to them are calculated on the same basis as set out in their original service notices.

Reasons for entering into the cooperation agreements

As set out in the section headed “Regulatory Overview — Regulations of Medical Practitioners — Medical Clinics Ordinance” in this prospectus, Counsel has opined that the business model of our Group prior to Reorganisation was in compliance with all applicable laws, regulations and codes in Hong Kong and the medical centres operated by us were not in contravention of the Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong) (the “MCO”).

None of our medical centres were registered under the MCO and one of the factors considered by Counsel in opining that our Group did not contravene the MCO was that the medical and dental diagnosis and treatment at our medical centres are carried out by general practitioners, specialists and dentists who are registered medical

HISTORY, REORGANISATION AND GROUP STRUCTURE

and dental practitioners in private consulting rooms, and as such, our medical centres may fall within the statutory exemptions under the MCO which exempts from the registration requirement the provision of general practice, specialties and dental services in “private consulting rooms used exclusively by registered medical practitioners in the course of their practice on their own account” and in “premises used exclusively by dentists duly registered in accordance with the provisions of the Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong) in the course of their practice on their own account”.

Counsel however noted that there is a possible argument that the general practitioners, specialists and dentists employed by our Group or providing general practice, specialties and dental services through the service agreements with service companies and our Group (rather than practicing as a sole proprietor or in a partnership) may not be considered to be practicing “on their own account” and therefore our medical centres may not fall clearly within the statutory exception.

Such uncertainties may have resulted from the fact that, when the MCO was enacted, it simply never intended to regulate medical centres which employ registered medical and dental practitioners for profit making and which is neither a sole proprietorship nor a partnership (both such cases would fall clearly within the statutory exception). Having considered the factors as set out in the section headed “Regulatory Overview — Regulations of Medical Practitioners — Medical Clinics Ordinance” in this prospectus including, inter alia, private consultation rooms and premises were used exclusively by our registered medical practitioners and dentists who are duly registered in accordance with the provisions of the Dentists Registration Ordinance in the course of their practice, Counsel has further opined that Category (ii) Practitioners and Category (iii) Practitioners satisfied the requirements for exceptions under the MCO before 1 September 2015.

Taking into account Counsel’s legal opinion relating to the said ambiguity in the MCO, we considered that it would be prudent to enter into the Cooperation Agreements with the Managed Practices which are owned and controlled by the general practitioners, specialists and dentists (as the case may be) in the form of sole proprietorship with effect from 1 September 2015 to the Latest Practicable Date. Counsel is of the view that the adoption of Managed Practices could clear the uncertainties as noted above but not due to any possible non-compliance of our Group’s operations with the MCO. The adoption of Managed Practices would require our Group to enter into tri-partite agreements with the practitioners and their respective Managed Practices, being the sole proprietorships of the respective practitioners which would be regarded as practicing “on their own account”. As such, it would be certain that the medical centres operated by our Group would also fall within the statutory exemption under the MCO and the medical centres operated by our Group would not be required for registration under the MCO. Counsel has confirmed that the business operations of our Group would continue to comply with all applicable laws, regulations and codes in Hong Kong. Further, we retain substantially the same business process and same rights through the Cooperation Agreements and our Group’s business operations remain substantially unchanged after the adoption of Managed Practices. The economic aspects of our Group’s operations remain substantially unchanged because our Group’s risk and rewards, of and control over, the running of business remain substantially unchanged after entering into the Cooperation Agreements. Major terms of the Cooperation Agreement are summarised below.

Summary of the major terms of the Cooperation Agreements

Under the Cooperation Agreements, effective from 1 September 2015 to the Latest Practicable Date, our general practitioners, specialists and dentists (through their Managed Practices) shall provide healthcare services to our patients at our medical centres operated by our Group. Our Group shall provide a variety of management and administrative services and shall grant the Managed Practices licences to use, among others, the proprietary names and proprietary rights of our Group. In consideration of which, the Managed Practices paying our Group a fee, equivalent to all the fees received or receivable from clients of the medical centres during the term of the Cooperation Agreements.

(1) Provision of use of licences

Under the Cooperation Agreements, our Group grants the Managed Practices licences to use proprietary names and proprietary rights for the sole purpose of carrying out the business of the Managed Practices at our medical centres in Hong Kong.

HISTORY, REORGANISATION AND GROUP STRUCTURE

(2) *Provision of management and administrative services*

Our Group provides general management and administrative services to the Managed Practices for the purpose of providing general practice, specialties and dental services, which, *inter alia*, include:

- (i) providing medical equipment, drugs and dental materials (if applicable), fixtures and furniture and other leasehold improvement and maintenance of such medical equipment and dental materials;
- (ii) providing renovated premises for the medical centres with necessary maintenance and upkeep;
- (iii) hiring available medical staff and medical centre assistants for providing assistance for the general practitioners, specialists and dentists;
- (iv) providing general accounting services and administrative support by the back office and cash management services; and
- (v) reviewing from time to time potential development and requirements and the level of consultation fees in relation to the general practice, specialties and dental services provided at the medical centres operated by our Group through carrying out researches.

(3) *Term*

Except for the Cooperation Agreements signed with Dr. Pang, Dr. Choi, Dr. Seto, Dr. Lau Wai Man and Dr. Chan Siu Yu, the Cooperation Agreements shall continue until they are terminated. Either our Group or the relevant general practitioners, specialists and dentists can terminate the relevant Cooperation Agreement by serving a notice period ranging from one months to six months to the other party.

(4) *Fees received from Managed Practices and professional fees paid to general practitioners, specialists and dentists*

Pursuant to the Cooperation Agreements, the fees received by us from the Managed Practices are equivalent to all the fees (including consultation fees, medication fees, procedure fees, investigation fees and all other associated revenue generated during the course of consultation) charged or received/receivable by the Managed Practices from clients of the medical centres. We shall be entitled to all such fees forthwith upon such fees having been received by the Managed Practices from patients or clients. Our Directors believe that such arrangement would enable our Group to receive all fees from patients and clients of our medical centres which, in substance our Group was carrying on the general practice, specialties and dental services and the general practitioners, specialists and dentists to receive their entitlement to fees for providing general practice, specialties and dental services at our medical centres as if their service agreements or, as applicable, employment contracts were not terminated.

Under the Cooperation Agreements, the general practitioners, specialists and dentists shall be entitled to receive professional fees for the provision of general practice, specialties and dental services at our medical centres at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received or receivable from at our medical centres generated by the relevant general practitioners, specialists and dentists through the Managed Practice, less relevant direct costs such as drugs cost and laboratory charges).

Some of the general practitioners, specialists and dentists are also entitled to an additional bonus payment subject to satisfaction of certain requirements, including, *inter alia*, taking less than a certain number of consultation hours off from duty at our medical centres or accumulatively in a 12 consecutive months' period his/her professional fees exceed a certain threshold.

(5) *Obligations of the general practitioners, specialists and dentists of the Managed Practices*

During the term of the Cooperation Agreements, the general practitioners, specialists and dentists and their respective Managed Practices are responsible for providing healthcare services to clients of our Group during

HISTORY, REORGANISATION AND GROUP STRUCTURE

specified hours as stated in the Cooperation Agreements. Further, they shall render their exclusive services to our Group at our medical centres except with the prior written consent given by our Group or the general practitioners, specialists and dentists have entered into non-exclusive Cooperation Agreements with our Group. Further, the general practitioners, specialists and dentists and their Managed Practices shall not appoint any third party to provide the management and administrative services same as those provided by our Group unless with the prior written consent given by our Group.

Further, the general practitioners, specialists and dentists and/or their Managed Practices shall, *inter alia*:

- (i) make available and provide medical and dental diagnosis and treatment during the consultation hours as set out in their respective Cooperation Agreement, and to complete all medical/dental duties and works on hand;
- (ii) observe and be responsible for any non-compliance of any laws, rules and regulations, codes of practice, guidelines and customs in relation to the provision of services in Hong Kong;
- (iii) at all times act in good faith towards our Group and perform their respective obligations diligently with reasonable care and of a competent standard of a registered practitioner;
- (iv) keep and render to our Group true, correct, accurate and just accounts of all business done for our Group and of all money received and pay all money received forthwith to our Group without any deductions, set off or withholdings together with all supporting receipts and vouchers;
- (v) take out comprehensive professional indemnity insurance policies at their own costs;
- (vi) be personally responsible for any claims, complaints, investigations, disciplinary or other legal consequences and legal costs (not covered by insurance) arising from the medical and dental diagnosis and treatment;
- (vii) indemnify our Group against all claims, damages sustained by our Group caused by the acts or negligence of the general practitioners, specialists and dentists in relation to the carrying out of the services; and
- (viii) not to incur any debts, or create any encumbrances over the assets of our Group.

(6) *Termination*

During the term of the Cooperation Agreements, the Managed Practices and our Group may terminate the Agreement by serving a notice period ranging from one month to six months to the other party. During the notice period, the Managed Practice will still be bound by the Cooperation Agreement to procure and ensure that the relevant general practitioners, specialists and dentists will use their best endeavours to provide and maintain the same and reasonable standard of services.

Further, our Group is entitled to terminate the Cooperation Agreements unilaterally by immediate notice without compensation to the general practitioners, specialists and dentists and/or their respective Managed Practices under certain circumstances including, *inter alia*:

- (i) where the general practitioners, specialists and dentists and/or their respective Managed Practices have breached the Cooperation Agreement and such breaches are not remedied within three days after notice was given by our Group requesting for remedies;
- (ii) where the general practitioners, specialists and dentists have been suspended or disqualified from practicing, or ceased to practice as registered practitioners;
- (iii) where the general practitioners, specialists and dentists and/or their respective Managed Practices become insolvent, go into bankruptcy/liquidation;

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (iv) if the general practitioners, specialists and dentists are absent from the medical centres without proper cause and consent for a consecutive period of three days; or
- (v) if the general practitioners, specialists and dentists are incompetent, guilty of gross misconduct, fraud or any wilful or serious or persistent negligence in respect of their professional duties.

(7) *Restrictive covenants and confidentiality*

The general practitioners, specialists and dentists and their Managed Practices shall be restricted from carrying out certain conduct pursuant to the Cooperation Agreements, for a period of one year following the termination of the Cooperation Agreements, including, *inter alia*:

- (i) undertake or set up or join any similar establishments or practice in an area within a certain area measuring from our Group's medical centres;
- (ii) solicit, induce or encourage any general practitioners, specialists and dentists or staff member or contractor of our Group to cease employment or services with our Group and/or the medical centres; and
- (iii) contact or employ any medical/dental or staff member or medical centre assistant of the medical centres previously employed by our Group.

Subject to the terms and conditions of the Cooperation Agreements, the general practitioners, specialists and dentists and their respective Managed Practices shall during the term of the Cooperation Agreements, keep confidential all information about our Group and the medical centres and all professional secrets without the prior written consent from our Group.

Effects to our Group after entering into the Cooperation Agreements and establishment of the Managed Practices

Our Directors are of the view that the position of Category (i) Practitioners and Category (iv) Practitioners remains the same after the entering into of the Cooperation Agreements and non-exclusive Cooperation Agreements, respectively. Further, the entering into of the Cooperation Agreements with Category (ii) Practitioners and Category (iii) Practitioners has merely changed the status of those general practitioners, specialists and dentists (as the case may be) from each being an "employee" or "service provider" to being a "cooperative partner" of our Group. The ability of our Group to conduct its business would not be affected and as the change in the mix of the categories of practitioners only represents a change in the forms of arrangements with our practitioners and not a change in our Group's structure and business operations, it would not involve any significant change to our revenue and cost structure. As such, our revenue and cost structure would remain substantially the same and it would not have any material financial impact on our Group.

Our Directors are of the view that the entering into of the Cooperation Agreements would continue to allow us to retain substantially the same business process and same rights such that our Group's business operations remain substantially unchanged after the adoption of Managed Practices since major terms of the Cooperation Agreements generally reflect the provisions in the original service agreements and employment contracts, mainly including the rights to manage the rosters of the general practitioners, specialists and dentists and termination of the Cooperation Agreements, the restrictive covenants given by and confidentiality and other obligations of the general practitioners, specialists and dentists. In addition, the non-exclusive Cooperation Agreements in the form of a notice, by incorporating the essential terms of the Cooperation Agreements, have in fact standardised the control our Group has over the general practitioners, specialists and dentists compared to the original service notices.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Furthermore, our Directors are of the view that the economic aspects of our Group's operations remain substantially unchanged because our Group's risk and rewards, of and control over, the running of business remain substantially unchanged after the entering into of the Cooperation Agreements, which provide for:

- (i) the provision of cash management services by our Group such that our Group retains control and management of the revenue of the medical centres operated by our Group;
- (ii) the provision of various services and resources by our Group, namely general accounting and administrative services, medical equipment, medical staff and medical centre assistants;
- (iii) our Group's entitlements to all fees received from the clients of the medical centres operated by our Group; and
- (iv) the professional fees payable by our Group to the general practitioners, specialists and dentists which are generally similar to their previous entitlements before the entering into of the Cooperation Agreements.

Therefore, the presentation of the financial information of our Group after the effective date of the Cooperation Agreements (i.e. from 1 September 2015 to the Latest Practicable Date) does not have any material change as compared with that for FY2013, FY2014, FY2015 and the three months ended 30 September 2015 and there is no change of the accounting treatment as a result of the entering into of the Cooperation Agreements. Our Group continues to carry out the business as usual. Although the adoption of Managed Practices would not affect our Group's ability to conduct its business and the economic aspects of our Group's operations would remain substantially unchanged, it would require additional efforts or resources for our Group to explain to the general practitioners, specialists and dentists the rationale for adoption of Managed Practices and for setting up a sole proprietorship. Please also refer to the section headed "Risk Factors — Our business model relies on contractual arrangements with the practitioners and their Managed Practices which may not be as flexible as our previous arrangements with the practitioners" in this prospectus.

Pursuant to the Cooperation Agreements which took effect from 1 September 2015 to the Latest Practicable Date, our Group has provided management and administrative services to the Managed Practices and our general practitioners, specialists and dentists who in turn provide medical and dental diagnosis and treatment to the clients of the medical centres operated by our Group. Further we are entitled to all fees received from the clients, which in substance, we are carrying on the Managed Practices directly, and our Directors consider the clients who have received medical and dental diagnosis and treatment from the general practitioners, specialists and dentists through operation of the Managed Practices at the medical centres operated by our Group as our ultimate customers.

BUSINESS

OVERVIEW

We are a leading private integrated healthcare service provider in Hong Kong with comprehensive outpatient capabilities covering general practice services, specialties services and dental services. According to the Euromonitor Report, among the private healthcare service providers in Hong Kong^(Note), we ranked first as measured by the number of medical centres as at 31 August 2015. We operate our network of medical centres under the following brand names as at the Latest Practicable Date:



Human Health Integrated Medical Centre 盈健綜合醫務中心
19 medical centres which provide comprehensive medical services covering general practice services and/or specialties services and/or dental services

Human Health Medical Centre 盈健醫務中心
29 medical centres which provide general practice services



Perfect Life 優越醫療
8 medical centres which mainly provide general practice services alongside with certain specialties services



Polyhealth Specialists 健匯專科中心
5 medical centres which provide specialties services



Poly Dental 健滙牙科
1 medical centre which provides dental services

and we also operate 4 dental centres which provide dental services under “Laserdentics 激光綜合齒科” or the name of respective dentist(s)

Our Group has been providing healthcare services to the Hong Kong community since 1997. Through our network of medical centres in Hong Kong, we generate our revenue in a growing market with a strong demand for our services. As at the Latest Practicable Date, we operated 66 medical centres across all 18 districts in Hong Kong, most of them are located at or near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. Among our medical centres, we have 115 service points providing healthcare services covering multiple disciplines, which include 57 general practice service points, 45 specialties service points and 13 dental service points. Our comprehensive healthcare services, which includes specialties services, covering up to 11 areas, namely general surgery, orthopaedics & traumatology, ophthalmology, otorhinolaryngology, paediatrics, obstetrics & gynaecology, gastroenterology & hepatology, respiratory medicine, cardiology, paediatric surgery and dermatology, together with our general practice services and dental services, enable us to position ourselves as an integrated healthcare service provider. We have established this network through organic growth as well as strategic acquisitions, most notably our acquisition of the controlling interest in Perfect Life in November 2014 and our recent acquisition of three companies engaged in the provision of dental services in June 2015. As a result of the acquisitions, 9 medical centres and 4 dental centres have been added to our Group. Our customers comprise individual customers and corporate customers which include medical scheme management companies, insurance companies and corporations. For FY2015, revenue generated from individual customers and corporate customers represented approximately 79.3% and 20.7% of our total revenue for that financial year, respectively. Moreover, as at 30 September 2015, the number of our patients reached approximately 1.73 million, whereas our patient visits during FY2015 was approximately 1.23 million times, respectively. We attribute our prominent market position to our experienced and stable professional team. As at the Latest Practicable Date, a majority of our professional team members worked with our Group for more than three years to up to 18 years.

Our corporate culture follows our motto “From Our Heart • For Your Health” (仁心•稱心), which establishes us as a patient-centric and quality-focused service provider whose mission is to provide quality healthcare services through our network of medical centres. We are dedicated in providing healthcare services 7-day a week and late

Note: This refers to private healthcare service providers in Hong Kong in respect of their directly operated medical centres, and excluding private hospital operators and providers of services other than general practice services, specialties services and dental services (such as those medical centres providing only traditional Chinese medicine service, health check service, laboratory service, imaging service and others).

BUSINESS

night services at a majority of our general practice medical centres. In addition, we are also committed in providing high quality healthcare services by adopting management practices and standard operation procedures ensuring the quality of service of our professional team and staff. We believe our commitment in providing quality healthcare services will result in our lasting doctor-patient relationships whilst we build upon our success in establishing and operating new medical centres in different regions in Hong Kong. During the Track Record Period, our Group has received the Caring Company award for the years from 2009 to 2015, the Hong Kong Star Brand Award (Enterprise) in 2012 and 2013, the Management Excellent Award and Prime Award for Corporate Social Responsibility in 2014.

We believe we are well-positioned to capture market opportunities in the high-growth private healthcare service industry in Hong Kong. Based on the Euromonitor Report, the aggregate revenue of general practice, specialist and dental medical centres in Hong Kong increased at a CAGR of approximately 11.5% for the period from 2012 to 2014; the revenue of such medical centres in Hong Kong is expected to grow at a CAGR of approximately 11.4% during the forecast period from 2015 to 2019. We have outperformed the market at a CAGR of approximately 13.4% for the past three financial years and we believe our business will continue to enjoy such growth. According to the Euromonitor Report, the private healthcare service industry in Hong Kong is highly fragmented, and is mostly comprised of individual operators of general outpatient and specialist medical centres, in particular, the total number of medical centres operated by private healthcare service providers in Hong Kong was 2,351 in 2014. There is likely to be an increasing trend of consolidation of private healthcare service operators and we believe we are well positioned to capitalise on these industry trend.

We have a successful track record in the establishment and management of medical centres all operating under our direct management and brand names. We intend to strengthen our market position and to build upon our experience and successful track record of providing integrated healthcare services by continuing our dedication to patient-centric corporate culture, leveraging on our infrastructure, management expertise, knowhow and customer base. By continuing our growth in Hong Kong, we intend to further extend our network of general practice medical centres, as well as establish new specialist medical centres that focus on providing treatment for particular areas of medical problems, or those inter-related to such specialty areas. We also intend to expand to major first-tier cities in the PRC by replicating our business model. We believe these strategies will help us develop our business with higher growth potential and profitability.

Our total revenue increased from approximately HK\$333.9 million in FY2013 to approximately HK\$365.2 million in FY2014, to approximately HK\$429.5 million in FY2015, representing a CAGR of approximately 13.4%. Our total revenue increased from approximately HK\$84.3 million for the three months ended 30 September 2014 to approximately HK\$110.8 million for the three months ended 30 September 2015, representing an increase of approximately 31.5%. Set forth below is a breakdown of our revenue contributed from (i) general practice services; (ii) specialties services; and (iii) dental services for the periods indicated.

	Revenue									
	FY2013		FY2014		FY2015		Three months ended 30 September 2014		Three months ended 30 September 2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
General practice										
services	266,976	79.9	287,387	78.7	324,668	75.6	60,750	72.1	75,233	67.9
Specialties										
services	57,014	17.1	65,391	17.9	90,995	21.2	20,114	23.9	24,526	22.1
Dental services	9,943	3.0	12,468	3.4	13,875	3.2	3,388	4.0	11,027	10.0
Total:	<u>333,933</u>	<u>100.0</u>	<u>365,246</u>	<u>100.0</u>	<u>429,538</u>	<u>100.0</u>	<u>84,252</u>	<u>100.0</u>	<u>110,786</u>	<u>100.0</u>

COMPETITIVE STRENGTHS

We believe that we possess the following competitive strengths which differentiate us from our competitors:-

Strategic network of medical centres where all locations are operating under our management and brand names

We utilise a highly flexible expansion strategy in establishing our presence in the private healthcare service market in Hong Kong. According to the Euromonitor Report, as at 31 August 2015, as measured by the number of medical centres by location, we ranked number one among other private healthcare service providers in Hong Kong. As a leading participant in the private healthcare service market, our patients are able to benefit from the accessibility of our network which is operated under our management and brand names. Our medical centres are strategically located at densely populated regions in Hong Kong and most of our medical centres are located at or near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. Through our strategic selection of sites, we are able to benefit from our extensive network to promote our brand as a leading private integrated healthcare service provider in Hong Kong. We believe this strategy provides our patients a collective and supportive network of comprehensive services with a wide selection of professional team, which enables our Group to consolidate market share through retaining the existing pool of customers and reaching out to a larger customer base.

We have established a network of 66 medical centres in Hong Kong providing a wide spectrum of medical services through 115 service points including 57 general practice service points, 45 specialties service points and 13 dental service points as at the Latest Practicable Date. We have established this network through organic growth as well as strategic acquisitions, most notably our acquisition of the controlling interest in Perfect Life in November 2014 and our recent acquisition of three companies engaged in the provision of dental services in June 2015. For further details of such acquisitions, please refer to the section headed “History, Reorganisation and Group Structure – New Acquisitions” of this prospectus. To capture the rapidly rising demand for quality healthcare services, we acquire mindful understanding through market research and conduct evaluation of different customers needs from time to time. We believe that our strategic expansion model allows us to devise and provide our healthcare services that is in line with prevailing market needs. Through our expansion over the years, the number of our patients grew from approximately 1.18 million as at 30 June 2013 to approximately 1.69 million as at 30 June 2015 (approximately 23.3% of the Hong Kong population as at 30 June 2015), and to approximately 1.73 million as at 30 September 2015, representing a CAGR of approximately 19.7% from FY2013 to FY2015.

We are a comprehensive healthcare service provider and our specialties capabilities create synergy and improve our overall healthcare services

Our integrated healthcare service platform is serviced by our professional team comprising 115 general practitioners, specialists, dentists, physiotherapists, pharmacist, registered nurses and dental hygienists as at the Latest Practicable Date. We are capable of providing quality healthcare services which include general practice services, specialties services (covering 11 areas involving general surgery, orthopaedics & traumatology, ophthalmology, otorhinolaryngology, paediatrics, obstetrics & gynaecology, gastroenterology & hepatology, respiratory medicine, cardiology, paediatric surgery and dermatology); dental services (covering general dentistry, specialties dentistry and cosmetic dentistry); and physiotherapy services to our patients.

Since 2006, our Group has been developing our specialties services on a continuous basis through both organic growth and strategic acquisitions. We enhance our business performance by establishing integrated medical centres (medical centres with both general practice services and specialties services). As the size of our Group expands, our patients’ needs for specialties services also increase with the growth of our customer base. Our Group has been able to leverage on the needs of our patients to expand into specialties services successfully. The specialists of our professional team are not only able to serve our patients, they also bring synergy to the rest of our Group. For example, our specialists provide support to our general practitioners and together, we are able to better identify illnesses that can be treated by our medical team and reduces time for our patients during diagnosis. As our network of medical centres provide a total of 11 specialties services as at the Latest Practicable

BUSINESS

Date, our specialists were able to benefit from patient referral by our own general practitioners. In addition, our patients would receive better quality healthcare services through knowledge sharing, internal communications between general practitioners and specialists, and efficient access to medical records. We believe our wide range of specialties services and internal referral system would enable our patients to benefit from in-depth care within our Group which in turn increase the overall patient visits and revenue of our Group.

As a leading private integrated healthcare service provider, we believe that we can offer our customers a wide spectrum of healthcare services to cater for a wider bandwidth of market demand. In addition to our service capability, we are dedicated in improving the quality of our healthcare services on a continuous basis. By providing professional healthcare services whilst being considerate of our patients' various needs, we believe our patients will select us as their preferred healthcare service provider. For details of our services, please refer to the section headed "Business – Our Services" of this prospectus.

We provide seamless quality and integrated healthcare services to our patients through our management practices and standard operation procedures

Since the establishment of our first medical centre in 1997, we have expanded into 66 medical centres operating in 18 districts in Hong Kong as at the Latest Practicable Date. Within 18 years, we have successfully established our network presence and we were able to leverage on our management expertise and apply in the operation of our medical centres established by our Group as well as those acquired by our Group.

We attribute our success to the vision of our founders, as well as the talents of our senior management and professional team. Our senior management promotes a corporate culture and standard operation procedures and policies by working collaboratively with our professional team in achieving a consistent client-focused approach to deliver quality healthcare services to our patients. Our Group has adopted management practices and implemented standard operation procedures at each of our medical centres so as to improve operational and administrative efficiency and enhance the seamless quality of our services.

Together with our senior management, our Quality Assurance Team has devised and established standard operation procedures and policies for each medical centre, based on guidelines published by relevant authorities and industry standards. To further standardise our operation procedures and create a united corporate culture, our management team holds regular meetings with our professional team and staff to discuss the development and implementation of quality control measures in each of our medical centres to enhance the quality of our healthcare services. Moreover, we are able to maintain consistent service quality by placing great emphasis on encouraging our professional team and staff to attend internal and external training programmes.

Our pool of experienced professional team and staff are essential to our long-term growth plans. We carefully recruited and appointed experienced operations director to lead our team of registered nurses and medical centre assistants who are responsible for day-to-day operations of our medical centres and our support staff pool. By adhering to our standard operation procedures and policies, we are able to deliver a satisfactory healthcare services to our patients.

Our business relies on efficient operation of our information technology system. We have established a computer network infrastructure and information technology system to safeguard our patients' medical records and we ensure they are protected by daily back-ups. Our comprehensive computerised medical centre management system allows our medical team timely access and retrieve a particular patient's personal information and medical history. Accordingly, our system promotes operation efficiency which ensures that our patients can receive same quality of treatment regardless of the location of our medical centres which our patients visit.

Our Group is able to enjoy advantages brought by economies of scale as our procurement function is centralised at the group level where we have aggregated our procurement needs at our headquarters. Thus, this allows us to ensure quality of our supplies and to negotiate with our suppliers at prices favourable to us through bulk purchasing. It provides our Group greater control in minimising costs and reducing procurement inefficiencies.

BUSINESS

Collectively, the above components of our support infrastructure have enabled us to further enhance our cost efficiency, operating effectiveness, and overall financial results.

We have a strong and stable management team

We are under the leadership of an experienced and dedicated management team which comprises of our founders, seasoned professionals and doctors who have participated in the management of our Company for a number of years. Our founders, Mr. Chan Kin Ping and Dr. Pang Lai Sheung have been leading our Group since they have founded our business 18 years ago. From the first medical centre in Kowloon East in 1997, Mr. Chan and Dr. Pang have established a network of 66 medical centres in 18 districts in Hong Kong as at the Latest Practicable Date and they possess ample experience in the management of our Group and in the private healthcare service industry. Mr. Chan obtained a degree of Master of Business Administration from University of South Australia in August 2008. Dr. Pang obtained degrees of Bachelor of Medicine and Bachelor of Surgery from The Chinese University of Hong Kong in December 1993. She also obtained a degree of Master of Business Administration jointly awarded by Northwestern University and The Hong Kong University of Science and Technology in December 2014.

Ms. Sat, our chief financial officer and executive Director, and Mr. Poon, our chief operating officer and executive Director, are seasoned professionals in the private healthcare service industry who have been working in management roles at our Group for 7 and 8 years, respectively. Ms. Sat has obtained a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University in October 1992 and a degree of Master of Business Administration from the University of Lancaster in the United Kingdom in November 2000. Ms. Sat is also a member of the Hong Kong Institute of Certified Public Accountants, and an associate and a fellow of The Chartered Association of Certified Accountant since 1996 and 2001, respectively. Mr Poon obtained a degree in Bachelor of Engineering with honours and a degree of Master of Business Administration from The Chinese University of Hong Kong in December 2000 and December 2009, respectively. In addition, our Doctor Advisory Board which was established in August 2009 now comprises Dr. Pang, one of the founders of our Group, Dr. Kwong and Dr. Lee who have joined our Group for more than 12 and 13 years, respectively. Dr. Kwong and Dr. Lee have been appointed as members of our Doctor Advisory Board since August 2009 and October 2012, respectively. Please refer to the section headed “Directors, Senior Management and Staff” for details of their biographies. With our effective leadership management, we believe we are able to continue to build on a successful track record growth.

Our established infrastructure provides a great platform for retention of good talents within our professional team and our professional team develops long term relationship with our Group

We have attracted quality new members to join our professional team through our reputation, competitive compensation and supportive working environment which is conducive to professional growth. Our medical network provides a platform for our professional team to develop their respective specialised fields due to the following: (a) our established infrastructure, which minimises administrative time and thereby enhancing productivity, enables them to focus on providing quality healthcare services to patients; (b) on-going support from the Doctor Advisory Board and our network of general practitioners, specialists and dentists allows our professional team to continuously develop their respective professional practice; (c) our portfolio of comprehensive healthcare services and our patient-centric culture enable our professional team to access to and retain a large pool of patients; and (d) our vast network accommodates flexible working arrangements and flexible working locations.

Because of our Group’s dedicated and effective management and benefits brought about by our established brands, many of our professional team members have maintained long term relationship with our Group. As at the Latest Practicable Date, our professional team comprises 115 members including general practitioners, specialists, dentists, physiotherapists, pharmacist, registered nurses and dental hygienists, majority of our professional team members worked with our Group for more than 3 years to up to 18 years and the average years of relationship between them and our Group is approximately 5 years. We believe team cohesiveness and attachment to our Group’s strong corporate culture will enhance synergistic capabilities of our business.

BUSINESS

OUR STRATEGIES

We strive to continue to become one of the best private integrated healthcare service providers in Hong Kong and extend our foothold in the PRC and we plan to implement the following strategies:-

Leverage on our customer base and establish additional specialist medical centres in Hong Kong

From FY2013 to FY2015, revenue generated from our general practice services, specialties services and dental services grew at the CAGR of approximately 10.3%, 26.3% and 18.1%, respectively. Our specialist medical centres enjoyed a higher revenue growth during the Track Record Period. The gross profit margin of our specialties services segment was also increasing over the Track Record Period and it was approximately 32.4%, 35.0%, 37.2% and 38.8% for FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively. According to the Euromonitor Report, due to the aging population, growing consumer spending and squeezing of public healthcare infrastructure, the demand for more personalised and specialised care from specialists is anticipated to be high and revenue from private specialist medical centres is projected to grow by a CAGR of approximately 13.8% from 2015 to 2019.

As such, our management would like to further develop our specialties service segment to capture its anticipated business growth. We believe we are in a good position to further increase our revenue base by establishing new specialist medical centres, as (a) our existing broad base of patients who require specialties services and by offering quality and comprehensive specialties services, we can better promote patient referrals to our own medical centres; (b) we believe our patients will choose to retain our specialties services due to convenience in obtaining healthcare services from a single service provider; and (c) the addition of new specialties services will improve our Group's healthcare service offerings which will provide synergy effects and expertise support to our general practitioners. We also note that, for FY2015, a significant number of specialties service referrals were made within our medical network due to increase in customer base after completion of acquisition of Perfect Life by our Group. As we continue to establish new specialist medical centres, the number of specialists and the services offered by our professional team will grow which will enhance the overall capability and quality of our healthcare services, and hence complementing our general practice services.

Due to the growing demand of specialties services, our Directors believe that the establishment of our new specialist medical centres will better serve our Group's patients and will in turn broaden our patient and revenue base. Each of these new specialist medical centres is intended to be an out-patient medical facility with quality medical equipment and services that would match those standards normally offered at a hospital. It will focus on providing treatment for particular areas of medical problems, or those inter-related to such specialties areas. Specialists of different specialties area are sometimes necessary to be involved to provide treatment to a patient with a specific area of medical conditions. Therefore, it may involve more than one specialist with different sub-specialty expertise to treat medical conditions under that particular specialty area. Our Directors are of the view that these new specialist medical centres will be better able to offer a wider range of specialties services by our specialists, through the provision of a variety in treatments coupled with procedures utilising quality medical equipment.

BUSINESS

We intend to open six specialist medical centres under our existing brand name “Polyhealth Specialists” for the operation of specialist medical centres offering a variety of specialties services. The following table sets forth the details of our expansion plan in relation to establishment of specialist medical centres under the brand name “Polyhealth Specialists” in the near future:

<u>Location</u>	<u>Current status</u>	<u>Expected opening date</u>	<u>Estimated scale / specialty area</u>	<u>Estimated total costs and expenses</u>
Hong Kong Island	Location selection stage	Second half of 2016	GFA: 3,000 sq.ft. Orthopedics & Traumatology (Note 1)	Approximately HK\$9.2 million as to capital expenditure, and approximately HK\$3.9 million as to working capital
Hong Kong Island	Location selection stage	Second half of 2016	GFA: 3,000 sq.ft. Obstetrics & Gynaecology (Note 1)	Approximately HK\$6.2 million as to capital expenditure, and approximately HK\$2.5 million as to working capital
Hong Kong Island	Location selection stage	First half of 2017	GFA: 4,000 sq.ft. Ophthalmology (Note 1)	Approximately HK\$24.7 million as to capital expenditure, and approximately HK\$5.0 million as to working capital
Kowloon	Location selection stage	First half of 2017	GFA: 6,000 sq.ft. General Surgery/ Gastroenterology & Hepatology (Note 1)	Approximately HK\$9.2 million as to capital expenditure, and approximately HK\$4.5 million as to working capital
Kowloon	Location selection stage	Second half of 2017	GFA: 4,000 sq.ft. Cardiology (Note 2)	Approximately HK\$21.6 million as to capital expenditure, and approximately HK\$4.0 million as to working capital
Hong Kong Island	Location selection stage	Second half of 2017	GFA: 3,000 sq.ft. Dermatology (Note 1)	Approximately HK\$12.1 million as to capital expenditure, and approximately HK\$3.2 million as to working capital

Notes:

- (1) Please refer to the section headed “Business — Our Services — Specialties services” in this prospectus for details of the area of specialty.
- (2) The scope of specialty area of cardiology covers medical diagnosis and treatment of congenital heart defects, coronary artery disease, heart failure, valvular heart disease and electrophysiology.

We estimate that the total costs and expenses for the expansion of our medical network by opening six new specialist medical centres will be approximately HK\$106.1 million, which mainly involve:

- (i) an estimated capital expenditure (including medical equipment, furniture and fixtures, information technology set-up, renovation costs) of approximately HK\$83.0 million for the six new specialist medical centres; and
- (ii) an estimated additional working capital required (including professional fees and staff salaries, procurement costs of pharmaceutical drugs and consumables and other daily expenses) for the day-to-day medical centre operations of approximately HK\$23.1 million for the six specialist medical centres, depending on the number of newly recruited staff which in turn varies according to the size of each such new medical centre and the specialty area of such medical centre.

BUSINESS

We plan to finance the above costs and expenses for the six new specialist medical centres by the proceeds from the Global Offering and our internal resources and/or bank borrowing, as appropriate. As at the Latest Practicable Date, we had not yet implemented the above expansion plan and no expenditure had been incurred by us for such plan.

Based on our experience in opening new specialist medical centres, the preparation stage for opening a new specialist medical centre is around six to nine months. Moreover, our Directors estimate that it would generally take around 1.5 to 3.5 years for a new specialist medical centre to break even and 4 to 5.5 years to recover the initial investment due to the higher expenditure investment.

Expand our network of general practice medical centres in Hong Kong

Our management endeavours to develop our network into a fully integrated healthcare service provider capable of delivering comprehensive healthcare services to the community in Hong Kong. We intend to extend our success in establishing and managing new general practice medical centres in densely populated districts in Hong Kong. This is also in line with the growth rate of the private healthcare service industry in Hong Kong which experienced stable growth in recent years. The revenue generated by general practice medical centres in Hong Kong grew to approximately HK\$6,139.1 million at a CAGR of approximately 4.2% from 2012 to 2014, based on the Euromonitor Report, and the revenue generated by general practice medical centres of our Group outperformed the market at a CAGR of approximately 10.3% from FY2013 to FY2015. According to the Euromonitor Report, demand for healthcare services and facilities in Hong Kong is expected to grow rapidly over the forecast period from 2015 to 2019 due to a growing population in Hong Kong, and the revenue generated from private general practice medical centres in Hong Kong from 2015 to 2019 is expected to grow at a CAGR of approximately 9.1%.

We continuously search for potential opportunities in establishing new general practice medical centres by identifying residential areas or shopping plazas that will give us access to a large number of residents who require affordable high-quality healthcare services. Our selection criteria includes average income of potential patients, existing service providers in the neighbourhood, accessibility of the location, growth potential, distribution of different age groups, price of rental, population at the location and quality of the building or shopping centre. Because accessibility and convenience for our customers is one of the main considerations for selecting the location of our new medical centres, we plan to extend our reach at MTR stations and will continue to open new general practice medical centres at or near public transportation facilities in the future. We plan to establish a total of six new general practice medical centres during 2016 and 2017.

BUSINESS

The following table sets forth the details of our expansion plan in relation to establishment of six new general practice medical centres in the near future:

<u>Location</u>	<u>Current status</u>	<u>Expected opening date</u>	<u>Estimated scale / practice area</u>	<u>Estimated total costs and expenses</u>
Hong Kong Island	Location selecting stage	Second half of 2016	GFA: 500 sq. ft. General practice	Approximately HK\$1.37 million as to capital expenditure, and approximately HK\$1.36 million as to working capital
Kowloon	Location selecting stage	Second half of 2016	GFA: 500 sq. ft. General practice	Approximately HK\$1.37 million as to capital expenditure, and approximately HK\$1.33 million as to working capital
New Territories	Location selecting stage	Second half of 2016	GFA: 500 sq. ft. General practice	Approximately HK\$1.37 million as to capital expenditure, and approximately HK\$1.30 million as to working capital
Hong Kong Island	Location selecting stage	First half of 2017	GFA: 500 sq. ft. General practice	Approximately HK\$1.37 million as to capital expenditure, and approximately HK\$1.36 million as to working capital
Kowloon	Location selecting stage	First half of 2017	GFA: 500 sq. ft. General practice	Approximately HK\$1.37 million as to capital expenditure, and approximately HK\$1.33 million as to working capital
New Territories	Location selecting stage	First half of 2017	GFA: 500 sq. ft. General practice	Approximately HK\$1.37 million as to capital expenditure, and approximately HK\$1.30 million as to working capital

We estimate that the total costs and expenses for the expansion of our medical network by opening six new general practice medical centres will be approximately HK\$16.2 million, which mainly involve:

- (i) an estimated capital expenditure (including furniture and fixtures, information technology set-up, and renovation costs) of approximately HK\$8.2 million for all the six new general practice medical centres; and
- (ii) an estimated additional working capital required (including staff salaries, procurement costs of pharmaceutical drugs and consumables and other daily expenses) for the day-to-day medical centre operations of approximately HK\$8.0 million for the six new general practice medical centres.

We plan to finance the above costs and expenses by the proceeds from the Global Offering and our internal resources and/or bank borrowing, as appropriate. As at the Latest Practicable Date, we had not yet implemented the above expansion plan and no expenditure had been incurred by us for such plan.

Based on our experience in opening new general practice medical centres, the preparation stage for opening a new general practice medical centre is around three months. Moreover, our Directors estimate that it would

BUSINESS

generally take around one year for a new general practice medical centre to break even and 1.5 years to recover the initial investment.

Replicate the success of our management practice and standardised operating platform in the PRC

According to the Euromonitor Report, the healthcare service industry in the PRC has experienced rapid growth in the last 6 years. From 2009 to 2013, the total expenditure in the private healthcare service industry in the PRC grew at a CAGR of approximately 13.0%. Also, during the meeting of the National People's Congress in 2015, the PRC Government has announced that it has adopted the "Internet plus" strategy to drive growth and stimulate the economy. It is therefore estimated, according to the Euromonitor Report, private outpatient medical centres are widely spread across the Yangtze River Delta region, Pearl River Delta region and major provincial capitals due to the promising regulatory environment and affluent consumer base in these areas. Our Directors anticipate that this will have profound impact on how private healthcare services are used and how patients are directed to private healthcare service providers in the PRC. To capture the potential opportunities made available from the rapid growth of the healthcare service industry, our Group plans to replicate the success of our management practice and standard operation procedures and offers patients with access to our directly managed private medical centres at convenient locations in the Yangtze River Delta region. We strive to implement our operating model at each of our medical centres and to offer our patients a comprehensive healthcare services modelled on our management practice and standard operation procedures. To project our expansion plan, we take into account the continued demand for quality healthcare services in first-tier cities in the PRC. We intend to focus in Shanghai as the first step and subsequently other first-tier cities in the PRC. We believe that continuing to expand our network through such model will create a favourable balance of investment returns and operational risks for our Group.

Establish our market share in Shanghai through partnership with Ping An Health

In light of the above reasons, our PRC subsidiary, Yingjian Qiye, which is wholly owned by Human Health (Greater China), has formed a joint venture company, Pingan Yingjian, on 24 April 2015 in Shanghai with our joint venture partner, Ping An Health, a subsidiary of Ping An Financial Technology, which is in turn held as to approximately 92.4% by Ping An Insurance.

Our Group aims to expedite our expansion in Shanghai as the first step into the PRC market and enhance the efficiency of the operations of our medical centres by leveraging on our joint venture partner's marketing and well-established online platform "平安好醫生" (Ping An Hao Yi Sheng), as well as its experience and knowhow in Shanghai healthcare service industry, to (i) identify and secure suitable locations for establishing new medical centres, and (ii) expedite and facilitate the external administrative processes in relation to our operation. Ping An Health is an established player in the private healthcare service market in the PRC, it holds a vast customer network online and it provides consistent support to the outpatient services to its customers. "平安好醫生" (Ping An Hao Yi Sheng) online platform which carries out a new form of internet medical services has more than 10 million existing users and it provides remote consultation, medical diagnosis and triage to its users, in particular those patients with immediate medical enquiries. Despite the referral from Ping An Hao Yi Sheng to our medical centres are on a non-exclusive basis, our exposure to an online platform with a vast variety of users enable us to establish our brand name in Shanghai and increase our exposure to the potential customers, which in turn facilitate our establishment and future operation of our medical centres in Shanghai in the long run. It is intended that the online platform will then refer its users out of its vast customer base with necessary needs to designated medical centres including those to be operated by Pingan Yingjian. Pursuant to the joint venture arrangement, we intend to establish integrated medical centres in the PRC which covers comprehensive outpatient services including general practice services, specialties services and dental services. The daily operation of the medical centres would be primarily managed by our Group through a management committee, where the head of the management committee would be appointed by our Group. We believe we will be able to leverage on the synergy arising from the cooperation in the provision of private healthcare services in the PRC market where the demand for better quality patients' service continue to rise and to bridge the gap between online health institutions and physical medical services. Our Group would also be able to leverage Ping An Health's existing clientele network in the PRC in establishing a foothold in Shanghai, and Ping An Health would also assist in the registration procedures in relation to the setting up of the joint venture company as well as the

BUSINESS

application for relevant licences in the PRC. Upon the commencement of the operations of the new medical centres, we expect to tap into the uprising market, enhance our profile and broaden our customer base in the PRC. With the goal to actively roll out our healthcare network expansion into the PRC, we initially plan to set up, in Shanghai, through our joint venture with Ping An Health, three medical centres by 2017 providing healthcare services to mid-to-high-end customers. According to the Euromonitor Report, there is a growing trend that private outpatient medical centres especially in first-tier cities as Shanghai, Beijing, Guangzhou and Shenzhen are making efforts to target at mid-to-high-end customers such as foreigners, top and middle level management personnel, professionals and executives, who are willing to pay at a premium price to receive better quality medical services, since affluent consumer base exists in those developed first-tier cities. These consumers are increasingly seeking better healthcare alternatives than the services provided by the public hospital dominated system. It is therefore our Group's plan to offer healthcare services to mid-to-high-end customers which includes general practice services, specialties services and dental services that are designed to meet their higher requirements for healthcare services in those developed first and second tier cities. We estimate that, based on management's experience on the comparable medical centres in Hong Kong and the market research on the operations of medical centres in the PRC, the breakeven period of our medical centres will range from around 2 to 4.5 years and the investment payback period will range from around 5 to 6 years, depending on the size and scale of the medical centres. We estimate spending per patient visit to be normally ranging from approximately RMB300 to RMB1,000 depending on the types of services provided to the patients, whereas additional fees may be charged outside such range in respect of specific investigations, complicated treatments and procedures or expensive medication where necessary.

Our medical centres to be established in the PRC would also follow our purchasing policy to ensure that the pharmaceutical drugs, medicines supplies and other diagnostic products we order comply with the relevant standards in the PRC. Our procurement process would be governed by several levels of approval hierarchy, which in turn ensures that there is an optimal level of stock and maintains a high quality of suppliers (including their reputation, past track record, timing of delivery and source of products). For the recruitment of doctors, dentists and members of our professional team in the PRC, we would adopt a recruitment policy which takes into account a number of factors including their academic background, working experience, language, communication skills and previous compliance records; potential candidates would need to go through interview with our chief medical officer and our human resources department would conduct reference check to ensure the quality of the potential candidate. In respect of customer sourcing, since medical advertisements are strictly controlled or required to be reviewed by the relevant authorities, we would ensure compliance with the relevant requirements in the PRC. We will adopt a policy for monitoring the process of entering into contracts with corporate customers, including review of the contract price, discussion of the scope of medical services and preparation of monthly report for updating the customer record.

We believe that our extension efforts in the PRC with our joint venture partner Ping An Health will bring along many advantages such as acquisition of local knowledge of the healthcare service industry in the PRC, knowhow and expertise on the recruitment of local doctors and dentists and management of medical staff and resources; primary care network expansion opportunities; patient referrals through the “平安好醫生” (Ping An Hao Yi Sheng) online platform operated by Ping An Health; and access to Ping An Health's existing network of medical suppliers. In January 2016, Pingan Yingjian has signed a lease agreement pursuant to which the lease term will be effective from June 2016 for the establishment of the first medical centre in Shanghai subject to the approvals and permits from the relevant PRC government authorities.

Establish medical centres in other first-tier cities in the PRC

In addition to setting up medical centres in Shanghai through our joint venture company Pingan Yingjian, we intend to leverage on our experience and knowhow gain from the management and operations of medical centres in Shanghai, we will then establish presence in other first-tier cities in the PRC. We intend to either set up medical centres or make equity investment in local company(ies) whom we believe would facilitate our entry into these markets which share the same value with us. Our Group intends to set up four integrated medical centres in other first-tier cities in the PRC in 2018 which provide general practice services, specialties services and dental services to our target customers. We estimate that, based on management's experience on the comparable medical centres in Hong Kong and the market research on the operations of medical centres in the

BUSINESS

PRC, the breakeven period of our medical centres will range from around 2 to 4.5 years and the investment payback period will range from around 5 to 6 years, depending on the size and scale of the medical centres. We estimate spending per patient visit in these medical centres in the first-tier PRC cities to be normally ranging from approximately RMB300 to RMB1,000 depending on the types of services provided to the patients, whereas additional fees may be charged outside such range in respect of specific investigations, complicated treatments and procedures or expensive medication where necessary. When we consider expanding our operations into a new geographical location, we will take into account of the following considerations: (a) the concentration of our target customers in such area; (b) the demand for and supply of similar service in such area; (c) the proximity of transportation hub in such area; and (d) the entry barrier in such geographical location in terms of legal requirements, competition from local service providers, consumer preference, etc.

As at the Latest Practicable Date, save as disclosed above, we have not yet identified any appropriate geographical location.

Identify established medical centres in Hong Kong as acquisition targets

We systematically review potential acquisition opportunities of established medical centres in Hong Kong which would increase our market share and hence our revenue base. We prefer to target operations whose doctors share the same vision of our Group and who are committed to provide quality healthcare services to patients. In determining the consideration for such acquisition targets, we consider the following factors to be essential: financial performance of the target company, reputation of their professionals, whether the management philosophy and culture is consistent with us, location of the medical centres operated by the target company and whether their customer base overlaps with our Group. As at the Latest Practicable Date, we have not yet identified any appropriate acquisition targets.

Enhance our brand recognition through effective marketing strategies, refurbishment and maintenance of our medical centres

We believe that successful branding through marketing strategies and refurbishment of our existing medical centres are vital for us to continue to maintain a good impression to our customers and attract new customers, as well as to differentiate ourselves from our competitors. To continue to maintain and promote our brand as a leading private integrated healthcare service provider in Hong Kong, we plan to increase our publicity and promote our brand awareness by engagement of brand consultant, attending public relation events and revamp of our websites. We also intend to refurbish our medical centres and optimise their maintenance. We estimate that the total costs and expenses for the above activities would be approximately HK\$13.7 million, and out of which approximately HK\$7.3 million relates to refurbishment and maintenance of our medical centres. Our Directors believe that optimal marketing strategies would further strengthen our position as a leading private integrated healthcare service provider.

Enhance our information technology infrastructure

We believe that an effective information system is essential for efficient management and successful development of our business. To cope with the expansion in Hong Kong and the PRC and to promote better management of our medical centres, we will continue to invest in information technology to optimise our operation and increase overall efficiency. To achieve this, we will enhance our existing information technology systems, develop an enterprise resource planning system, launch migration to a virtual platform and other relevant upgrade to the infrastructure. We expect that approximately HK\$13.7 million will be used to improve our existing information technology system and infrastructure.

OUR SERVICES

We are a leading private integrated healthcare service provider in Hong Kong, as measured by the number of medical centres by location as at 31 August 2015, according to the Euromonitor Report. By strategically expanding our network presence in different areas in Hong Kong and by enhancing our expertise and capabilities in different specialty areas, our network of medical centres provides general practice services, specialties services

BUSINESS

and dental services to the general public in Hong Kong. We believe our management practice and standard operation procedures adopted in our business model provide synergistic benefits to our Group and involve lower operational risk.

We generate our revenue from (i) general practice services, (ii) specialties services, and (iii) dental services. During the Track Record Period, approximately 79.9%, 78.7%, 75.6% and 67.9% of our total revenue was contributed by the general practice services, respectively; approximately 17.1%, 17.9%, 21.2% and 22.1% of our total revenue was contributed by the specialties services, respectively; and approximately 3.0%, 3.4%, 3.2% and 10.0% of our total revenue was contributed by the dental services, respectively.

The following table illustrates, for the periods indicated, the revenue generated by each of the service categories provided by our Group:-

	Revenue									
	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
General practice services	266,976	79.9	287,387	78.7	324,668	75.6	60,750	72.1	75,233	67.9
Specialties services	57,014	17.1	65,391	17.9	90,995	21.2	20,114	23.9	24,526	22.1
Dental services	9,943	3.0	12,468	3.4	13,875	3.2	3,388	4.0	11,027	10.0
Total:	<u>333,933</u>	<u>100.0</u>	<u>365,246</u>	<u>100.0</u>	<u>429,538</u>	<u>100.0</u>	<u>84,252</u>	<u>100.0</u>	<u>110,786</u>	<u>100.0</u>

The following table illustrates, for the periods indicated, the number of patient visits by each of the service categories provided by our Group:-

	Number of patient visits				
	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	2013	2014	2015	2014	2015
General practice services	1,100,965	1,131,395	1,162,110	236,083	257,452
Specialties services	32,026	39,477	48,174	12,184	14,115
Dental services	17,685	21,194	21,880	5,079	10,923
Total:	<u>1,150,676</u>	<u>1,192,066</u>	<u>1,232,164</u>	<u>253,346</u>	<u>282,490</u>

The following table illustrates, for the periods indicated, the average spending per patient visit for each of the service categories provided by our Group:-

	Average spending per patient visit				
	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$	HK\$	HK\$	HK\$	HK\$
General practice services	242	254	279	257	292
Specialties services	1,780	1,656	1,889	1,651	1,738
Dental services	562	588	634	667	1,010

General practice services

We provide general practice services under the brand names “Human Health Integrated Medical Centre 盈健綜合醫務中心”, “Human Health Medical Centre 盈健醫務中心” and “Perfect Life 優越醫療”.

BUSINESS

We offer a broad range of family medicine related healthcare services, either directly by our Group or referral to healthcare service providers outside our Group, such as general consultation, diagnostic and preventative healthcare services, treatments, minor procedures, pharmaceutical drug dispensing, vaccinations, physical check-ups, health education activities, provision of occupational health advices and work injury assessment. Regarding health check and physical check-ups, our doctors would specify the scope and details of the relevant check-ups and we would refer our patients to healthcare service providers, which principally engage in health checks, laboratory testing and imaging services outside our Group; after the test reports are available, our doctor will provide post-checkup explanation, analysis and follow-up treatment as appropriate to our patients.

Our service fee involves consultation fee, medication fee, procedure fee (such as wound dressing, suturing) and investigation fee (mainly involves performing diagnostic test for patients such as blood tests or x-rays and analysis of the reports).

BUSINESS

Specialties services

We provide specialties services under the brand name “Polyhealth Specialists 健匯專科中心”.

Set out below is a list of 11 specialty areas as at the Latest Practicable Date:-

	<u>Specialty</u>	<u>Description</u>
1	General Surgery	An area of medicine which deals with the treatment of injury, deformity, and disease using operative procedures, e.g. colorectal surgery, gastrointestinal surgery, thyroid and endocrine surgery.
2	Orthopaedics & Traumatology	An area of medicine which deals with the prevention and correction of injuries or disorders of the skeletal system and associated muscles, joints, and ligaments, often by surgery, e.g. artificial joint replacement, cruciate ligament reconstruction, meniscus repair, discectomy.
3	Ophthalmology	An area of medicine which deals with the anatomy, functions, and diseases of the eye, e.g. cataract surgery, glaucoma surgery, lamellar cornea transplant, penetrating cornea transplant.
4	Otorhinolaryngology	An area of medicine which deals with the anatomy, function, and diseases of the ear, nose, and throat, e.g. tympanoplasty, mastoidectomy, nasopharyngeal endoscopy, micro-laryngoscopy.
5	Paediatrics	An area of medicine which deals with the development and care of children, and the nature and treatment of diseases of children, e.g. neonatal diseases, paediatric dermatology, adolescent medicine, screening and child developmental assessment.
6	Obstetrics & Gynaecology	An area of medicine which deals with childbirth, caring for the women in connection with childbirth, and diseases in women reproductive organs, e.g. screening of ovarian / cervical cancer, intra-uterine hormonal device (mirena) insertion, second trimester down syndrome screening, vaginal delivery / caesarean section.
7	Gastroenterology & Hepatology	An area of medicine which deals with the study of structure, functions, and diseases of digestive organs and the liver, e.g. hepatitis B diagnosis and treatment, gastroscopy, colonoscopic polypectomy, esophageal varices ligation.
8	Respiratory Medicine	An area of medicine which deals with diseases of the respiratory system, e.g. early lung cancer detection, bronchoscopy, lung function testing.
9	Cardiology	An area of medicine which deals with disorders of the heart, e.g. percutaneous coronary intervention.
10	Paediatric Surgery	The subspecialty of surgery that focuses on treating children, e.g. surgical repair of birth defects.
11	Dermatology	An area of medicine which deals with the skin and its diseases, e.g. skin minor operation, cryotherapy, mole and skin cancer screening, skin tumour removal.

Physiotherapy service is also provided in specialist medical centre of “Polyhealth Specialists”. Physiotherapy is a treatment or management of physical disability, malfunction, or pain without the use of

BUSINESS

medicines, surgery or radiation, e.g. pain treatment, sport injury treatment and rehabilitation, cardiopulmonary rehabilitation. We provide physiotherapy services including but not limited to cardiovascular and pulmonary physiotherapy, clinical electrophysiology, neurological and orthopaedics physiotherapy.

Our service fee includes consultation fee, medication fee, procedure fee (surgeon fee and hospital fee) and investigation fee (mainly involves performing diagnostic and testing for the patients such as blood tests or x-rays and the analysis of the reports).

Due to both our general practice services and specialties services operating under our Group, our specialists bring synergistic benefits to our healthcare service quality, operation effectiveness, referral opportunities, sharing of expert knowledge and experiences during consultation and diagnosis which may improve efficiency and effectiveness of treatment. As a result, we can improve and enhance our overall service quality.

During the Track Record Period, we recorded approximately 3,800, 3,300, 5,000 and 1,100 referrals of our patients from our general practitioners to our specialists within our network, representing approximately 11.8%, 8.5%, 10.3% and 7.6% of the number of visits of our specialties services.

Dental services

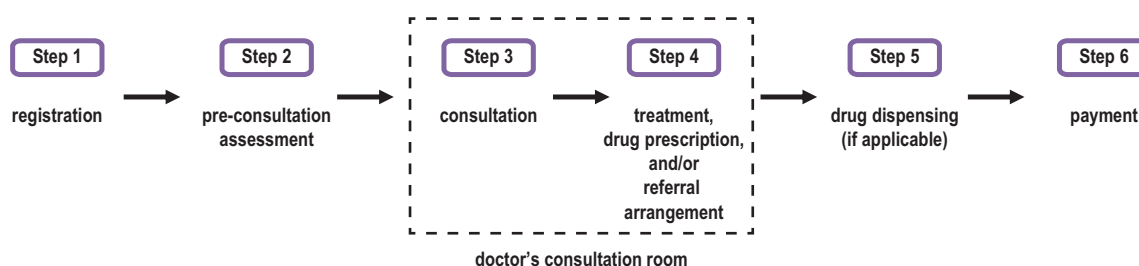
We provide our dental services under the brand names of “Poly Dental 健滙牙科”, “Human Health Integrated Medical Centre 盈健綜合醫務中心” and “Laserdentics 激光綜合齒科”.

We offer comprehensive dental services comprising (a) general dentistry, (b) specialties dentistry and (c) cosmetic dentistry. General dentistry includes oral examination, treatment planning, panoramic radiography, cone-beam computed tomography, periodontal treatment, velscope-oral cancer screening, preventive and conservative dentistry, dental implant, crown and bridge, endodontics, prosthodontics, oral surgery and paedodontics services. Specialties dentistry includes advanced oral and maxillofacial surgery, periodontal treatment and advanced orthodontic treatment. Cosmetic dentistry includes bleaching, one-hour tooth whitening, orthodontics, veneers and laser dentistry.

Our service fee involves consultation fee, medication fee, procedure fee (dental treatment) and investigation fee (mainly involves performing oral x-rays for patients).

BUSINESS PROCESS

The following diagram illustrates the process of patient visit at our medical centres.



Step 1: Our medical centre assistant registers the patient at the reception.

Step 2: Our medical centre assistant collects pre-consultation information such as blood pressure and/or body temperature of patient.

Step 3: General practitioner, specialist or dentist provides consultation and treatment plan to patient.

Step 4: General practitioner, specialist or dentist provides treatment or procedure to patient, or provides (i) prescription to patient and/or (ii) referral to a specialist and/or (iii) hospital admission services (if applicable) to patient. If hospital admission is required, treatment may be performed at the hospital.

BUSINESS

Step 5: Patient receives medication prescribed by general practitioner, specialist or dentist (if applicable).

Step 6: Patient proceeds to payment.

Note: Through our referral booking system and our connection with private hospitals, our patients are able to receive treatment and obtain emergency medical services at local private hospitals within a short period of time after consultation at our medical centres.

We have adopted a series of Group internal control policies to ensure the consistent quality of our business operations and they mainly include:

Patients' Data Privacy Management

In view of the importance of maintaining confidentiality of personal information of our patients, we have implemented data protection policy and patient information policy to ensure safe and secure handling of confidential information of our patients so as to comply with laws and regulations applicable to our Group.

Facility Management

We understand that facility management is essential for our Group to maintain a clean and healthy environment at our medical centres. Effective management of our medical facilities is crucial to ensure service requests are responded to quickly and efficiently and maintenance schedules are set up with minimum interruption to our operations.

We have implemented strategic management on our facilities that help to extend asset life of our medical facilities, track and lower maintenance costs, prevent and predict equipment failures, improve labour productivity and reduce costly downtimes. Our strategies include setting up maintenance procedures for managing medical facilities and equipment at each of our medical centres.

Dispensary

We have implemented and imposed strict safety guidelines for dispensing procedures and the storage of pharmaceutical drugs. Our doctors and dentists play an important supervisory role in the drug ordering and dispensing process, which includes checking the identity and dose of the specific drug against the prescription, whereas our medical centre in-charge are responsible for proper storage and keeping records of the stock of our pharmaceutical drugs. Information is provided to doctors and dentists regularly to remind them of the appropriate usage/dosage of vaccine/drugs to patients.

We regularly review our measures and policies in relation to the prevention of medical incidents, which covers dispensary and dangerous drug management.

Cash Management

Our cash management policies provide guidelines with respect to procedures for handling the cash register, which mainly include daily reconciliation of cash balance of each medical centre and segregation of duties on cash handling and checking.

OUR PROFESSIONAL TEAM

Our professional team comprises general practitioners, specialists, dentists, physiotherapists, pharmacist, registered nurses and dental hygienist.

The benefits of our Group's support infrastructure are set out in the section headed "Business — Competitive Strengths — Our established infrastructure provides a great platform for retention of good talents within our professional team and our professional team develops long term relationship with our Group". As such, our professional team is able to focus on serving patients which results in increased efficiency of our professional team and overall performance for our Group. Furthermore, our support infrastructure has enabled us

BUSINESS

to achieve cost savings in purchasing through our scale, maximize cash collection efficiency, deploy our information technology upgrades more rapidly, manage our professional team and our staff more effectively.

Set forth below is the number of members in our professional team who work exclusively with our Group as at the Latest Practicable Date:-

General practitioners	67
Specialists	22
Dentists	15
Physiotherapists ^(Note)	3
Registered nurses ^(Note)	6
Pharmacist ^(Note)	1
Dental hygienist	1
Total	<u>115</u>

Note: Those individuals are members of our full-time staff.

16 general practitioners, 16 specialists and two dentists work with us on non-exclusive basis as at the Latest Practicable Date.

A majority of our professional team has been working with us for more than three years and up to 18 years during the Track Record Period.

Qualification of our professional team

We believe the qualification and expertise of our professional team is crucial to the competitiveness of our Group, therefore we place great emphasis on recruiting, training and retaining of our professional team. Our Doctor Advisory Board recruits new doctors and dentists based on their qualifications, experience, reputation, specialised area of study or practice, level of dedication, previous compliance records and whether they will fit into our corporate culture. We assess their credentials and suitability for the positions through conducting interviews, which are attended by our chief medical officer and/or Doctor Advisory Board, and additional interviews may be needed if our chief medical officer and/or Doctor Advisory Board consider necessary.

Our doctors and dentists are required to register as medical practitioners under the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong) and our dentists are required to register as dental practitioners under the Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong). All of our specialists are qualified as a Fellow of the Hong Kong Academy of Medicine (FHKAM). As practicing without a license is a criminal offence, our operations department is responsible for verifying the annual practising certificates issued by the Medical Council and the Dental Council.

Our human resources department also verifies the practising certificates in relation to our registered nurses, pharmacist and physiotherapists as they are also required to be registered under the Nurses Registration Ordinance (Chapter 164 of the Laws of Hong Kong), the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong) and the Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong).

Our operations department ensures all of our doctors and dentists purchase their professional indemnity insurance themselves.

During recruitment and negotiation with potential candidates for our professional team in determining the agreed rate of service, we will take into account factors such as location of the medical centre, number of consultation hours, responsibility, qualification, experience, reputation, area of specialty and revenue expected to be generated from the medical centre. For details of the Cooperation Agreements entered into between our doctors and dentists and us, see section “History, Reorganisation and Group Structure — Cooperation Agreements”. Our Doctor Advisory Board carries out annual performance evaluation and the terms of compensation package for our professional team members are reviewed and may be adjusted according to their performance.

BUSINESS

We believe we maintain high standards in recruitment of quality members in our professional team and we provide them with competitive compensation packages and a cohesive working environment. Moreover, during the Track Record Period and up to the Latest Practicable Date, we did not receive any significant complaints nor penalties on our professional team that could not be resolved or would have a material effect on our business, financial condition or results of operations in relation to our professional team.

OUR MEDICAL AND DENTAL NETWORK

As at the Latest Practicable Date, we operate a total of 66 medical centres in our network, out of which 12 medical centres are located on the Hong Kong Island, 22 medical centres are located in Kowloon and 32 medical centres are located in the New Territories (including Lantau Island).

In terms of distribution of our medical centres by service category, out of our 115 service points, 57 service points provide general practice services, 45 service points provide specialties services and 13 service points provide dental services as at the Latest Practicable Date.

A distribution of our network of medical centres in Hong Kong by service points as at the Latest Practicable Date is set forth in the map of Hong Kong below:-



BUSINESS

Set out below is a list of our medical centres and corresponding service points:-

Hong Kong

District	Area	Number of service points		
		General Practice Services	Specialties Service	Dental Service
Central & Western	Central	1	1	1
Wanchai	Wanchai	–	–	2
Wanchai	Causeway Bay	–	5	–
Eastern	Tin Hau	1	–	1
Eastern	North Point	1	–	–
Eastern	Quarry Bay	1	–	–
Eastern	Quarry Bay	1	–	–
Eastern	Shau Kei Wan	1	–	–
Eastern	Siu Sai Wan	1	–	–
Eastern	Sai Wan Ho	1	–	–
Eastern	Chai Wan	1	2	–
Southern	Aberdeen	1	–	–

Kowloon

District	Area	Number of service points		
		General Practice Services	Specialties Service	Dental Service
Kwun Tong	Kwun Tong	1	–	–
Kwun Tong	Kwun Tong	1	–	–
Kwun Tong	Kwun Tong	1	–	–
Kwun Tong	Kwun Tong	1	–	–
Kwun Tong	Yau Tong	1	1	–
Kwun Tong	Yau Tong	1	–	–
Kwun Tong	Ngau Tau Kok	1	1	–
Kwun Tong	Kowloon Bay	1	3	1
Kowloon City	Hung Hom	1	1	–
Kowloon City	Hung Hom	1	–	–
Wong Tai Sin	Wong Tai Sin	1	1	–
Yau Tsim Mong	Tsim Sha Tsui	1	–	–
Yau Tsim Mong	Tsim Sha Tsui	1	1	–
Yau Tsim Mong	Yaumatei	1	–	–
Yau Tsim Mong	Mong Kok	1	–	–
Yau Tsim Mong	Jordan	–	6	–
Yau Tsim Mong	Jordan	–	3	–
Yau Tsim Mong	Jordan	–	2	–
Yau Tsim Mong	Jordan	–	–	2
Sham Shui Po	Cheung Sha Wan	1	–	–
Sham Shui Po	Lai Chi Kok	1	–	–
Sham Shui Po	Mei Foo	1	–	–

BUSINESS

MARKETING

Doctors are generally prohibited from promotion of the medical practice through advertisements by the Medical Council, and dentists are also prohibited from canvassing for the purpose of obtaining patients by the Dental Council, or else disciplinary action will be taken against them. Thus, our Group does not solicit customers through advertisements.

Our business development team only deals with potential corporate customers when they approach us for our healthcare services. Our business development team also participates in health industry exhibitions and organizes healthcare seminars, vaccinations for our corporate customers as part of our services to our corporate customers.

From time to time, certain members of our professional team were interviewed by public media in Hong Kong enhancing health awareness to the Hong Kong public. During the Track Record Period, we also participated in different activities organised by non-governmental organizations as part of our corporate social responsibility.

OUR CUSTOMERS

Our customers can be categorised into two groups:

- (a) individual customers who settle their own medical payments by cash or cash equivalent, such as government medical vouchers, credit cards or debit cards (for individual customers, payments include (i) where patients are not under any medical scheme plan, the fees incurred for the treatment received; (ii) where patients are under a medical scheme but the treatment received does not fall within the scope of the scheme, the uncovered fees incurred for the treatment received; or (iii) where patients are under a medical scheme, the co-payment amount for the treatment received as required under the scheme); and
- (b) corporate customers which we enter into contractual arrangements with them, such as medical scheme management companies, insurance companies and corporations, which settle medical payments for their policy members or staff members who are patients of our Group.

Our individual customers represent a significant portion of our customer base. For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, revenue generated from our individual customers represented approximately 80.0%, 78.9%, 79.3% and 79.2% of our total revenue, respectively and revenue generated from our corporate customers represented approximately 20.0%, 21.1%, 20.7% and 20.8% of our total revenue, respectively.

Patients can settle medical payments in different manners. For patients under medical plans covered by medical scheme management companies, insurance companies or corporations, that is, our corporate customers, and using their issued medical cards for settling medical payment, the relevant amount will be settled by corporate customers directly; for patients under medical plans but not presenting medical cards for settling medical payment, they shall make medical payment by their own cash or cash equivalent. Thereafter, such patients may, at their own choice, arrange own reimbursements under their own medical plans covered by their respective medical scheme management companies, insurance companies or corporations, but it is not part of the operation of our Group and our Group is not involved in or informed of such arrangement. Accordingly, for both situations mentioned above, there would be no reimbursement mechanism for the patients involving our Group.

Since November 2014, we gained an addition of approximately 230,000 patients after acquisition of the controlling interest in Perfect Life by our Group. For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, the number of patients were approximately 1.18 million, 1.32 million, 1.69 million and 1.73 million, respectively; and the number of patients' visits were approximately 1,151 thousand times, 1,191

BUSINESS

thousand times, 1,232 thousand times and 282 thousand times, respectively. The aggregate number of active customers who had more than one consultation throughout the Track Record Period was approximately 485,000.

Categories of our corporate customers:

1. Medical scheme management companies

Medical scheme management companies administer and structure corporate healthcare benefit plans to provide medical services to members of such healthcare benefit plans. Members are mainly policy holders of insurance companies and employees of corporations. We provide to the members of the medical scheme management companies a range of comprehensive healthcare services from general practice services, specialties services, physiotherapy to dental services. Moreover, depending on the needs of such members and the scope of services offered by our Group, tailor-made health check programmes, vaccinations and physical check-ups and work injury assessment service as well as health education seminars will be offered to them either directly by our Group or referral to healthcare service providers, which principally engage in health checks, laboratory testing and imaging services outside our Group.

Under our service contracts with medical scheme management companies, we offer healthcare services to their members through our panels of doctors in return for a service fee based on number of visits and an agreed rate. These service contracts typically do not specify a termination date but require 30 days to 60 days prior notice for termination. Typically, a credit term ranging from 30 to 180 days is granted to medical scheme management companies.

2. Corporations

We offer medical scheme to corporations including listed companies, private companies and not-for-profit organizations at an agreed rate. Under such medical scheme, we offer comprehensive healthcare services, which include general practice services, specialties services, physiotherapy and dental services. Moreover, we offer tailor-made health check programmes, vaccinations and physical check-ups and work injury assessment service as well as health education seminars to our corporate customers.

Our service contracts with corporations are typically renewable on an annual basis. Employees of the corporations maybe required to make a co-payment of an agreed percentage of the final medical bill amount (i.e. a portion of the payment at the end of consultation) and the balance of the payment will be collected from the relevant corporations. Typically, a credit term of 30 days is granted to the corporations.

3. Insurance companies

We provide an agreed rate of our services to insurance companies. Under the arrangement with these insurance companies, we offer comprehensive healthcare services, which include general practice services, specialties services, physiotherapy and dental services, to their policy holders. If the insurance companies so request, depending on the scope of services offered by our Group, we also offer, either directly by our Group or referral to healthcare service providers, which principally engage in health checks, laboratory testing and imaging services outside our Group, tailor-made health check programmes, vaccinations and physical check-ups and work injury assessment service as well as health education seminars to their policyholders.

Depending on the coverage of the insurance policy, members of insurance companies may be required to make a co-payment of an agreed percentage of the final medical bill amount (i.e. a portion of the payment at the end of consultation) and the rest of the payment will be collected from the relevant insurance companies. Our service contracts with insurance companies normally do not specify a termination date but require one to three months prior notice for termination. Typically, a credit term of 30 days is granted to insurance companies.

For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, revenue from the five largest customers of our Group accounted for approximately 16.4%, 17.1%, 16.3% and 15.5% of the total revenue, respectively. For the same periods, revenue attributable to our Group's largest customer accounted for

BUSINESS

approximately 5.7%, 5.2%, 5.0% and 5.4% of our total revenue, respectively. The five largest customers have been customers of our Group ranging from 7 to 13 years, which are medical scheme management companies.

The five largest customers are Independent Third Parties and, to the best knowledge and belief of our Directors, none of our Directors or their close associates or any Shareholders (which the knowledge of our Directors beneficially own more than 5% of the Shares) had any interests in any of the five largest customers of our Group during the Track Record Period. During the Track Record Period, none of our Group's major customers were also our Group's major suppliers and vice versa.

Pricing of our services

To align with our goal to provide quality healthcare services to the public and to compete effectively with other healthcare service providers in the market, we position our healthcare services to be mid-to-high end in terms of our charges to our patients.

We generally review the pricing of our services annually. When determining our rates chargeable to our individual customers, our management takes into account of factors such as cost of operations, cost of leasing of the premises, market price range charged by our competitors, inflation rate as well as the following factors:-

- for consultation fee: cost-plus basis of our cost in engaging members of our medical team;
- for medication fee: the reference retail price of the pharmaceutical drugs, price charged by distributors for the pharmaceutical drugs, and relevant administration costs;
- for procedure fee: price of treatment is determined based on the risk and complexity in applying the treatment or treatment procedures, the materials and equipment used, time required for applying the treatment, the number of treatments; and
- for investigation fee: cost-plus basis of our cost in providing such service

For corporate customers, on top of the above factors in relation to the rates chargeable to individual customers, our Group may offer certain corporate customers a discount as compared to fees charged on individual customers, which is subject to negotiation and a number of factors when determining the pricing of the contracts with corporate customers, mainly including scope of healthcare services coverage, number of visits covered under the relevant plans, estimated average utilisation of the relevant services by the members of the plans, our costs and prevailing market rates. The final pricing would also depend on the negotiation between our Group and the relevant corporate customers, their background and our history of business relationship with them. The agreed pricing will be included in the contracts entered into between our Group and the corporate customers, depending on the scope and varieties of services provided, there are specific provisions or fee schedules setting out the fees to be charged in respect of different types of services.

When there is an increase in the price of the pharmaceutical drugs, we are generally able to pass on the cost increase to our customers by price adjustment.

OUR SUPPLIERS

Our suppliers primarily include doctors, dentists, pharmaceutical drugs distributors and manufacturers as well as laboratories and imaging centres.

Doctors and dentists

For details of the terms of Cooperation Agreements with our doctors and dentists, see the section "History, Reorganisation and Group Structure — Cooperation Agreement" of this prospectus.

For details of the selection criteria of our doctors and dentists, please refer to the section headed "Business — Our Professional Team" in this prospectus.

BUSINESS

Pharmaceutical manufacturers and distributors

Our suppliers of pharmaceutical drugs include pharmaceutical drug manufacturers as well as distributors. Typically, the pharmaceutical drug manufacturers sell their pharmaceutical drugs through distributors and the distributors will be involved in the sale and delivery of the pharmaceutical drugs when we place purchase orders with the pharmaceutical drug manufacturers.

We do not enter into long-term supply agreements for the purchase of pharmaceutical drugs from our suppliers. For certain vaccines, we enter into fixed term supply contract with our pharmaceutical drug suppliers to guarantee the supply of vaccines for one year and the supply contract is renegotiated each year. There is no minimum commitment under such contracts. Typically, a credit period of 30 days is granted by the suppliers of pharmaceutical drugs. To ensure the quality of our pharmaceutical drugs purchase, our purchasing department, which is headed by a pharmacist, monitors the quality of the suppliers and their purchase by exercising their professional judgement. In selecting pharmaceutical drugs and other suppliers, we perform assessment on the potential suppliers, including past history of the suppliers' quality, quantity, timing of delivery, source of the products, price and supplier's reputation in the industry.

As part of our purchasing policy, our purchasing department ensures that the pharmaceutical drugs we order are registered pharmaceutical products recognised by the Drug Office of Hong Kong. We do not partake in any pilot programmes in relation to the application of experimental pharmaceutical drugs to our patients.

We carry out overall inventory management through a centralised system and our purchasing department is responsible for placing orders with our pharmaceutical drug suppliers. Our medical support staff regularly monitors the level of our pharmaceutical drugs and ensures sufficient stock level for approximately two months. Most pharmaceutical drugs are directly delivered to our medical centres. Our centralised procurement management team has negotiated with certain suppliers such that we may purchase the pharmaceutical drugs at a net price instead of ordering at a regular price and receiving bonus pharmaceutical drugs, which allows us to better control the stock level of our pharmaceutical drugs. During the Track Record Period, we did not encounter any shortage in the supply of pharmaceutical drugs.

Our professional team would perform a final check before purchase orders are placed with the distributors of pharmaceutical drugs. After delivery, the bills issued by distributors will be reviewed by our purchasing department and our finance department to ensure consistency with our purchase orders. Our finance department will then proceed to payment according to credit terms.

For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, the cost of our pharmaceutical supplies represented approximately 17.1%, 17.7%, 16.8% and 16.3%, respectively, of our total cost of services rendered. When price increases, we will enter the new price into our database system such that our medical centres will be able to adjust our charges with immediate effect. During the Track Record Period, we were able to pass on the increase in cost of pharmaceutical drugs to our customers.

Laboratories and imaging centres

Our suppliers also include laboratories and imaging centres. The credit period granted by these suppliers is typically 30 days. To ensure the quality and efficiency of the services provided by laboratories and imaging centres to us, we select them by considering the location (such as the number of outlets in Hong Kong, the distance between our medical centres and the laboratories, any existing laboratories that we are already using in the same area), the scope of service (such as the variety of equipment and testing the laboratories can offer), the quality (such as the time required to deliver the report, accuracy of the report), price and feedback of our doctors. IMI and WEH, associates of our Founders and executive Directors, Mr. Chan and Dr. Pang, also provide imaging services and medical diagnostic and endoscopy services to us. For details, please refer to section headed "Connected Transactions" of this prospectus.

For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, cost incurred with our five largest suppliers accounted for approximately 18.7%, 17.8%, 14.3% and 14.7%, respectively, of our total cost of

BUSINESS

services rendered. For the same periods, cost incurred with our largest supplier accounted for approximately 5.3%, 4.3%, 3.3% and 3.3%, respectively, of our total cost of services rendered. The five largest suppliers have been suppliers of our Group ranging from 1 to 16 years and they include doctors and distributors of pharmaceutical drugs. Our Directors confirmed that all of the five largest suppliers of our Group were Independent Third Parties. None of our Directors or their associates or any shareholders holding more than 5% of the total issued share capital of our Company had any interest in any of our five largest suppliers during the Track Record Period.

QUALITY CONTROL

Providing quality healthcare services is one of our Group's management priorities. To this end, we have adopted a quality assurance and enhancement system for our professional team and our staff to ensure standard operation procedures are adopted at our medical centres. We believe prioritising quality training and adoption of standard operation procedures within our Group could strengthen our position in the market. We continuously enhance the quality of service provided by our medical team and staff through our Doctor Advisory Board and Quality Assurance Team. As a measure to enhance service quality and customers' loyalty, we have also set up a customer service hotline and a complaint handling mechanism whereby any enquiries and complaints are recorded and handled by the customer service team. Complaints concerning our medical team will be reported to our management for follow-up in order to ascertain customers' expectations. This system enables us to improve our medical treatment and services to meet customers' needs.

Quality Assurance Team

Our Quality Assurance Team, comprising committee members of our Doctor Advisory Board, our operations director and three operations managers, oversees quality standard and reputation of our Group; establishes guidelines and procedures in relation to quality of our service; streamlines daily processes and workflow in our medical centres; and ensures that our patient's satisfaction can be met while our quality assurance measures are put in place.

To enhance the quality of our healthcare services carried out by our professional team and staff, our Quality Assurance Team is responsible for ensuring our processes and guidelines are properly executed by our professional team. The team also implemented policies to reduce operations risk at our medical centres and periodically conducts update of our internal guidelines and policies governing various aspects of our operations, including but not limited to employee handbooks, procedures for prescription, selection of pharmaceutical suppliers, handling of dangerous drugs, medical centre operation procedures and clinical waste disposal.

Our Quality Assurance Team is also responsible for monitoring and ensuring the performance of our staff as well as conducting mid-year review and appraisals to ensure that our professional team is able to deliver service up to our standard. We recognise the importance to continuously monitor our patients' satisfactory.

Doctor Advisory Board

Our Doctor Advisory Board, established in 2009, comprises three core members from our professional team, Dr. Pang, being one of our founders, and two doctors, Dr. Kwong and Dr. Lee, who are senior management of our Group and are experienced in mentoring of new general practitioners, specialists and dentists. Our Doctor Advisory Board is responsible for the recruitment of new general practitioners, specialists and dentists and provide assistance such as medical centre operation, patient handling, management of difficult issues and safety. It also delivers induction programmes, site visits, on-the-job training and experience sharing for the first six months to incoming general practitioners, specialists and dentists to familiarise them with service quality standards and general operation procedures of our Group.

This ensures a smooth transition for our new recruits who came from the public health sector or other practices to fit into our patient-centric culture. During the first six months of service, members of our Doctor Advisory Board would visit and monitor the work of our new general practitioners, specialists and dentists to ensure that services are provided in accordance with our Group's standards and procedures. In addition, we

BUSINESS

provide follow-up meetings and training as needed in line with new development in our industry and professional knowledge sharing among our medical team. Our Doctor Advisory Board also carry out performance review annually to the medical team.

INVENTORY CONTROL

Most of our stock of pharmaceutical drugs is stored at our medical centres and a small fraction is stored in our central warehouse. We regularly monitor the level of inventory at each medical centre. We maintain strict control over inventory and have implemented an inventory control policy to meet procurement needs. The objectives of such policy is to provide guidelines to our staff in the management and control of inventory including safeguarding and disposal of inventory, to eliminate any potential misuse and misappropriation of inventory as well as to control the cost of pharmaceutical drugs. During the Track Record Period, we did not experience any significant write-offs of our inventory.

During the Track Record Period, medication available at the medical centres operated by our Group may include pharmaceutical products and poisons as defined under the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong), dangerous drugs as defined under the Dangerous Drugs Ordinance (Chapter 134 of the Laws of Hong Kong) and antibiotics as regulated by the Antibiotics Ordinance (Chapter 137 of the Laws of Hong Kong). As advised by our Counsel, our Group had obtained (i) a valid wholesale poisons licence issued by the Pharmacy and Poisons Board under the Pharmacy and Poisons Ordinance for the storage of pharmaceutical products and poisons, (ii) a valid wholesale dealer's licence to supply dangerous drugs issued by the Director of Health under the Dangerous Drugs Ordinance; and (iii) a Permit To Deal In Substances And Preparations To Which The Antibiotics Ordinance, Cap. 137 Applies issued by the Director of Health under the Antibiotics Ordinance for the storage and dealing in antibiotics.

INFORMATION TECHNOLOGY SYSTEM

As part of our effort in modernising our information systems, we worked closely with our software vendors in the past few years and developed different applications to handle our administrative and operational work flow in our medical network. Our customised medical centre management software is designed for internal control and workflow procedure and assists the management of our medical centres. The software also enables us to arrange our specialist appointments and capture the needs from our existing patient base efficiently.

Our medical centre management system acts as our core application for handling and storing patients' electronic medical records and it plays a key role in the internal control of our daily medical centre operation. Besides, in terms of information relating to pharmaceutical drugs, detailed information of each of the pharmaceutical drug maintained by our pharmacist is maintained in our system to be dispensed to our patients. The labelling measure we implemented according to regulatory requirement can ensure that human errors in the drug checking procedures are minimised, thus the patients' safety is ensured and ultimately, our quality of services of our healthcare service is improved.

In view of securing our patient's information and to ensure data integrity of our system, our patient's medical records are protected by regular back-ups. Furthermore, we implement appropriate levels of access control rights for our professional team and staff as security shields for computer systems to safeguard our patients' medical records and personal information. Our information and data protection policy which governs the collection, transfer, and subsequent processing, ensures that our professional team and our staff would properly handle and dispose information relating to our patients including electronic files. In compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), we have a compliance officer who oversees our data compliance program.

BUSINESS

EMPLOYEES

A breakdown of the number of our full-time employees, all of which are based in Hong Kong, as at the Latest Practicable Date is set forth in the table below:-

Management	9
Business development	14
Finance	13
Human resources and administration	13
Information technology	7
Project and maintenance	1
Operations	14
Pharmacy and purchasing	6
Physiotherapists	3
Medical centre assistants	336
Total:	<u>416</u>

As at the Latest Practicable Date, we also had 67 employees who worked for us on a part-time basis.

We recruit personnel from the open market and we formulate our recruitment policy based on market conditions, our business demand and expansion plans. We offer to our employees different remuneration package based on their position. Generally, we pay basic salary and incentive (based on years of service) to all our employees. To enhance the quality of our services, we adopt a prudent assessment criteria when selecting our Group's professional team members including physiotherapists, pharmacist, registered nurses and dental hygienist, which takes into account a number of factors such as experiences, skills and competencies. We assess their credentials and suitability through interviews and aptitude tests as appropriate. We also provide regular trainings for our employees in the operations department.

During the Track Record Period, mandatory provident fund and employees compensation insurance have been provided for all our employees and we did not have any material disputes with our employees.

OUR JOINT VENTURE ARRANGEMENTS WITH PING AN HEALTH

To capture the potential opportunities made available from the rapid growth of the private healthcare service industry in the PRC, our Group intends to expand our business and establish our presence in Shanghai through a joint venture arrangement.

Pursuant to the joint venture agreement dated 23 January 2015 entered into between Human Health (Greater China) and Ping An Health, a subsidiary of PingAn Financial Technology Consulting Company, which is in turn held as to approximately 92.4% by Ping An Insurance, the following are the major terms of the joint venture arrangement:

1. Term

The term of the joint venture company is 20 years. Upon the approval of the joint venture parties, the term may be further extended by submission to relevant PRC regulatory authorities.

2. Investment Amount

Each of Human Health (Greater China) and Ping An Health has agreed to contribute RMB17.5 million as the capital in Pingan Yingjian. The capital contribution shall have to be made by the respective joint venture parties within one year of establishment of Pingan Yingjian.

3. Exclusivity

Without the prior written consent of the other party, Human Health (Greater China) will not, during the term of the joint venture agreement until 20th anniversary of the date of establishment of Pingan Yingjian

BUSINESS

(i.e. 24 April 2015) cooperate with any other third parties or independently establish a medical centre within the Shanghai region.

4. Corporate Governance

Human Health (Greater China) has the right to appoint 2 directors and Ping An Health has the right to appoint 3 directors to the board of Pingan Yingjian (the “**JV Board**”). The chairman of the JV Board is nominated by directors so appointed by Ping An Health while the deputy chairman is nominated by the directors so appointed by Human Health (Greater China). The chairman and the deputy chairman can serve the term of office for three years and the shareholders can re-elect the same candidates at the end of their term of offices.

5. Profit sharing

Profit of Pingan Yingjian will be shared by the joint venture parties based on their proportionate equity interest by way of capital contribution, i.e. Ping An Health as to 50% and Human Health (Greater China) as to 50%.

6. Business operations

- (a) Both joint venture parties agree that, apart from the business of establishing physical medical centres to further develop the provision of medical service by traditional entities, they will jointly develop internet “online to offline” service, which will increase efficiency and service levels of medical service.
- (b) Ping An Health’s strategy will focus on providing “平安好醫生” (Ping An Hao Yi Sheng) mobile app, which provides on-line medical consultation, and refer its users to designated medical centres (including those to be operated by Pingan Yingjian), hospitals, pharmacies, diagnostics centres, operation theatres, and rehabilitation centres by way of an efficient, convenient and seamless medical service.
- (c) Human Health (Greater China)’s strategy will focus on the establishment of medical centres in China, which will adopt modernised management procedures for managing medical centres, in providing comprehensive medical service to the general public.

Pingan Yingjian has been established on 24 April 2015. According to its business licence, Pingan Yingjian’s scope of business includes health advisory consultation (excluding medical consultation and psychological consultation), enterprise management consultancy, business consultancy, convention service, investment management, and the sales of types 1 and 2 medical devices. It is anticipated that Pingan Yingjian will set up wholly owned subsidiaries in the PRC to operate the medical centres to be established in Shanghai. Pingan Yingjian will be treated as a joint venture in our financial statements because it is jointly controlled by our Group and Ping An Health, our Group’s joint venture partner, on the basis that (i) Pingan Yingjian is owned as to 50% by each of our Group and Ping An Health, and (ii) a minimum of two-third of the votes is required for every resolution proposed at directors’ meeting of Pingan Yingjian, accordingly, neither our Group nor Ping An Health could control Pingan Yingjian.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, five of our trademarks which are material to our Group’s business have been registered in Hong Kong and 13 of our trademarks which are material to our Group’s business have been registered in the PRC. As at the Latest Practicable Date, we have two trademark applications in Hong Kong which are material to our Group’s business. For more information on our intellectual property rights, please see the section headed “Statutory and General Information — B. Further information about our business — 2. Intellectual property rights” in Appendix IV to this prospectus.

As at the Latest Practicable Date, we are not engaged in or threatened with any claim for infringement of any intellectual property rights, whether as a claimant or as a defendant. We believe we have taken reasonable measures to prevent infringement of our own intellectual property rights.

BUSINESS

INSURANCE

As at the Latest Practicable Date, we have purchased and maintained insurance policies for all of our medical centres, which cover business interruption, malicious attack, employment compensation and other liabilities in line with industry practice. We ensure our doctors, dentists and physiotherapists will purchase their own professional indemnity insurance policies under the relevant agreements entered into with our Group.

CONNECTED TRANSACTIONS

For further details on the connected transactions, see the section “Connected Transactions” in this prospectus.

PROPERTIES

As at the Latest Practicable Date, we entered into 65 leases for all of our medical centres in Hong Kong (with GFA ranging from 146 sq. ft. to 7,200 sq. ft.) and the offices of our corporate headquarter in Hong Kong (with GFA of approximately 7,212 sq. ft.) and the respective lease term are between approximately one year and four years. As at the Latest Practicable Date, among the 65 leases, 27 leases of them will expire within a year, 15 leases will expire in one to two years, 16 leases will expire in two to three years and 7 leases will expire in more than three years.

Our wholly foreign-owned enterprise in the PRC, Yingjian Qiye, entered into a lease agreement in March 2016 for a lease term of one year for office use (with GFA of approximately 20 sq.m.). Also, our joint venture company, Pingan Yingjian, has entered into a lease agreement in January 2016 of which the lease term will be effective from June 2016 for six years for the establishment of the first medical centre in Shanghai subject to the approvals and permits from the relevant PRC government authorities.

For a list of connected transactions entered into by our Group for the leasing of the premises for our medical centres, see the section headed “Connected Transactions” of this prospectus.

During the Track Record Period, we did not experience any material difficulty in renewing our lease agreements or exploring new premises for our medical centres.

COMPETITION

The private healthcare service industry in Hong Kong is highly competitive and fragmented. Based on the Euromonitor Report, as of 31 August 2015, there are only three private healthcare service providers, who lead ahead of their competitors by a wide margin in terms of location coverage, each with 40 or more medical centres across Hong Kong and they accounted for only a small portion of the total number of medical centres in Hong Kong. We compete fiercely with a few key players in the private healthcare service industry. According to the Euromonitor Report, as at 31 August 2015, we ranked first among the private healthcare service providers in Hong Kong as measured by number of medical centres by location.

Nevertheless, it is expected that, according to the Euromonitor Report, there is likely to be an increasing trend of consolidation among the larger private healthcare service chains. We believe we are well positioned to capitalise on these industry trend. The demand for healthcare services in Hong Kong is high as compared to the supply. On the other hand, there are only a limited number of doctors and dentists in Hong Kong, therefore, the demand for medical professionals is high which poses a significant entry barrier to new market players as they may find it difficult to recruit sufficient doctors or dentists. Our patients learn about our services through referrals. Our reputation is therefore critical to the success of our business. We intend to leverage our leading position, extensive service spectrum and established reputation to continue to be one of the contenders for the leading private healthcare service provider in Hong Kong.

In the PRC, most of the medical centres are located near residential districts and target at providing daily healthcare services to local residents. There is a growing trend that private outpatient medical centres, especially those in first-tier cities, are making efforts to target at higher-end consumers since affluent consumer are available in those developed first-tier cities. These private outpatient medical centres aim to provide professional, personalised and one-stop medical services to meet higher-end consumers’ needs. Along with a rising income level and higher standard required of healthcare services in those first- and second-tier developed cities, there is potential for higher-end private medical centres to expand their business to meet the demand in the market.

BUSINESS

ENVIRONMENTAL MATTERS

Since our medical centres handle pharmaceutical products on a daily basis and need to dispose of clinical waste, we have registered for the disposal of pharmaceutical products according to the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and the Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong) and engaged clinical waste collection service provider to dispose of our clinical waste. For details of relevant laws, rules and regulations, see the section “Regulatory Overview” in this prospectus.

During the Track Record Period, we implemented internal policy to dispose clinical waste and radioactive substances. Our policy aims to ensure safe disposal of hazardous substances and waste. We engage a qualified waste disposal and recycling company licensed by the Environmental Protection Department to handle disposal of hazardous waste, including expired and unwanted pharmaceutical products. For FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, our Group’s total costs of compliance with applicable environmental laws and regulations were approximately HK\$73,000, HK\$83,000, HK\$95,000 and HK\$22,000, respectively. Our Directors expect that such costs for the year ending 30 June 2016 to be similar to that of FY2015.

Our Group has not received any material fines or penalties associated with the breach of any environmental laws or regulations since the commencement of our Group’s operations.

WORKPLACE HEALTH AND SAFETY

We are subject to the health and safety requirements under Hong Kong law. We have instituted internal policies and systems in place designed with a view to implement and ensure strict compliance with such requirements. During the Track Record Period, we did not experience any material accidents in the course of our business operations.

AWARDS

Set out below is a list of awards our Group received during the Track Record Period:-

<u>Awards</u>	<u>Awarding organisation</u>	<u>Year of award</u>
Caring Company (商界展關懷)	Hong Kong Council of Social Services (香港社會服務聯會)	2009-2015
Happy Company (開心企業)	Promoting Happiness Index Foundation & Hong Kong Productivity Council	2013, 2014, 2015
Prime Award for Corporate Social Responsibility 2014 (優秀社責企業)	Metro Prosperity Magazine (都市盛世)	2014
ERB Manpower Developer Award Scheme (ERB 人才企業嘉許計劃)	Employees Retraining Board (僱員再培訓局)	2014
Management Excellent Award (管理大獎)	The International Institute of Management (國際管理研究所)	2014
Top 10 Brands (十大知名品牌)	World Health Industry Conference (世界健康產業大會)	2013
China Excellent Corporation (中華優秀企業)	China Council for the promotion of economic and trade (中國國際貿易促進委員會)	2013
Merit Award for “My Favourite MTR Shops for Convenient Services” (貼心服務人氣店)	MTR (港鐵)	2013
Hong Kong Star Brand Award (Enterprise) (香港星級品牌 -企業獎)	Hong Kong Small And Medium Enterprises Association (香港中小型企業聯合會)	2012, 2013

BUSINESS

LICENSES, PERMITS AND CERTIFICATES

During the Track Record Period and up to the Latest Practicable Date, our Group had obtained all material licences and permits necessary for the operation of its business in the jurisdictions in which it operates and such licences and permits are still valid and in force. Our Group has not experienced any refusal of the renewal application of any material licences and permits necessary for the operation of its business. Further, information on the material licences and permits necessary for the operation of our business is set out in the section headed “Regulatory Overview” in this prospectus.

COMPLIANCE AND LEGAL PROCEEDINGS

Relevant Key Laws and Regulations

A summary of the relevant key laws and regulations in Hong Kong and the PRC is set out in “Regulatory Overview”.

Compliance with Laws and Regulations

Except as disclosed below, during the Track Record Period and up to the Latest Practicable Date, our Group had complied with the relevant laws and regulations in relation to its business in all material respects and there were no material breaches or violations of the laws or regulations applicable to our Group that would have a material adverse effect on its business or financial condition taken as a whole.

The following table sets forth the details of the non-compliance incidents of our Group during the Track Record Period:

Relevant sections of the ordinance	Details of the non-compliance incidents	Reasons for the non-compliance	Total revenue attributable to the business	Legal consequence and potential maximum penalty	Remedial action taken and enhanced internal control measures
Section 20(2) and section 20(3) of the Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong) (the “SMPO”)	Be Health did not have any professionally qualified director (i.e. a registered physiotherapist who can practice without supervision as defined under section 6 of the Physiotherapists (Registration and Disciplinary Procedure) Regulation (Chapter 359J of the Laws of Hong Kong) (the “Professionally Qualified Director”) during the Track Record Period and up to 14 July 2015.	The non-compliance was due to the inadvertent oversight and being unfamiliar with the relevant regulatory requirement at the material times by the administrative assistants of our Group.	The revenue of the physiotherapy business amounted to approximately 2.2%, 3.0%, 2.6% and 2.1% of the revenue of specialties services for FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively, which in turn amounted to approximately 0.4%, 0.5%, 0.6% and 0.5% of the total revenue of our Group over the same period, respectively.	After the Rectifications, our Group is in compliance with section 20(2) and Section 20(3) under the SMPO. However, there are previous breaches by Be Health under section 20(4) and section 20(5) of the SMPO for not having a Professionally Qualified Director and not filing the SMPO Prescribed Form, and by Mr. Chan under section 20(4) of the SMPO for being a director of Be Health which did not have a Professionally Qualified Director. The maximum penalty for the non-compliance are as follows:	After realising the non-compliances, immediate rectifications had been carried out by Be Health. On 4 July 2015, Mr. Tong Tai Fai, a registered physiotherapist was appointed as the Professional Qualified Director and on the same day, the SMPO Prescribed Form was submitted with the Board of Physiotherapists under section 20(3) of the SMPO (“Rectifications”).
	Be Health also failed to submit to the secretary of the Physiotherapists Board a statement in the prescribed form containing the names and address of the directors, qualifications of the persons employed to practice physiotherapy services and such other particulars as may be prescribed (“SMPO Prescribed Form”) which is required to be filed within 14 days after 1 July each year during the Track Record Period and up to 14 July 2015.		The profit from the physiotherapy business amounted to approximately 2.2%, 3.0%, 2.6% and 2.1% of the segment profit from specialties services for FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively, which in turn amounted to approximately 0.2%, 0.4%, 0.5% and 0.5% of the total segment profit of our Group over the same period, respectively.	(i) for Be Health: a penalty of fine of HK\$5,000 for an offence under section 20(4) of the SMPO and HK\$500 for an offence under section 20(5) of the SMPO; and (ii) for Mr. Chan: a penalty of fine of HK\$5,000 and imprisonment for 6 months for an offence under section 20(4) of the SMPO. However, as advised by Counsel, a term of imprisonment is unlikely for Mr. Chan with his clear record and the immediate Rectifications carried out.	Furthermore, to enhance the overall internal control of our Group and to prevent recurrence, our Group has designated a compliance team supported by external legal counsel to oversee all compliance matters in relation to the operation of our Group. The compliance team will regularly report to the senior management of our Group.

Relevant sections of the ordinance	Details of the non-compliance incidents	Reasons for the non-compliances	Total revenue attributable to the business	Legal consequence and potential maximum penalty	Remedial action taken and enhanced internal control measures
				Further, as advised by Counsel, according to section 26 of the Magistrates Ordinance (Chapter 227 of the Laws of Hong Kong), no prosecution could be initiated against Be Health and Mr. Chan after the six-month period (i.e. 15 January 2016) starting from the last day of the breach (i.e. 14 July 2015).	

BUSINESS

Our Directors are of the view that the above non-compliance incidents of our Group during the Track Record Period, individually or in the aggregate, do not and will not have any material financial or operational impact on us. After considering (i) our rectifications, (ii) business nature and operation scale, (iii) the facts and circumstances leading to the non-compliance incidents disclosed herein, (iv) the advice and legal consequence as provided by Counsel, (v) the enhanced rectification and on-going compliance measures as mentioned above, and (vi) as confirmed by our Directors, none of these incidents were conducted intentionally, or involved any issue in the integrity, character or competence of our Directors or senior management, our Directors and the Sole Sponsor are of the view that the non-compliance incidents of our Group do not affect the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules.

Litigation, Claims and Arbitration

As at the Latest Practicable Date, none of our Group or any of our Directors was engaged in any litigation or claim or arbitration of material importance, and to the best knowledge of our Directors, no litigation or claim or arbitration of material importance to our Group was known to our Directors to be pending or threatened against our Group or our Directors.

CONNECTED TRANSACTIONS

CONNECTED TRANSACTIONS

The following on-going transactions will constitute continuing connected transactions of our Company under the Listing Rules:

CONNECTED PERSONS

The relevant connected persons, with whom our subsidiaries entered into the continuing connected transactions, are as follows:

1. **Maxland Limited (“Maxland”)**

Maxland is a company incorporated in Hong Kong on 19 May 1999 and is held as to 50% and 50% by each of Mr. Chan and Dr. Pang, respectively. Accordingly, Maxland is a connected person.

2. **Max Health**

Max Health is a company incorporated in Hong Kong on 11 May 2005 and is held as to 100% by Mr. Chan. Accordingly, Max Health is a connected person.

3. **IMI**

IMI is a company incorporated in Hong Kong on 19 October 2009 and is held as to 100% by WEHIL, a company incorporated in the BVI on 14 October 2010 and is held as to 90% by Mr. Chan and 10% by Great Praise Limited, a company incorporated in the BVI on 28 February 2011 and is held as to 100% by Dr. Pang. Accordingly, IMI is a connected person.

4. **WEH**

WEH is a company incorporated in Hong Kong on 22 October 2010 and is held as to 100% by WEHIL. Accordingly, WEH is a connected person.

5. **Prime Asia Limited (“Prime Asia”)**

Prime Asia is a company incorporated in Hong Kong on 4 April 2005 and is held as to 94.92% by Dr. Choi, who is a director of our certain subsidiaries. Accordingly, Prime Asia is a connected person.

6. **Dr. Pang**

Dr. Pang is a Controlling Shareholder and an executive Director. Accordingly, Dr. Pang is a connected person.

7. **Dr. Choi**

Dr. Choi is a director of each of Be Health, Perfect Life and Win Talent. Accordingly, Dr. Choi is a connected person.

8. **Dr. Seto**

Dr. Seto is a director of each of Poly Dental, Good Standard, Laserdodontics and Seto & Wan. Accordingly, Dr. Seto is a connected person.

CONNECTED TRANSACTIONS

9. Dr. Lau Wai Man

Dr. Lau Wai Man is a director of each of Poly Dental, Good Standard, Laserdodontics and Seto & Wan. Accordingly, Dr. Lau Wai Man is a connected person.

10. Dr. Chan Siu Yu

Dr. Chan Siu Yu is the nephew of Mr. Chan and Dr. Pang. Accordingly, Dr. Chan Siu Yu is a connected person.

I. EXEMPT CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of the continuing connected transactions of our Company, which are fully exempt from the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Tenancy Agreements between our subsidiaries and Maxland

Background

During the Track Record Period, Maxland (as landlord) entered into two agreements (the “**Tenancy Agreements**”) with our subsidiaries (as tenant), pursuant to which the following properties (the “**Properties**”) were leased by Maxland to our subsidiaries. The details of the major terms of the Tenancy Agreements are as follows:

<u>Date of Tenancy Agreement</u>	<u>Address</u>	<u>Connected person (as landlord)</u>	<u>Subsidiary of our Group (as tenant)</u>	<u>Usage</u>	<u>Approximate GFA (sq.ft.)</u>	<u>Tenure</u>	<u>Monthly rental (HK\$)</u>
30 May 2014	1/F & 3/F, Pearl Oriental Tower, 225 Nathan Road	Maxland	Be Health	Medical centre	7,200	1 July 2014 to 30 June 2016	188,000
30 June 2015	Shop 88, G/F, Beverly Garden, 1 Tong Ming Street	Maxland	Human Health Associate	Medical centre	300	1 July 2015 to 30 June 2017	29,000

Historical transaction amounts

The aggregate amounts of rent paid by our subsidiaries under the Tenancy Agreements for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 amounted to approximately HK\$2,256,000, HK\$2,256,000, HK\$2,472,000 and HK\$1,085,000, respectively.

Implications under the Listing Rules

Given that each of Mr. Chan and Dr. Pang is an executive Director, and they are also our Controlling Shareholders, and that the Tenancy Agreements were entered into by our subsidiaries on one hand, and a company ultimately and beneficially owned as to 50% and 50% by each of Mr. Chan and Dr. Pang, respectively, on the other hand, the transactions under each of the Tenancy Agreements above constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

The Tenancy Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The highest applicable percentage ratio (as defined in

CONNECTED TRANSACTIONS

Rule 14.07 of the Listing Rules) calculated with reference to the maximum aggregate annual rental payable by our Group to Maxland under the Tenancy Agreements for each of the three years ending 30 June 2018 exceeds 0.1% but is less than 5%, and the aggregate annual rental payable by our Group under the Tenancy Agreements will not exceed HK\$3,000,000. Therefore, upon Listing, the transactions contemplated under the Tenancy Agreements constitute de minimis continuing connected transactions for our Company pursuant to Rule 14A.76(1) of the Listing Rules, which will be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The respective rent under each of the Tenancy Agreements was determined by the parties through arm's length negotiations with reference to the market rent for similar properties in the vicinity of each property. The independent property valuer, Colliers International (Hong Kong) Limited, having reviewed the Tenancy Agreements, conducted market research on the leasing markets in Hong Kong and collected and analysed relevant rental comparables in the vicinity of each of the Properties, has confirmed that the respective rent payable under each of the Tenancy Agreements is consistent with the prevailing market rental level as at the lease commencement date. The Directors are of the view that the Tenancy Agreements were entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

2. Management Service Agreements between Human Health (H.K.) and each of Max Health, IMI and WEH

Background

During the Track Record Period, Human Health (H.K.) (as management service provider) had historically been providing management service, including, *inter alia*, secretarial and human resources support services, to each of Max Health, IMI and WEH (each as management service user). In anticipation of the Listing, Human Health (H.K.) has entered into a written management service agreement with each of Max Health, IMI and WEH respectively on 1 March 2016 (the "**Management Service Agreements**") to govern the arrangements of the provision of management service after the Listing.

Each of the Management Service Agreements has a term of three years commencing on 1 July 2015. Pursuant to the Management Service Agreements, the management fee shall be determined with reference to the expenses incurred by Human Health (H.K.) due to the provision of management service to Max Health, IMI and WEH as calculated by multiplying the total expenses incurred by Human Health (H.K.) in relation to the provision of management service with the percentage of the total turnover for the relevant year of Max Health, IMI or WEH (as the case may be) divided by the sum of the total turnover for the relevant year of our Group, Max Health, IMI and WEH.

Historical transaction amounts

The aggregate amounts of management fee paid by Max Health, IMI and WEH to Human Health (H.K.) for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 amounted to approximately HK\$360,000, HK\$360,000, HK\$1,491,200 and HK\$700,000, respectively. The increase in the said aggregate amount of management fee from approximately HK\$360,000 to approximately HK\$1,491,200 from FY2014 to FY2015 reflects the arm's length value of the management service provided to Max Health, IMI and WEH in anticipation of the Listing.

Implications under the Listing Rules

Given that each of Mr. Chan and Dr. Pang is an executive Director, and they are also our Controlling Shareholders, and that each of the Management Service Agreements was entered into by Human Health (H.K.) on one hand, and either Max Health, a company ultimately and beneficially owned as to 100% by Mr. Chan, or IMI or WEH, each a company ultimately and beneficially owned as to 90% and 10% by each of Mr. Chan and Dr. Pang, respectively, on the other hand, the transactions contemplated under the Management Service Agreements constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

The Management Service Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) calculated with reference to the maximum aggregate annual management fee payable by Max Health, IMI and WEH to Human Health (H.K.) under the Management Service Agreements for each of the three years ending 30 June 2018 exceeds 0.1% but is less than 5%, and the maximum aggregate annual management fee payable by Max Health, IMI and WEH to Human Health (H.K.) under the Management Service Agreements will not exceed HK\$3,000,000. Therefore, upon Listing, the transactions contemplated under the Management Service Agreements constitute de minimis continuing connected transactions for our Company pursuant to Rule 14A.76(1) of the Listing Rules, which will be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that the Management Service Agreements were entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole. Furthermore, our Directors consider, and the Sole Sponsor concurs, that the allocation of management fee, which is based on the amount of turnover, is a fair and reasonable basis for reflecting the scale of operation and the corresponding level of management services utilised by each of Max Health, IMI and WEH.

3. Investigation Service Agreements between Be Health and each of IMI and WEH

Background

During the Track Record Period, specialists of Be Health had historically been seconded to provide investigation services to patients of IMI and WEH by way of utilising the relevant medical imaging equipment and issuing medical reports to patients of the medical imaging centre and medical diagnostic and endoscopy centre operated by IMI and WEH, respectively. In anticipation of the Listing, Be Health has entered into a written investigation service agreement with each of IMI and WEH on 1 March 2016 (the "**Investigation Service Agreements**") to govern the arrangements of the provision of investigation services after the Listing.

Pursuant to the Investigation Service Agreements, specialists of Be Health will be seconded to provide investigation services to patients of IMI and WEH by way of utilising the relevant medical imaging equipment and issuing medical reports to patients of the medical imaging centre and medical diagnostic and endoscopy centre operated by IMI and WEH, respectively. Each of the Investigation Service Agreements has a term of 28 months commencing on 1 March 2016. The annual investigation fee payable under each of the Investigation Service Agreements will be calculated based on the historical growth of investigation fee paid to Be Health for the services performed by the specialists of Be Health for IMI and WEH respectively during the Track Record Period.

Historical transaction amounts

The aggregate amounts of investigation fee paid by IMI and WEH to Be Health for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 amounted to approximately HK\$997,000, HK\$1,185,000, HK\$1,081,000 and HK\$405,000, respectively.

Implications under the Listing Rules

Given that each of Mr. Chan and Dr. Pang is an executive Director, and they are also our Controlling Shareholders, and that each of the Investigation Service Agreements was entered into by Be Health, on one hand, and either IMI or WEH, each a company ultimately and beneficially owned as to 90% and 10% by each of Mr. Chan and Dr. Pang, respectively, on the other hand, the transactions under the Investigation Service Agreements above constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

The Investigation Service Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) calculated with reference to the maximum aggregate estimated

CONNECTED TRANSACTIONS

investigation fee payable by IMI and WEH to Be Health under the Investigation Service Agreements for each of the three years ending 30 June 2018 is expected to be more than 0.1% but less than 5%, and the aggregate estimated investigation fee payable by IMI and WEH to Be Health under the Investigation Service Agreements is expected to be less than HK\$3,000,000. Therefore, upon Listing, the transactions contemplated under the Investigation Service Agreements constitute de minimis continuing connected transactions for our Company pursuant to Rule 14A.76(1) of the Listing Rules, which will be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that the Investigation Service Agreements were entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

4. Service Agreements between Prime Asia and each of Human Health Associate and Poly Dental

Background

On 23 April 2015 and 6 May 2015, each of Human Health Associate and Poly Dental entered into a service agreement (the "**Service Agreements**") with Prime Asia (trading as CosMedic Beautria) respectively for a term of one year commencing on 1 May 2015, pursuant to which Human Health Associate and Poly Dental (as the case may be) agreed to provide medical services and dental services respectively through their designated medical centres to staff of Prime Asia (including their spouses and dependents) in return for service fee based on number of visits and an agreed rate.

Historical transaction amounts

The aggregate amounts of service fee paid by Prime Asia to Human Health Associate and Poly Dental for the two months ended 30 June 2015 and the five months ended 30 November 2015 amounted to approximately HK\$10,000 and HK\$4,000, respectively.

Implications under the Listing Rules

Given that Dr. Choi is a director of each of Be Health, Perfect Life and Win Talent and that each of the Service Agreements was entered into by either Human Health Associate or Poly Dental on one hand, and Prime Asia, a company ultimately and beneficially owned as to approximately 94.92% by Dr. Choi, on the other hand, the transactions under the Service Agreements above constitute continuing connected transaction of our Company under Chapter 14A of the Listing Rules.

The Service Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. For the remaining term of each of the Service Agreements, which will be expired on 30 April 2016, the aggregate amount of service fee received by Human Health Associate and Poly Dental is expected to be less than HK\$100,000. The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Service Agreements is expected to be, on an annual basis, less than 0.1%. Therefore, upon Listing, the transactions contemplated under the Service Agreements constitute de minimis continuing connected transactions for our Company pursuant to Rule 14A.76(1) of the Listing Rules, which will be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that the Service Agreements were entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

5. Dr. Pang's Cooperation Agreement

Background

We entered into Cooperation Agreements with our doctors and dentists and their Managed Practices. Our doctors and dentists (through their Managed Practices) shall provide medical and dental services to patients of

CONNECTED TRANSACTIONS

our medical centres and perform the obligations as set out in the Cooperation Agreements in consideration of the professional fees from our Group, and our Group shall provide management and administrative services to the Managed Practices and perform the obligations as set out in the Cooperation Agreements in consideration of the Managed Practices paying our Group a fee equivalent to all the fees received from customers of the medical centres during the term of the Cooperation Agreements. Please refer to the section headed “History, Reorganisation and Group Structure – Cooperation Agreements” in this prospectus for further details of the Cooperation Agreements. Please also refer to the section headed “History, Reorganisation and Group Structure – Cooperation Agreements – Reasons for entering into the Cooperation Agreements” in this prospectus for details of the reasons for entering into the Cooperation Agreements.

Dr. Pang entered into the Cooperation Agreement with Human Health Medical Services for a term of three years commencing from 1 September 2015. The following is the summary of material provisions under the Dr. Pang’s Cooperation Agreement:

1. Dr. Pang’s Managed Practice shall provide general practice services at our medical centres and shall at all times act in good faith towards her Managed Practice and maintain the highest possible professional standards and reputation of her Managed Practice;
2. Human Health Medical Services shall grant Dr. Pang’s Managed Practice the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out her Managed Practice at our medical centres;
3. Human Health Medical Services shall provide management and administrative services to Dr. Pang’s Managed Practice including, *inter alia*, providing supporting staff and medical equipment as well as general accounting services and administrative support; and
4. The fees charged by Human Health Medical Services are equivalent to all the fees received from customers for the general practice services provided by her Managed Practice at our medical centres.

Dr. Pang (through her Managed Practice) shall be entitled to receive professional fee for the provision of general practice services at our medical centres either at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received or receivable from at our medical centres generated by Dr. Pang (through her Managed Practice), less relevant direct costs such as drugs cost and laboratory charges). Such percentage, monthly fixed fee as well as overall fee arrangement are commensurate to those typically offered to other independent general practitioners providing general practice services at the medical centres operated by us.

Historical transaction amounts

The amount of professional fee received by Dr. Pang for providing general practice services at our medical centres for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 amounted to approximately HK\$48,000, HK\$8,000, nil and nil, respectively.

Implications under the Listing Rules

Given that Dr. Pang is an executive Director and one of our Controlling Shareholders, and that Dr. Pang’s Cooperation Agreement was entered into by Human Health Medical Services, and Dr. Pang and her Managed Practice, the transactions under Dr. Pang’s Cooperation Agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

For each of the three years ending 30 June 2018, the amount of professional fee received by Dr. Pang is expected to be less than HK\$100,000. The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of Dr. Pang’s Cooperation Agreement is expected to be, on an annual basis, for each of the three years ending 30 June 2018, less than 0.1%. Therefore, upon Listing, the transactions contemplated under Dr. Pang’s Cooperation Agreement constitute *de minimis* continuing connected transactions for our

CONNECTED TRANSACTIONS

Company pursuant to Rule 14A.76(1) of the Listing Rules, which will be fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that Dr. Pang's Cooperation Agreement was entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

II. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions subject to reporting and announcement requirements

1. Laboratory Service Agreements between our subsidiaries and each of IMI and WEH

Background

During the Track Record Period, IMI and WEH (each as laboratory service provider) had historically been providing imaging services and medical diagnostic services, respectively, to patients of Actmax, Actwise, Be Health, Human Health (H.K.), Human Health Associate, Healthvision and Perfect Life (only after the acquisition of 60% shareholding interests in Perfect Life on 20 November 2014). IMI and WEH had ceased to provide the above imaging services and medical diagnostic services, respectively, to Actwise since 1 July 2014 and to Human Health (H.K.) since 1 May 2015, and had ceased to provide the above imaging services and medical diagnostic services, respectively, to Healthvision in January 2016. In anticipation of the Listing, each of Actmax, Be Health, Human Health Associate and Perfect Life has entered into a written laboratory service agreement with each of IMI and WEH respectively on 1 March 2016 (the "**Laboratory Service Agreements**") to govern the arrangements of the provision of medical imaging services and medical diagnostic and endoscopy services (as the case may be) after the Listing.

Pursuant to the Laboratory Service Agreements, IMI and WEH have agreed to provide medical imaging services and medical diagnostic and endoscopy services, respectively, to the patients of Actmax, Be Health, Human Health Associate and Perfect Life. Each of the Laboratory Service Agreements has a term of 28 months commencing on 1 March 2016. The respective annual laboratory service fee under each of the Laboratory Service Agreements will be calculated based on the actual fee incurred with respect to the medical imaging services and medical diagnostic and endoscopy services provided by IMI and WEH respectively multiplied by an agreed rate commensurate to those typically offered by IMI or WEH (as the case may be) to other independent third parties.

Historical transaction amounts

The aggregate amounts of laboratory service fees paid by Actmax, Be Health, Human Health Associate and Healthvision to IMI and WEH for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 amounted to approximately HK\$2,109,000, HK\$2,874,000, HK\$4,997,000 and HK\$2,227,000, respectively. The aggregate amounts of laboratory service fees paid by Perfect Life since 20 November 2014 to IMI and WEH for FY2015 and the five months ended 30 November 2015 amounted to approximately HK\$179,000 and HK\$97,000, respectively.

Proposed annual caps

For each of the three years ending 30 June 2018, the proposed annual cap amount for the aggregate laboratory service fee payable by Actmax, Be Health, Human Health Associate and Perfect Life to IMI and WEH under all the Laboratory Service Agreements will not exceed HK\$6,000,000 in 2016, HK\$7,000,000 in 2017 and HK\$8,000,000 in 2018. Such annual cap amount is estimated based on (i) the historical amount of annual laboratory service fee paid by each of Actmax, Be Health, and Human Health Associate to each of IMI and WEH for FY2013, FY2014, FY2015 and the five months ended 30 November 2015; (ii) the expected growth with reference to our Group's general practice services and specialties services; and (iii) the increase in demand for medical imaging services and medical diagnostic and endoscopy services after the acquisition of Perfect Life.

CONNECTED TRANSACTIONS

Implications under the Listing Rules

Given that each of Mr. Chan and Dr. Pang is an executive Director, and they are also our Controlling Shareholders, and that each of the Laboratory Service Agreements was entered into by either Actmax, Be Health, Human Health Associate or Perfect Life, on one hand, and either IMI or WEH, each a company ultimately and beneficially owned as to 90% and 10% by each of Mr. Chan and Dr. Pang, respectively, on the other hand, the transactions under the Laboratory Service Agreements above constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

The Laboratory Service Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) calculated with reference to the maximum aggregate laboratory service fee payable by Actmax, Be Health, Human Health Associate and Perfect Life to IMI and WEH under the Laboratory Service Agreements for each of the three years ending 30 June 2018 exceeds 5% but is less than 25%, and the aggregate laboratory service fee payable by Actmax, Be Health, Human Health Associate and Perfect Life to IMI and WEH under the Laboratory Service Agreements is less than HK\$10,000,000. Therefore, upon Listing, the transactions contemplated under the Laboratory Service Agreements constitute de minimis continuing connected transactions for our Company pursuant to Rule 14A.76(2) of the Listing Rules, which will be exempt from the circular (including independent financial advice) and independent shareholders' approval requirements but are subject to the announcement and annual reporting requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that the Laboratory Service Agreements were entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

2. Dr. Choi's Cooperation Agreement

Background

We entered into Cooperation Agreements with our doctors and dentists and their Managed Practices. Our doctors and dentists (through their Managed Practices) shall provide medical and dental services to patients of our medical centres and perform the obligations as set out in the Cooperation Agreements in consideration of the professional fees from our Group, and our Group shall provide management and administrative services to the Managed Practices and perform the obligations as set out in the Cooperation Agreements in consideration of the Managed Practices paying our Group a fee equivalent to all the fees received from customers of the medical centres during the term of the Cooperation Agreements. Please refer to the section headed "History, Reorganisation and Group Structure – Cooperation Agreements" in this prospectus for further details of the Cooperation Agreements. Please also refer to the section headed "History, Reorganisation and Group Structure – Cooperation Agreements – Reasons for entering into the Cooperation Agreements" in this prospectus for details of the reason for entering into the Cooperation Agreements.

Dr. Choi entered into the Cooperation Agreement with Be Health for a term of three years commencing from 1 September 2015. The following is the summary of material provisions under Dr. Choi's Cooperation Agreement:

1. Dr. Choi's Managed Practice shall provide specialties services at our medical centres and shall at all times act in good faith towards his Managed Practice and maintain the highest possible professional standards and reputation of his Managed Practice;
2. Be Health shall grant Dr. Choi's Managed Practice the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his Managed Practice at our medical centres;
3. Be Health shall provide management and administrative services to Dr. Choi's Managed Practice including, *inter alia*, providing supporting staff and medical equipment as well as general accounting services and administrative support; and

CONNECTED TRANSACTIONS

4. The fees charged by Be Health are equivalent to all the fees received from customers for the specialties services provided by his Managed Practice at our medical centres.

Dr. Choi (through his Managed Practice) shall be entitled to receive professional fee for the provision of specialties services at our medical centres either at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received or receivable from at our medical centres generated by Dr. Choi (through his Managed Practice), less relevant direct costs such as drugs cost and laboratory charges). Such percentage, monthly fixed fee as well as overall fee arrangement are commensurate to those typically offered to other independent specialists providing specialties services at the medical centres operated by us.

Historical transaction amounts

Dr. Choi did not receive any professional fees from our Group for each of FY2013 and FY2014 as he was not engaged by our Group to provide specialties services at the medical centres operated by us. The historical amount of professional fee received by Dr. Choi for FY2015 and the five months ended 30 November 2015 was approximately HK\$7,813,000 and HK\$2,512,000, respectively. Such amount is calculated as the sum of the entitlements to fee and/or share of profit from Perfect Life and Be Health.

Proposed annual caps

For each of the three years ending 30 June 2018, the proposed annual cap amounts for the fees payable by Be Health to Dr. Choi (through his Managed Practice) will not exceed HK\$9,000,000 in 2016, HK\$10,000,000 in 2017 and HK\$11,000,000 in 2018.

In determining the proposed annual caps for the amount of professional fee payable by Be Health to Dr. Choi (through his Managed Practice) under Dr. Choi's Cooperation Agreement for the three years ending 30 June 2018, our Directors have taken into account (i) the historical amount of professional fee received by Dr. Choi for FY2015 and the five months ended 30 November 2015; (ii) the expected expansion of our Group's business in relation to General Surgery service, of which Dr. Choi is a specialist of this area; (iii) the expected increase in consultancy fee due to general cost inflation and the increase in demand of specialties services; and (iv) the CAGR of our Group's revenue of approximately 13% from FY2013 to FY2015.

Implications under the Listing Rules

Given that Dr. Choi is a director of each of Be Health, Perfect Life and Win Talent and that Dr. Choi's Cooperation Agreement was entered into by Be Health, and Dr. Choi and his Managed Practice, the transactions under Dr. Choi's Cooperation Agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

Our Directors (including all the independent non-executive Directors) are of the view that the transactions under Dr. Choi's Cooperation Agreement entered into are on normal commercial terms and conducted in usual course of business of our Group, fair and reasonable and in the interests of our Company and our Shareholders as a whole, the relevant transactions and the annual caps are subject to the reporting and announcement requirements pursuant to Rule 14A.101 of the Listing Rules, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Dr. Seto's Cooperation Agreement

Background

We entered into Cooperation Agreements with our doctors and dentists and their Managed Practices. Our doctors and dentists (through their Managed Practices) shall provide medical and dental services to patients of our medical centres and perform the obligations as set out in the Cooperation Agreements in consideration of the professional fees from our Group, and our Group shall provide management and administrative services to the

CONNECTED TRANSACTIONS

Managed Practices and perform the obligations as set out in the Cooperation Agreements in consideration of the Managed Practices paying our Group a fee equivalent to all the fees received from customers of the medical centres during the term of the Cooperation Agreements. Please refer to the section headed “History, Reorganisation and Group Structure – Cooperation Agreements” in this prospectus for further details of the Cooperation Agreements. Please also refer to the section headed “History, Reorganisation and Group Structure – Cooperation Agreements – Reasons for entering into the Cooperation Agreements” in this prospectus for details of the reason for entering into the Cooperation Agreements.

Dr. Seto entered into the Cooperation Agreement with Poly Dental for a term of three years commencing from 1 September 2015. The following is the summary of material provisions under Dr. Seto’s Cooperation Agreement:

1. Dr. Seto’s Managed Practice shall provide dental services at our medical centres and shall at all times act in good faith towards his Managed Practice and maintain the highest possible professional standards and reputation of his Managed Practice;
2. Poly Dental shall grant Dr. Seto’s Managed Practice the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his Managed Practice at our medical centres;
3. Poly Dental shall provide management and administrative services to Dr. Seto’s Managed Practice including, *inter alia*, providing supporting staff and medical equipment as well as general accounting services and administrative support; and
4. The fees charged by Poly Dental are equivalent to all the fees received from customers for the dental services provided by his Managed Practice at our medical centres.

Dr. Seto (through his Managed Practice) shall be entitled to receive professional fee for the provision of dental services at our medical centres either at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received or receivable from at our medical centres generated by Dr. Seto (through his Managed Practice), less relevant direct costs such as drugs cost and laboratory charges). Such percentage, monthly fixed fee as well as overall fee arrangement are commensurate to those typically offered to other independent dentists providing dental services at the medical centres operated by us.

Historical transaction amounts

The amounts of professional fee received by Dr. Seto for providing dental services for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 was approximately HK\$1,658,000, HK\$2,306,000, HK\$2,764,000 and HK\$2,086,000, respectively. Such amount is calculated as the sum of the entitlements to fee and/or share of profit from Poly Dental, Laserdentics and Seto & Wan.

Proposed annual caps

For each of the three years ending 30 June 2018, the proposed annual cap amounts for the fees payable by Poly Dental to Dr. Seto (through his Managed Practice) will not exceed HK\$6,000,000 in 2016, HK\$6,780,000 in 2017, and HK\$7,661,000 in 2018.

In determining the proposed annual caps for the amount of professional fee payable by Poly Dental to Dr. Seto (through his Managed Practice) under Dr. Seto’s Cooperation Agreement for the three years ending 30 June 2018, our Directors have taken into account (i) the historical amount of professional fee received by Dr. Seto; (ii) the expected increase in consultancy fee due to general cost inflation and the increase in demand for dental services; and (iii) the CAGR of our Group’s revenue of approximately 13% from FY2013 to FY2015.

CONNECTED TRANSACTIONS

Implications under the Listing Rules

Given that Dr. Seto is a director of each of Poly Dental, Good Standard, Laserdodontics and Seto & Wan and that Dr. Seto's Cooperation Agreement was entered into by Poly Dental, and Dr. Seto and his Managed Practice, the transactions under Dr. Seto's Cooperation Agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As our Board (including all the independent non-executive Directors) has approved the transactions and confirmed that the transactions under Dr. Seto's Cooperation Agreement are on normal commercial terms and conducted in usual course of business of our Group, fair and reasonable and in the interests of our Company and our Shareholders as a whole, the relevant transactions and the annual caps are subject to our reporting and announcement requirements pursuant to Rule 14A.101 of the Listing Rules, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. Dr. Lau Wai Man's Cooperation Agreement

Background

We entered into Cooperation Agreements with our doctors and dentists and their Managed Practices. Our doctors and dentists (through their Managed Practices) shall provide medical and dental services to patients of our medical centres and perform the obligations as set out in the Cooperation Agreements in consideration of the professional fees from our Group, and our Group shall provide management and administrative services to the Managed Practices and perform the obligations as set out in the Cooperation Agreements in consideration of the Managed Practices paying our Group a fee equivalent to all the fees received from customers of the medical centres during the term of the Cooperation Agreements. Please refer to the section headed "History, Reorganisation and Group Structure – Cooperation Agreements" in this prospectus for further details of the Cooperation Agreements. Please also refer to the section headed "History, Reorganisation and Group Structure – Cooperation Agreements – Reasons for entering into the Cooperation Agreements" in this prospectus for details of the reason for entering into the Cooperation Agreements.

Dr. Lau Wai Man entered into the Cooperation Agreement with Poly Dental for a term of three years commencing from 1 September 2015. The following is the summary of material provisions under Dr. Lau Wai Man's Cooperation Agreement:

1. Dr. Lau Wai Man's Managed Practice shall provide dental services at our medical centres and shall at all times act in good faith towards his Managed Practice and maintain the highest possible professional standards and reputation of his Managed Practice;
2. Poly Dental shall grant Dr. Lau Wai Man's Managed Practice the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his Managed Practice at our medical centres;
3. Poly Dental shall provide management and administrative services to Dr. Lau Wai Man's Managed Practice including, *inter alia*, providing supporting staff and medical equipment as well as general accounting services and administrative support; and
4. The fees charged by Poly Dental are equivalent to all the fees received from customers for the dental services provided by his Managed Practice at our medical centres.

Dr. Lau Wai Man (through his Managed Practice) shall be entitled to receive professional fee for the provision of dental services at our medical centres either at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received or receivable from at our medical centres generated by Dr. Lau Wai Man (through his Managed Practice), less relevant direct costs such as drugs cost and laboratory charges). Such percentage, monthly fixed

CONNECTED TRANSACTIONS

fee as well as overall fee arrangement are commensurate to those typically offered to other independent dentists providing dental services at the medical centres operated by us.

Historical transaction amounts

The amounts of professional fee received by Dr. Lau Wai Man for providing dental services for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 was approximately HK\$3,768,000, HK\$4,361,000, HK\$6,053,000 and HK\$2,477,000, respectively. Such amount is calculated as the sum of the entitlements to fee and/or share of profit from Poly Dental and Good Standard.

Proposed annual caps

For each of the three years ending 30 June 2018, the proposed annual cap amounts for the fees payable by Poly Dental to Dr. Lau Wai Man (through his Managed Practice) will not exceed HK\$7,000,000 in 2016, HK\$8,000,000 in 2017 and HK\$9,000,000 in 2018.

In determining the proposed annual caps for the amount of professional fee payable by Poly Dental to Dr. Lau Wai Man (through his Managed Practice) under Dr. Lau Wai Man's Cooperation Agreement for the three years ending 30 June 2018, our Directors have taken into account (i) the historical amount of professional fee received by Dr. Lau Wai Man; (ii) the expected increase in consultancy fee due to general cost inflation and the increase in demand for dental services; and (iii) the CAGR of our Group's revenue of approximately 13% from FY2013 to FY2015.

Implications under the Listing Rules

Given that Dr. Lau Wai Man is a director of each of Poly Dental, Good Standard, Laserdentics and Seto & Wan and that Dr. Lau Wai Man's Cooperation Agreement was entered into by Poly Dental, and Dr. Lau Wai Man and his Managed Practice, the transactions under Dr. Lau Wai Man's Cooperation Agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As our Board (including all the independent non-executive Directors) has approved the transactions and confirmed that the transactions under Dr. Lau Wai Man's Cooperation Agreement are on normal commercial terms and conducted in usual course of business of our Group, fair and reasonable and in the interests of our Company and our Shareholders as a whole, the relevant estimated annual caps are subject to the reporting and announcement requirements pursuant to Rule 14A.101 of the Listing Rules, but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Dr. Chan Siu Yu's Cooperation Agreement

Background

We entered into Cooperation Agreements with our doctors and dentists and their Managed Practices. Our doctors and dentists (through their Managed Practices) shall provide medical and dental services to patients of our medical centres and perform the obligations as set out in the Cooperation Agreements in consideration of the professional fees from our Group, and our Group shall provide management and administrative services to the Managed Practices and perform the obligations as set out in the Cooperation Agreements in consideration of the Managed Practices paying our Group a fee equivalent to all the fees received from customers of the medical centres during the term of the Cooperation Agreements. Please refer to the section headed "History, Reorganisation and Group Structure — Cooperation Agreements" in this prospectus for further details of the Cooperation Agreements. Please also refer to the section headed "History, Reorganisation and Group Structure — Cooperation Agreements — Reasons for entering into the Cooperation Agreements" in this prospectus for details of the reason for entering into the Cooperation Agreements.

CONNECTED TRANSACTIONS

Dr. Chan Siu Yu entered into the Cooperation Agreement with Human Health Medical Services for a term of three years commencing from 1 September 2015. The following is the summary of material provisions under Dr. Chan Siu Yu's Cooperation Agreement:

1. Dr. Chan Siu Yu's Managed Practice shall provide general practice services at our medical centres and shall at all times act in good faith towards his Managed Practice and maintain the highest possible professional standards and reputation of his Managed Practice;
2. Human Health Medical Services shall grant Dr. Chan Siu Yu's Managed Practice the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his Managed Practice at our medical centres;
3. Human Health Medical Services shall provide management and administrative services to Dr. Chan Siu Yu's Managed Practice including, *inter alia*, providing supporting staff and medical equipment as well as general accounting services and administrative support; and
4. The fees charged by Human Health Medical Services are equivalent to all the fees received from customers for the general practice services provided by his Managed Practice at our medical centres.

Dr. Chan Siu Yu (through his Managed Practice) shall be entitled to receive professional fee for the provision of general practice services at our medical centres either at the higher of (a) a monthly fixed fee or (b) at a certain percentage of the amount of net monthly revenue (which refers to revenue received or receivable from at our medical centres generated by Dr. Chan Siu Yu (through his Managed Practice), less relevant direct costs such as drugs cost and laboratory charges). Such percentage, monthly fixed fee as well as overall fee arrangement is commensurate to those typically offered to other independent general practitioners providing general practice services at the medical centres operated by us.

Historical transaction amounts

The amounts of professional fee received by Dr. Chan Siu Yu for providing the general practice services at our medical centres for each of FY2013, FY2014, FY2015 and the five months ended 30 November 2015 amounted to approximately HK\$2,976,000, HK\$2,846,000, HK\$2,766,000 and HK\$1,114,000, respectively.

Proposed annual caps

For each of the three years ending 30 June 2018, the proposed annual cap amounts for the fees payable by Human Health Medical Services to Dr. Chan Siu Yu (through his Managed Practice) will not exceed HK\$3,000,000 in 2016, HK\$3,500,000 in 2017 and HK\$4,000,000 in 2018.

In determining the proposed annual caps for the amount of professional fee payable by Human Health Medical Services to Dr. Chan Siu Yu (through his Managed Practice) under Dr. Chan Siu Yu's Cooperation Agreement for the three years ending 30 June 2018, our Directors have taken into account (i) the historical amount of professional fee received by Dr. Chan Siu Yu; (ii) the expected increase in consultancy fee due to general cost inflation and the increase in demand of general practice services; and (iii) the CAGR of our Group's revenue of approximately 13% from FY2013 to FY2015.

Implications under the Listing Rules

Given that Dr. Chan Siu Yu is the nephew of Mr. Chan and Dr. Pang and that Dr. Chan Siu Yu's Cooperation Agreement was entered into by Human Health Medical Services, and Dr. Chan Siu Yu and his Managed Practice, the transactions under Dr. Chan Siu Yu's Cooperation Agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of Dr. Chan Siu Yu's Cooperation Agreement is expected to be, on an annual basis, for each of the three years ending 30 June 2018, more than 0.1% but less than 5% and the total consideration is below HK\$10,000,000. Therefore, upon the Listing, the transactions contemplated under Dr. Chan Siu Yu's Cooperation Agreement would be subject to the reporting and announcement requirements but is exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that Dr. Chan Siu Yu's Cooperation Agreement was entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

OPINION OF OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) each of the continuing connected transactions as set out above has been entered into, and will be carried out, during the ordinary and usual course of business and on normal commercial terms or better; (ii) each of the continuing connected transactions is fair and reasonable and is in the interest of our Company and our Shareholders as a whole; and (iii) the proposed annual caps of for the non-exempt continuing connected transactions are fair and reasonable and are in the interests of our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor having reviewed the relevant information and historical figures relating to the non-exempt continuing connected transactions, and conducted due diligence of such transactions with our Company, is of the view that (i) the entering into of the non-exempt continuing connected transactions has been and will be in the ordinary and usual course of business of our Group; (ii) the non-exempt continuing connected transactions including the respective proposed annual caps were entered into on normal commercial terms; and (iii) the terms of the non-exempt continuing connected transactions including the respective proposed annual caps are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

APPLICATION FOR WAIVERS

We expect the non-exempt continuing connected transactions disclosed above will be carried out on a continuing basis and will extend over a period of time, and our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules once the Shares are listed on the Stock Exchange in respect of such non-exempt continuing connected transactions. We will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such non-exempt continuing connected transactions.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Global Offering, Treasure Group will effectively hold 72.10% of the total issued share capital of our Company (without taking into account any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised). Treasure Group is held as to 50% by Mr. Chan and 50% by Dr. Pang. Mr. Chan and Dr. Pang, as spouse and co-founders of our Group, have historically been managing and operating our Group collectively and would through discussions reach consensus among themselves before making any major decisions in respect of our Group to vote in shareholders' meetings on an unanimous basis. Mr. Chan and Dr. Pang confirm that they will continue to be acting in concert upon Listing so far as the voting rights of our Company are concerned. Accordingly, Treasure Group, Mr. Chan and Dr. Pang will together be considered as a group of Controlling Shareholders upon Listing. Except for their respective interests in our Company, our Controlling Shareholders had no interest in any other companies as at the Latest Practicable Date which may, directly or indirectly, compete with our Group's business.

OTHER BUSINESSES OWNED BY OUR CONTROLLING SHAREHOLDERS

Apart from our Group, our Controlling Shareholders are currently conducting other businesses or holding interest in certain companies which are engaged in various businesses, such as investment holding, property investment, operations of a medical imaging centre, a medical diagnostic and endoscopy centre and a traditional Chinese medicine centre in Hong Kong.

Delineation of our business from the medical imaging, medical diagnostic and endoscopy and traditional Chinese medicine business

The medical imaging, medical diagnostic and endoscopy and traditional Chinese medicine business owned by our Controlling Shareholders are conducted by IMI, WEH and Max Health, respectively (the “**Other Business**”). Reasons for excluding such businesses from the business of our Group are set out below.

(a) IMI and WEH

IMI is a company incorporated in Hong Kong and is held as to 100% by WEHIL, a company incorporated in BVI on 14 October 2010. WEHIL is held as to 90% by Mr. Chan and 10% by Great Praise Limited, a company incorporated in the BVI on 28 February 2011, which is wholly-owned by Dr. Pang. Mr. Poon is a director of IMI, however, neither Mr. Chan, Dr. Pang nor Mr. Poon are involved in the management and day-to-day operation of IMI. IMI is principally engaged in the operation of medical imaging centre and had operated one medical imaging centre in Hong Kong during the Track Record Period.

WEH is a company incorporated in Hong Kong and is held as to 100% by WEHIL. Mr. Poon is also a director for WEH and neither Mr. Chan, Dr. Pang nor Mr. Poon are involved in the management and day-to-day operation of WEH. WEH is principally engaged in the provision of medical diagnostic services and had operated one medical diagnostic and endoscopy centre in Hong Kong during the Track Record Period.

IMI and WEH were excluded from our Group because our Directors consider that the businesses of IMI and WEH and that of our Group are two different lines of business and there is a clear delineation between them. IMI, WEH and our Group each focuses on different areas of medical practice, our Group provides a variety of general practice services, specialties services and dental services which include consultation, treatment and drug dispensing for patient visit and handling. While IMI and WEH provide only medical imaging and diagnostic service involving the operation of imaging and diagnostic equipment for medical investigation and producing medical reports for investigation purposes. As such, our Directors believe that the businesses of IMI and WEH and the core business of our Group differentiate from each other and would not be in direct or indirect competition.

(b) Max Health

Max Health is a company incorporated in Hong Kong and is held as to 100% by Mr. Chan. Mr. Chan is also the sole director of Max Health but was however not involved in the day-to-day management and operation of

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Max Health. Max Health is principally engaged in the provision of traditional Chinese medicine services and sales of health food during the Track Record Period.

Max Health was excluded from our Group because our Directors consider that the businesses of Max Health and that of our Group are two different lines of business and there is a clear delineation between them in terms of the nature of business, expertise required and scale of operation of the two businesses. Our Group focuses on the provision of general practice services and specialties services in western medicine as well as dental practice and is not engaged in the retail sales of health food, healthcare products and providing traditional Chinese medicine services. Even though both businesses involve the practice of medicine with the provision of diagnosis and treatment to customers and some of our Group's customers may prefer traditional Chinese medicine to western medicine for some illness, the traditional Chinese medicine service provided by Max Health cannot substitute the general practice services, specialties services and dental services in western medicine provided by our Group. Traditional Chinese medicine and western medicine are two distinct and divergent healthcare systems based on different theories with different treatment methods and use of medication. In terms of regulatory and professional requirements, Chinese medical practitioners are also required to be registered and are regulated under a separate legal regime in Hong Kong different from our medical and dental practitioners and as such, our Group's internal control and operational procedures have been established to operate and manage western medicine healthcare services only, which cater for the medical services provided by our Group but not for the traditional Chinese medicine services provided by Max Health. Furthermore, Max Health had a small scale operation of only one Chinese medicine centre engaging only two Chinese medical practitioners as at the Latest Practicable Date. For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, the revenue of Max Health amounted to approximately 0.5%, 0.6%, 0.3% and 0.3% of the total revenue of our Group in the respective period. Therefore, scale of operation of Max Health is incomparable to that of our Group. Max Health currently has no plan to expand its scale of operation.

Based on the above, our Directors believe that the business of Max Health and the core business of our Group differentiate from each other and would not have material competition. Moreover, it is our Group's current plan to focus our resources on the provision of healthcare services in western medicine and dental practice and there is no present plan to expand into the retail sales of health food and healthcare products and provisions of traditional Chinese medicine services.

Save as disclosed above, none of our Controlling Shareholders or our Directors have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on its business independently from the Controlling Shareholders and/or their respective associates after the Listing, having taken into consideration the following factors:

Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. The Board's main function includes the approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and the management of our Company. We have an independent management team which is led by a team of senior management with experience and expertise in our business to implement our policies and strategies.

The Board consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. For a summary of the positions held by our Directors at our Company and its subsidiaries as of the Latest Practicable Date, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Except Mr. Chan, Dr. Pang and Mr. Poon, none of our Directors hold any directorships or positions in companies privately owned by our Controlling Shareholders. Each of our Directors is aware of his/her fiduciary duties as a Director which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum. The provisions of the Articles of Association also ensure that matters involving a conflict of interest which may arise from time to time will be managed in line with accepted corporate governance practice.

Our Company has also appointed three independent non-executive Directors to provide a balance between the number of executive Directors and independent non-executive Directors to ensure that there is a strong independent element on the Board and with a view to promoting the best interests of our Company and Shareholders taken as a whole. The independent non-executive Directors have diversified skills and experience in their respective fields of expertise and our Directors believe that the Board will benefit from their independent advice.

In light of the above, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders after the Listing.

Operational independence

Our Group has established its own organisational structure comprising individual departments, each with specific areas of responsibilities. Save as set out in this prospectus, no services, premises and facilities will be provided by our Controlling Shareholders and/or their respective associates to our Group. Our Group is able to operate independently from our Controlling Shareholders after the Listing.

Financial independence

Our Group has an independent financial system and relies principally on cash from operations to carry on its business during the Track Record Period. This is expected to continue after the Listing. In addition, all of our Group's outstanding balances with our Controlling Shareholders have been settled. As at the Latest Practicable Date, none of our Controlling Shareholders or their respective associates had provided any loans, guarantees or pledge to our Group.

Having considered the above factors, our Directors consider that there is no financial dependence on our Controlling Shareholders.

Therefore, in view of the above facts, our Group is considered independent in all material aspects including finance, management and operations of our Controlling Shareholders.

RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders and our Directors do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares to our Company, the Sole Sponsor and the Underwriters, details of which are set out under the section headed "Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Hong Kong Underwriters" in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKING

In order to avoid any possible competition between our Group and our Controlling Shareholders in the future, our Controlling Shareholders as covenantors (the “**Covenantors**”) have executed the Deed of Non-competition in favour of us (for ourselves and for the benefit of our subsidiaries). Pursuant to the Deed of Non-competition, during the period that the Deed of Non-competition remains effective, each of the Covenantors irrevocably and unconditionally undertakes to us (for ourselves and for the benefit of our subsidiaries) that:

- (i) save for the Other Business, it shall not, and shall procure its close associates (other than members of our Group) not to, directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), as a principal or agent, either on their own accounts or with each other or in conjunction with or on behalf of any individual, firm, company, enterprise or organisation engage in, participate in, hold any right or interest in, render any services to or assist or support a third party or otherwise be involved in any business in competition with or likely to be in competition with the existing business activity of our Company and our subsidiaries (the “**Restricted Business**”);
- (ii) save for the Other Business, the Covenantors shall not directly or indirectly engage in, participate in or invest in any other company or enterprise that conduct or engage in the Restricted Business. This undertaking does not preclude the holding by the Covenantors of interests in any company conducting or engaging in the Restricted Business (the “**Subject Company**”) where:
 - the total number of shares held by the Covenantors does not exceed 5% of the issued shares of the Subject Company which is or whose holding company is listed on recognised stock exchange; or
 - such business conducted or engaged in by the Subject Company (and assets relating thereto) accounts for less than 5% of the Subject Company’s consolidated turnover or consolidated assets, as shown in its latest audited accounts,provided that there is a holder (with its close associates where appropriate) with a larger shareholding in the Subject Company than the aggregate shareholding held by the Controlling Shareholders and/or their respective close associates and the total number of the Controlling Shareholders’ representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to their shareholding in the Subject Company;
- (iii) in the event that the Covenantors or their respective close associate become aware of, acquire, procure or otherwise come into possession of a business opportunity, business or assets (the “**New Opportunity**”) that competes or could potentially competes with the existing business activity of our Company and our subsidiaries, they will, pursuant to the Deed of Non-competition, notify us in writing of such New Opportunity within seven days upon becoming aware of it, and give to our Company the first right of refusal to acquire all of such New Opportunity. The Covenantors have also undertaken to provide us with all the relevant information to enable us to make an informed decision on whether to acquire such New Opportunity. A committee of our Board consisting exclusively of our independent non-executive Directors (who do not have any interest in the New Opportunity) (the “**Independent Committee**”) will consider whether to take up such New Opportunity taking into accounts various factors such as the valuation and performance of the New Opportunity, prevailing market conditions and available resources of our Company. The Independent Committee shall, within 60 days of receipt of the written notice referred above, inform the Covenantors whether our Company would pursue the New Opportunity or consent to or veto the pursuit of the New Opportunity by the Covenantors; and
- (iv) the Covenantors shall indemnify our Company and our subsidiaries against any losses and expenses directly or indirectly resulting from any breach of their respective undertaking set forth in the Deed of Non-competition.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Covenantors' obligations under the Deed of Non-competition shall become effective on the Listing Date.

The Deed of Non-competition shall terminate on the earliest of (i) the date on which the Covenantors (including their respective close associates and parties acting in concert, jointly or severally) cease to be interested in 30% or more of the voting power at general meetings of our Company (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder of a company); or (ii) the date on which our Shares cease to be listed and traded on the Stock Exchange (except for temporary suspension of trading of our Shares on the Stock Exchange due to any reason).

CORPORATE GOVERNANCE MEASURES

We will adopt the following procedures to monitor that the Deed of Non-competition are being observed:

- (i) the Board will establish a committee comprising all of the independent non-executive Directors which will be delegated with the authority to review on an annual basis the above undertakings from the Covenantors and to evaluate the effective implementation of the Deed of Non-competition;
- (ii) the Covenantors undertake to provide all information necessary for the evaluation of the enforcement of the Deed of Non-competition as requested by the committee from time to time;
- (iii) the Covenantors will make an annual confirmation as to compliance with its undertaking under the Deed of Non-competition for inclusion in the annual report of our Company; and
- (iv) we will disclose details and basis of decision on matters reviewed by the independent non-executive Directors relating to the exercise or non-exercise of the first right of refusal in the annual report or by way of announcements to the public.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued under the Over-allotment Option or any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme), the following persons will have or be deemed or taken to have beneficial interests and/or short position in the Shares or the underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of our Group:

<u>Name of Shareholder</u>	<u>Nature of interest</u>	<u>Number of Shares⁽¹⁾</u>	Approximate percentage of interest in our Company immediately after the Global Offering and the Capitalisation Issue
Treasure Group	Beneficial owner	252,346,286(L)	72.10%
Mr. Chan	Interest in a controlled corporation ⁽³⁾	252,346,286(L)	72.10%
Dr. Pang ⁽²⁾	Interest in a controlled corporation ⁽³⁾	252,346,286(L)	72.10%

Notes:

(1) The letter “L” denotes the person’s long position in the Shares.

(2) Dr. Pang is the wife of Mr. Chan.

(3) Mr. Chan, Dr. Pang and Treasure Group are our Controlling Shareholders. Treasure Group is owned as 50% by Mr. Chan and 50% by Dr. Pang.

Save as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued under the Over-allotment Option or any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme), have beneficial interests or short positions in any of our Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

BOARD OF DIRECTORS

Our Board currently consists of seven Directors comprising four executive Directors and three independent non-executive Directors. The functions and duties of our Board include, but not limited to, convening the general meetings, reporting on the performance of our Board at the general meetings, implementing the resolutions passed at the general meetings, formulating business and investment plans, preparing the annual budget and final accounts, preparing proposals on profit distribution and increasing or decreasing the registered capital, as well as performing other authorities, functions and responsibilities in accordance with the Articles of Association.

The following table sets forth the information regarding the members of our Board:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of joining our Group</u>	<u>Date of appointment as a Director</u>	<u>Major responsibilities in our Group</u>	<u>Relationship with other Directors or senior management</u>
Mr. Chan Kin Ping (陳健平)	51	Chairman, chief executive officer and executive Director	8 July 1997	9 June 2015	Managing the overall operations and developments and formulating the overall business plans of our Group	Husband of Dr. Pang and uncle of Mr. Poon
Dr. Pang Lai Sheung (彭麗嫦)	48	Chief medical officer and executive Director	8 July 1997	9 June 2015	Overseeing and providing advice on the management of our professional team	Wife of Mr. Chan and aunt of Mr. Poon
Ms. Sat Chui Wan (薩翠雲)	47	Chief financial officer, executive Director and company secretary	20 August 2008	9 June 2015	Overseeing the financial, risk and human resources management of our Group	None
Mr. Poon Chun Pong (潘振邦)	38	Chief operating officer and executive Director	2 June 2003	9 June 2015	Overseeing the overall business operations of our Group	Nephew of Mr. Chan and Dr. Pang
Dr. Lui Sun Wing (呂新榮)	65	Independent non-executive Director, chairman of remuneration committee	27 January 2016	27 January 2016	Providing independent opinion and judgment to our Board	None
Mr. Chan Yue Kwong Michael (陳裕光)	64	Independent non-executive Director, chairman of nomination committee	27 January 2016	27 January 2016	Providing independent opinion and judgment to our Board	None
Mr. Sin Kar Tim (冼家添)	59	Independent non-executive Director, chairman of audit committee	27 January 2016	27 January 2016	Providing independent opinion and judgment to our Board	None

DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

Executive Directors

Mr. Chan Kin Ping (陳健平), aged 51, is the chairman of the Board, chief executive officer and an executive Director of our Company. Mr. Chan is also one of the co-founders of our Group and has since then been leading our Group for over 18 years to serve in the private healthcare industry. He is responsible for managing the overall operations and developments and formulating the overall business plans of our Group.

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

In April 2015, Mr. Chan was appointed as the vice chairman cum director of Hong Kong Kowloon City Industry and Commerce Association, the Vice Chairman of Kowloon West Youth Care Committee for the Year 2015 and a member of The Lok Sin Tong Benevolent Society, Kowloon. Mr. Chan was also appointed as the principal adviser of the advisory board to Auxiliary Medical Services Officers' Club from June 2014 to May 2015. Moreover, Mr. Chan has been a general committee member of the Hong Kong Shanxi Chamber of Commerce and an ordinary member of the Hong Kong Professionals and Senior Executives Association since May 2014 and November 2013, respectively. He has also been the Vice President of the Hong Kong Real Property Federation since September 2013.

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

Dr. Pang Lai Sheung (彭麗嫦), aged 48, was appointed as the chief medical officer of our Group and is an executive Director. Dr. Pang is one of the co-founders of our Group. Dr. Pang is mainly responsible for overseeing and providing advice on the management of our professional team and has contributed significantly to the developments of our Group.

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

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

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

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

Ms. Sat Chui Wan (薩翠雲), aged 47, joined our Group in August 2008 and was appointed as the chief financial officer of our Group in September 2013 and is an executive Director and company secretary of our Company. She is mainly responsible for overseeing the financial, risk and human resources management of our Group.

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

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

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Ms. Sat has over 20 years of working experience in accounting, finance, management and strategic planning in different industries. Prior to joining our Group, she was an assistant accountant of The Wing On Department Stores (Hong Kong) Limited from September 1994 and was promoted to accountant in January 1996 until April 1999. She joined Sun Fung Offset Binding Co. Ltd. as the Financial Controller from October 2004 to June 2007 and was assigned the role as Deputy Chief Executive Officer from October 2005 to June 2007.

Mr. Poon Chun Pong (潘振邦), aged 38, joined our Group in June 2003 and was appointed as the chief operating officer in September 2013. Mr. Poon is an executive Director and is mainly responsible for overseeing the overall business operations of our Group.

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

Mr. Poon has over 12 years of experience in information technology in the medical field and over eight years of management experience as he began his career as a senior technical analyst of Human Health Associate in June 2003. He was later appointed as an assistant director of Actmax in April 2007 and is primarily responsible for overseeing the overall business operations of our Group.

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

Independent Non-executive Directors

Dr. Lui Sun Wing (呂新榮), aged 65, was appointed as an independent non-executive Director on 27 January 2016. Dr. Lui obtained his degree of Doctor of Philosophy (Mechanical Engineering) from the University of Birmingham in the United Kingdom in July 1979 and was admitted as a member of the Hong Kong Institution of Engineers in 1985.

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

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

<u>Company</u>	<u>Stock Code</u>	<u>Position</u>	<u>Term</u>
Eco-Tek Holdings Limited	08169	Non-executive director	Since January 2001
Shanghai Electric Group Company Limited	02727	Independent non-executive director	Since December 2010
EVA Precision Industrial Holdings Limited	00838	Independent non-executive director	From January 2005 to January 2013
Leeport (Holdings) Limited	00387	Executive director Non-executive director	From July 2011 to July 2013 From July 2013 to July 2014

Mr. Chan Yue Kwong Michael (陳裕光), aged 64, was appointed as an independent non-executive Director on 27 January 2016. He obtained a degree in Sociology and Political Science, a degree of Master of City Planning from the University of Manitoba, Canada in October 1977, and an Honorary Fellow from Lingnan University in December 2009. He is also a member of the Political Consultative Committee of Nanshan District, Shenzhen in the People's Republic of China.

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

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Michael Chan is currently a fellow and also the honorary chairman of the Hong Kong Institute of Marketing, and the chairman of the Business Enterprise Management Centre of the Hong Kong Management Association. Mr. Michael Chan is also appointed by the Hong Kong government as a member of the Business Facilitation Advisory Committee of the Financial Secretary's Office. In past years, Mr. Michael Chan was personally bestowed with the "Executive of the Year Award" by the Hong Kong Business Awards and the "Directors of the Year Award" by The Hong Kong Institute of Directors, in 2001 and 2003 respectively. He is also a member of Sustainability Advisory Committee of The Link Real Estate Investment Trust.

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

<u>Company</u>	<u>Stock Code</u>	<u>Position</u>	<u>Term</u>
Café de Coral Holdings Limited	00341	Chairman	From December 1997 to March 2016
		Executive director	From February 1988 to March 2012
		Non-executive director	Since April 2012
Starlite Holdings Limited	00403	Independent non-executive director	Since January 1993
Kingboard Laminates Holdings Limited	01888	Independent non-executive director	From November 2006 to July 2015
Pacific Textiles Holdings Limited	01382	Independent non-executive director	Since March 2007
Tse Sui Luen Jewellery (International) Limited	00417	Independent non-executive director	Since August 2010
Tao Heung Holdings Limited	00573	Non-executive director	Since March 2007
Modern Dental Group Limited	03600	Independent non-executive director	Since November 2015

Mr. Sin Kar Tim (冼家添), aged 59, was appointed as an independent non-executive Director on 27 January 2016. Mr. Sin has over 35 years of experience in areas of accounting, finance, administration, human resources and company secretarial.

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

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

Save as disclosed above, each of our Directors has confirmed that he or she has not held any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed herein (and their respective interests or short positions (if any) as set out in the section headed "Statutory and General Information — C. Further Information about our Directors, Management, Staff, Substantial Shareholders and Experts" in Appendix IV to this prospectus), there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other material matter relating to our Directors that needs to be brought to the attention of our Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

SENIOR MANAGEMENT

The following table sets out certain information relating to our senior management members:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of joining our Group</u>	<u>Date of appointment as Senior Management</u>	<u>Major responsibilities in our Group</u>	<u>Relationship with other Directors or senior management</u>
Dr. Kwong Kin Hung (鄺健鴻) . . .	42	Member of Doctor Advisory Board	July 2003	August 2009	Overseeing the quality of the medical services and handling issues in relation to training, recruitment and complaints of our general practitioners, specialists and dentists	None
Dr. Lee Huen (李焯)	40	Member of Doctor Advisory Board	October 2002	October 2012	Overseeing the quality of the medical services and handling issues in relation to training, recruitment and complaints of our general practitioners, specialists and dentists	None
Dr. Chan Wai Hong (陳偉康)	49	Head of gastroenterology and hepatology unit	October 2007	October 2007	Overseeing the quality of the medical services provided by gastroenterology and hepatology specialists of our Group	None
Dr. Hui (許志偉) . . .	43	Head of orthopaedics and traumatology unit	October 2009	October 2009	Overseeing the quality of the medical services provided by orthopaedics and traumatology specialists of our Group	None
Dr. Yuen (袁嘉聲) . .	44	Head of general surgery unit	December 2009	December 2009	Overseeing the quality of the medical services provided by general surgery specialists of our Group	None
Dr. Chan Tat Ming (陳達明)	48	Head of otorhinolaryngology unit	January 2010	January 2010	Overseeing the quality of the medical services provided by otorhinolaryngology specialists of our Group	None
Dr. Seto (司徒少強)	49	Co-head of dental unit	August 2008	July 2015	Overseeing the quality of the dental services and provide training to dentists of our Group	None
Dr. Lau Wai Man (劉偉文)	49	Co-head of dental unit	August 2008	July 2015	Overseeing the quality of the dental services and provide training to dentists of our Group	None

Dr. KWONG Kin Hung (鄺健鴻), aged 42, joined our Group in July 2003 and was appointed as a member of our Doctor Advisory Board in August 2009 and is mainly responsible for overseeing the quality of the medical services and handling of issues in relation to the training, recruitment and complaints of our general practitioners, specialists and dentists. For details of the responsibilities of the Doctor Advisory Board, please refer to the

DIRECTORS, SENIOR MANAGEMENT AND STAFF

section headed “Business — Quality Control — Doctor Advisory Board” in this prospectus. Dr. Kwong is a general practitioner who graduated from the Faculty of Medicine of The University of Hong Kong in December 1998 and obtained degrees of Bachelor of Medicine and Bachelor of Surgery. He also holds a Postgraduate Diploma in Community Geriatrics from The University of Hong Kong in October 2003. Subsequently, at Monash University, he obtained a Graduate Diploma in Family Medicine in October 2007 as well as a degree of Master of Family Medicine (Clinical) in October 2008. Moreover, in March 2009, he was awarded the Diploma in Advances in Medicine by the Department of Medicine & Therapeutics of The Chinese University of Hong Kong.

Dr. Kwong is an associated member of The Hong Kong College of Family Physicians and he is the 1st Vice President of Mount Cameron Lions Clubs, Lions Clubs International District 303 in Hong Kong, Macau and China from 2012-2015.

Dr. LEE Huen (李煊), aged 40, joined our Group in October 2002 and was appointed as a member of our Doctor Advisory Board in October 2012 and is mainly responsible for overseeing the quality of the medical services and handling of issues in relation to the training, recruitment and complaints of our general practitioners, specialists and dentists. For details of the responsibilities of the Doctor Advisory Board, please refer to the section headed “Business — Quality Control — Doctor Advisory Board” in this prospectus. Dr. Lee is a general practitioner who obtained degrees of Bachelor of Medicine and Bachelor of Surgery from The Chinese University of Hong Kong in 2000. While at Monash University, he received a Graduate Diploma in Family Medicine in October 2005 and a Master of Family Medicine (Clinical) in April 2007. In November 2008, at the University of London, he was awarded the Post Graduate Diploma in Clinical Dermatology with merit. Dr. Lee also holds a Diploma in Advances in Medicine from the Department of Medicine & Therapeutics of The Chinese University of Hong Kong in March 2009.

Dr. Lee is also an honorary treasurer of the Hong Kong Medical Association New Territories West Community Network.

Dr. CHAN Wai Hong (陳偉康), aged 49, joined our Group in October 2007 as our head of gastroenterology and hepatology unit and is responsible for overseeing the quality of the medical services provided by gastroenterology and hepatology specialists of our Group.

Dr. Chan Wai Hong graduated from the Faculty of Medicine of The Chinese University of Hong Kong in 1991 and obtained degrees of Bachelor of Medicine and Bachelor of Surgery. He was subsequently admitted as Member of Royal College of Physician (MRCP Ireland) in 2001 & Member of Royal college of Physician (MRCP UK) in 2002. He was elected as a Fellow of Hong Kong College of Physician in 2005 and a Fellow of Hong Kong Academy of Medicine (Medicine) in 2006.

Dr. Chan Wai Hong had worked in the Hospital Authority for 16 years from 1991 to 2007 and gained his enriched experience in clinical medicine and Gastroenterology & Hepatology.

Dr. HUI Chi Wai Frederick (許志偉), aged 43, joined our Group in October 2009 as our head of orthopaedics and traumatology unit and is responsible for overseeing the quality of the medical services provided by orthopaedics and traumatology specialists of our Group. Dr. Hui is an orthopaedics & traumatology specialist who graduated with degrees of Bachelor of Medicine and Bachelor of Surgery from the University of Hong Kong in November 1996 and was a Member of the Royal College of Surgeons of Edinburgh in 2001. In 2006, he became a Fellow in Orthopaedic Surgery in the Royal College of Surgeons of Edinburgh, a Fellow of the Hong Kong Academy of Medicine (Orthopaedic Surgery) and, last but not least, a Fellow of Hong Kong College of Orthopaedic Surgeons. Dr. Hui has also obtained a Certificate in Advanced Trauma Life Support in 2004.

He is a member of the Hong Kong College of Orthopaedic Surgeons and the Hong Kong Orthopaedic Association. He has received overseas training in Japan and attended various medical workshops and conferences over the years. Dr. Hui has worked for various public hospitals in Hong Kong from July 1996 to July 2007.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Dr. YUEN Ka Sing Michael (袁嘉聲), aged 44, joined our Group in December 2009 as our head of general surgery unit and is responsible for overseeing the quality of the medical services provided by general surgery specialists of our Group. Dr. Yuen is a specialist in general surgery who graduated with degrees of Bachelor of Medicine and Bachelor of Surgery from The University of Hong Kong in November 1996 and was admitted as a Member of the Royal College of Surgeons of Edinburgh in May 2001. In 2006, Dr. Yuen became a Fellow in the College of Surgeons of Hong Kong, a Fellow in General Surgery in the Royal College of Surgeons of Edinburgh as well as a Fellow of the Hong Kong Academy of Medicine (Surgery).

Dr. Yuen had received overseas training working as honorary surgical assistant at the St. Mark's Hospital & Academic Institute in London, United Kingdom from November 2006 to February 2007. He has published articles and presented in many medical journals and conferences. Furthermore, he was appointed as the Honorary Clinical Assistant Professor at the Department of Surgery of The Chinese University of Hong Kong from 2009 to 2010.

Dr. CHAN Tat Ming (陳達明), aged 48, joined our Group in January 2010 as our head of otorhinolaryngology unit and is responsible for overseeing the quality of the medical services provided by otorhinolaryngology specialists of our Group. Dr. Chan is a specialist in otorhinolaryngology who graduated from the Faculty of Medicine of The University of Hong Kong in December 1992 and obtained degrees of Bachelor of Medicine and Bachelor of Surgery. He was subsequently elected as a Fellow of Royal College of Surgeons of Edinburgh in 1999 and a Fellow of Hong Kong College of Otorhinolaryngologists, a Fellow in Otolaryngology of the Royal College of Surgeons of Edinburgh and a Fellow of the Hong Kong Academy of Medicine (Otorhinolaryngology) in 2002.

Upon his graduation from The University of Hong Kong, Dr. Chan Tat Ming was employed by the Hospital Authority as a medical officer from January 1993 to March 2006, an associate consultant from April 2006 to January 2010 and joined our Group as an Otolaryngologist afterwards. He is a Registered Medical Practitioner in Hong Kong since March 1994 and a specialist in Otolaryngology in Hong Kong since February 2003. He has accumulated over 20 years of medical practicing experience, including over 12 years of experience as an Otolaryngologist in the Otolaryngology field in Hong Kong.

Dr. SETO Siu Keung (司徒少強), aged 49, joined our Group in August 2008 and was appointed as our co-head of dental unit in July 2015 and is responsible for overseeing the quality of the dental services and providing training to dentists of our Group. Dr. Seto is a dentist, who graduated with a Bachelor in Dental Surgery from the Faculty of Dentistry of the University of Hong Kong in December 1992. He then obtained his Diploma in General Dental Practice from The Royal College of Surgeons of England in February 1996, a Postgraduate Diploma in Dental Surgery from the University of Hong Kong in October 1999 and a Master of Science in Dental Radiology at the University of London in December 2001. In August 2004, he was awarded a Diploma in Clinical Acupuncture by The University of Hong Kong. Subsequently, Dr. Seto switched to laser dentistry where he completed a Master of Science in Lasers in Dentistry in RWTH Aachen University of Germany in September 2007 with distinction. In 2008, he was awarded the Membership in General Dentistry by The College of Dental Surgeon of Hong Kong and in 2009 he obtained the European Master Degree in Oral Laser Application.

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

Dr. LAU Wai Man (劉偉文), aged 49, joined our Group in August 2008 and was appointed as our co-head of dental unit in July 2015 and is responsible for overseeing the quality of the dental services and providing training to dentist of our Group. Dr. Lau is a dentist who graduated with a Bachelor of Dental Surgery from the University of Hong Kong in 1992, Dr. Lau later completed a Diploma of Membership of the Faculty of General Dental Practitioners from The Royal College of Surgeons of England in 2005. In 2014, he received a Membership in General Dentistry from The College of Dental Surgeons of Hong Kong.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

COMPANY SECRETARY

Ms. Sat Chui Wan (薩翠雲), aged 47, an executive Director, is also the company secretary of our Company. Her biographical details are set out in the paragraph headed “Directors — Executive Directors” in this section.

BOARD COMMITTEE

Audit Committee

An audit committee was established by our Company pursuant to a resolution of the Board on 28 January 2016 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and approve our Group’s financial reporting process and internal control system. The members of the audit committee are Mr. Sin Kar Tim, Mr. Chan Yue Kwong Michael and Dr. Lui Sun Wing, all of whom are independent non-executive Directors. Mr. Sin Kar Tim is the chairman of the audit committee.

Remuneration Committee

A remuneration committee was established by our Company pursuant to a resolution of the Board on 28 January 2016 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and recommend to the Board the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of our Group. The members of the remuneration committee are Dr. Lui Sun Wing, Mr. Chan Yue Kwong Michael, Mr. Sin Kar Tim and Mr. Chan. Dr. Lui Sun Wing is the chairman of the remuneration committee.

Nomination Committee

A nomination committee was established by our Company pursuant to a resolution of the Board on 28 January 2016 with written terms of reference. The primary duties of the nomination committee are to make recommendations to the Board on appointment of Directors and the management of the Board succession. The members of the nomination committee are Mr. Chan Yue Kwong Michael, Mr. Sin Kar Tim, Dr. Lui Sun Wing and Mr. Chan. Mr. Chan Yue Kwong Michael is the chairman of the nomination committee.

CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer since Mr. Chan, currently performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company expects to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon Listing.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND REMUNERATION OF FIVE HIGHEST PAID INDIVIDUALS

During the Track Record Period, Mr. Chan, Dr. Pang, Ms. Sat and Mr. Poon were appointed as Directors in June 2015. No Directors received remuneration from our Group as capacity of our Company's directors during the period from the dates of their appointments to 30 June 2015. The aggregate amount of remuneration (including salaries, allowances, benefits in kind and pension scheme contributions) payable to Mr. Chan, Dr. Pang, Ms. Sat and Mr. Poon for the period ended 30 September 2015 was approximately HK\$1,559,000. For details, please see the section headed "Accountants' Report — II. Notes to Financial Information — Note 9" in Appendix I to this prospectus.

On 27 January 2016, Dr. Lui Sun Wing, Mr. Chan Yue Kwong Michael and Mr. Sin Kar Tim were appointed as independent non-executive directors of our Company. The independent non-executive directors did not receive any remuneration from our Company or its subsidiaries during FY2013, FY2014, FY2015 and the three months ended 30 September 2015.

Mr. Chan and Dr. Pang were directors of certain subsidiaries of our Group during FY2013, FY2014, FY2015 and the three months ended 30 September 2015. For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, the aggregate amount of the fees, salaries, housing allowances and other benefits in kind (including contribution to our Group's pension scheme and including the doctors' or dentists' professional fees from our Group for their services) or bonuses paid by our Group to Mr. Chan and Dr. Pang were approximately HK\$3,630,000, HK\$3,630,000, HK\$3,636,000 and HK\$910,000, respectively. For details, please see the section headed "Accountants' Report — II. Notes to Financial Information — Note 9" in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, Dr. Kwong Kin Hung, Dr. Lee Huen, Dr. Yuen, Dr. Hui, Dr. Chan Tat Ming, Dr. Chan Wai Hong, Dr. Seto and Dr. Lau Wai Man were also appointed as senior management of our Company. For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, the aggregate amount or value of fees and bonus, paid by our Group to Dr. Kwong Kin Hung, Dr. Lee Huen, Dr. Yuen, Dr. Hui, Dr. Chan Tat Ming, Dr. Chan Wai Hong, Dr. Seto and Dr. Lau Wai Man for their services (including professional fees and remuneration as member of our Doctor Advisory Board (as the case may be)) were approximately HK\$26,006,000, HK\$26,116,000, HK\$35,607,000 and HK\$11,491,000, respectively.

For FY2013, FY2014, FY2015, the five highest paid individuals include two directors and three employees and for the three months ended 30 September 2015, the five highest paid individuals include four directors and one employee. The remuneration of the two directors for FY2013, FY2014 and FY2015 and the four directors for the three months ended 30 September 2015 have been disclosed above. The aggregate amount or value of fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to our Group's pension scheme on behalf of the three highest paid individuals) or any bonuses paid by our Group to the three remaining highest paid individuals for FY2013, FY2014 and FY2015 and the remaining highest paid individual for the three months ended 30 September 2015 were approximately HK\$2,576,000, HK\$2,810,000, HK\$3,171,000 and HK\$242,000, respectively. For details, please see the section headed "Accountants' Report — II. Notes to Financial Information — Note 10" in Appendix I to this prospectus.

During the Track Record Period, no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group. No compensation was paid to, or receivable by, our Directors or past directors of our Company or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors had waived any remuneration and/or emoluments during the Track Record Period.

Under the arrangement currently in force, the aggregate remuneration of our Directors for the financial year ending 30 June 2016 is estimated to be approximately HK\$9,000,000.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus.

COMPLIANCE ADVISER

Pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed BOCOM International (Asia) Limited as our compliance adviser. The compliance adviser will advise us on the following matters pursuant to Rule 3A.23 of the Listing Rules:

- (i) the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information of this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares the possible development of a false market in its securities, or any other matters.

The term of this appointment will commence on the Listing Date and is expected to end on the date on which we comply with the Listing Rules on the distribution of our annual report in respect of the financial results of the first full financial year commencing after the Listing Date.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of our Company is as follows:

Number of Shares comprised in the authorised share capital:

	HK\$
10,000,000,000 Shares	100,000,000

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately following the Global Offering and the Capitalisation Issue will be as follows:

Shares issued or to be issued, fully paid or credited as fully paid:

Number of Shares		Aggregate nominal value of shares	Approximate percentage of issued share capital
		HK\$	
266,000,000	Shares in issue as at the date of this prospectus	2,660,000	76.00%
7,320,000	Shares to be issued pursuant to the Capitalisation Issue	73,200	2.09%
76,680,000	Shares to be issued under the Global Offering	766,800	21.91%
350,000,000	Total	3,500,000	100.0%

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following the Global Offering and the Capitalisation Issue will be as follows:

Shares issued or to be issued, fully paid or credited as fully paid:

Number of Shares		Aggregate nominal value of shares	Approximate percentage of issued share capital
		HK\$	
266,000,000	Shares in issue as at the date of this prospectus	2,660,000	73.58%
7,320,000	Shares to be issued pursuant to the Capitalisation Issue	73,200	2.03%
76,680,000	Shares to be issued under the Global Offering	766,800	21.21%
11,502,000	Shares to be issued upon exercise of the Over-allotment Option in full	115,020	3.18%
361,502,000	Total	3,615,020	100.0%

ASSUMPTIONS

The above table assumes that the Global Offering has become unconditional and the Shares are issued pursuant to the Global Offering. It takes no account of any Shares to be issued upon the exercise of the share options which may be granted under the Share Option Scheme or which may be allotted and issued or repurchased by our Company under the general mandates of any Shares referred to below.

RANKING

The Offer Shares will rank pari passu with all Shares in issue or to be issued as mentioned in this prospectus and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus save for the entitlement under the Capitalisation Issue.

SHARE CAPITAL

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal in unissued Shares with a total nominal value of not more than:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue; and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate referred to in the paragraph headed “General Mandate to Repurchase Shares” in this section of the prospectus.

This mandate will expire:

- at the conclusion of the next annual general meeting of our Company; or
- at the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
- the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate, whichever is the earliest.

Particulars of this general mandate are set out in the section headed “Statutory and General Information — A. Further Information about our Company and its Subsidiaries — 3. Written Resolutions of all the Shareholders” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding Shares that may be allotted and issued pursuant to exercise of the Over-allotment Option or Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Main Board, or on any other stock exchange on which the Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules are set out in the section headed “Statutory and General Information — A. Further Information about our Company and its Subsidiaries — 7. Repurchase of our Own Securities” in Appendix IV to this prospectus.

This mandate will expire:

- at the conclusion of the next annual general meeting of our Company; or
- at the expiration of the period within which the next annual general meeting of our Company is required by its Articles of Association or any applicable laws of the Cayman Islands to be held; or
- the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate, whichever is the earliest.

Particulars of this general mandate are set out in the section headed “Statutory and General Information — A. Further Information about our Company and its Subsidiaries — 3. Written Resolutions of all the Shareholders” in Appendix IV to this prospectus.

CORNERSTONE INVESTOR

THE CORNERSTONE PLACING

We have entered into cornerstone placing agreement with an investor (the “**Cornerstone Investor**”), pursuant to which the Cornerstone Investor agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be subscribed for an aggregate amount of approximately HK\$35 million (the “**Cornerstone Placing**”).

Assuming the Offer Price is fixed at HK\$1.32 (being the low-end of the Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 26,514,000, representing approximately (i) 34.58% of the Offer Shares or 7.58% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 30.07% of the Offer Shares or 7.33% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised. Assuming the Offer Price is fixed at HK\$1.42 (being the mid-point of the Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 24,646,000, representing approximately (i) 32.14% of the Offer Shares or 7.04% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 27.95% of the Offer Shares or 6.82% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised. Assuming the Offer Price is fixed at HK\$1.51 (being the high-end of the Offer Price range stated in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investor would be 23,178,000, representing approximately (i) 30.23% of the Offer Shares or 6.62% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (ii) 26.28% of the Offer Shares or 6.41% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is fully exercised.

To the best knowledge of our Company, the Cornerstone Investor is an Independent Third Party, being not our connected person and not an existing Shareholder of our Company. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement to be issued by our Company on or around Thursday, 31 March 2016.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investor will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of our Company. The Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering (other than and pursuant to the relevant cornerstone placing agreement). Immediately following completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company, nor will the Cornerstone Investor become a Substantial Shareholder of our Company. The Offer Shares to be subscribed for by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering described in the section headed “Structure and Conditions of the Global Offering — The Hong Kong Public Offering” in this prospectus.

CORNERSTONE INVESTOR

We set forth below a brief description of the Cornerstone Investor:

Capital Healthcare International Limited (首都醫療國際有限公司), a limited company incorporated in Hong Kong, is wholly-owned by Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司) (“**Capital Healthcare Group**”). The principal businesses of Capital Healthcare International Limited include investment and financing business, merger and acquisition as well as equity management business in healthcare industry and related industries.

* For identification purpose only

CORNERSTONE INVESTOR

Capital Healthcare Group is a limited company incorporated in Beijing and is held by Beijing State-owned Assets Management Co., Ltd.* (北京市國有資產經營有限責任公司) and Shenzhen Qianhai Everbright Industry Development Co., Ltd.* (深圳前海光大產業發展有限公司), with the aim of becoming the most respected healthcare group in the PRC.

For details of the shareholding of the Cornerstone Investor upon completion of the Global Offering, please refer to the paragraph headed “The Cornerstone Placing” in this section.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Placing Agreement being entered into and having become effective and all of the conditions precedent to completion set forth therein being satisfied in accordance with their respective original terms (or as subsequently waived, to the extent it may be waived, by the relevant parties thereto) by no later than the respective time and date specified therein;
- (b) the Offer Price having been agreed by the Sole Global Coordinator (on behalf of the Underwriters under the Global Offering) and our Company in connection with the Global Offering;
- (c) neither of the Hong Kong Underwriting Agreement and the International Placing Agreement having been terminated in accordance with their respective original terms or as subsequently varied by agreement of the parties thereto;
- (d) the respective representations, warranties, undertakings, confirmation, agreements and acknowledgements of the Cornerstone Investor and our Company are accurate and true in all material respects and not misleading and there is no material breach of the cornerstone placing agreement on the part of our Company and the Cornerstone Investor;
- (e) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and that such approval or permission has not been revoked; and
- (f) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or the relevant cornerstone placing agreement and no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON THE CORNERSTONE INVESTOR’S INVESTMENT

The Cornerstone Investor has agreed and undertaken that, without the prior written consent of our Company and the Sole Global Coordinator, it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date, dispose of (as defined in the relevant cornerstone placing agreement) any of the Shares subscribed for pursuant to the relevant cornerstone placing agreement, other than transfers to a nominee or any of direct or indirect wholly-owned subsidiaries of the Cornerstone Investor provided that, among other things, such nominee or direct or indirect wholly-owned subsidiary undertakes in writing to, and the Cornerstone Investor undertakes in writing to procure that such wholly-owned subsidiary will, abide by the restrictions on disposals imposed on the Cornerstone Investor. The Cornerstone Investor further agrees that, save with the prior written consent of the Company, the aggregate holding (direct or indirect) of the Investor, its subsidiary and/or its associates in the total issued share capital of the Company shall be less than 10% of the Company’s entire issued share capital at all times.

* For identification purpose only

FINANCIAL INFORMATION

You should read this section in conjunction with our consolidated financial information as set out in the Accountants' Report in Appendix I to this prospectus. The consolidated financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors".

OVERVIEW

We are a leading private integrated healthcare service provider in Hong Kong with comprehensive outpatient capabilities including general practice services, specialties services and dental services. According to the Euromonitor Report, as at 31 August 2015, we ranked first among the private healthcare service providers in Hong Kong as measured by the number of medical centres by location.

Through our network of medical centres in Hong Kong, we generate our revenue in a growing market with a strong demand for our services. As at the Latest Practicable Date, we operated 66 medical centres across all 18 districts in Hong Kong, most of them are conveniently located at or near MTR stations, prime locations proximal to public transportation hubs, shopping plazas or residential areas. Among our medical centres, we have 115 service points providing healthcare services covering multiple disciplines, which include 57 general practice service points, 45 specialties services points and 13 dental service points.

We believe we are well-positioned to capture market opportunities in the high-growth private healthcare service industry in Hong Kong. Based on the Euromonitor Report, the aggregate revenue of general practice, specialist and dental medical centres in Hong Kong increased at a CAGR of approximately 11.5% for the period from 2012 to 2014; the revenue of these medical centres is expected to grow at a CAGR of approximately 11.4% during the forecast period from 2015 to 2019. We outperformed the market at a CAGR of approximately 13.4% for the past three financial years and we believe our business will continue to enjoy such growth. We have a successful track record in the establishment and management of medical centres all operating under our direct management and brand names. We intend to strengthen our market position and to build upon our experience and successful track record of providing integrated healthcare services by continuing our dedication to patient-centric corporate culture, leveraging on our infrastructure, management expertise, knowhow and customer base. By continuing our growth in Hong Kong, we intend to further extend our network of general practice medical centres, as well as establish new specialist medical centres that focus on providing treatment for particular areas of medical problems, or those inter-related to such specialty areas. We also intend to expand to major first-tier cities in the PRC by replicating our business model. We believe these strategies will help us develop our business with higher growth potential and profitability.

For each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, our total revenue was approximately HK\$333.9 million, HK\$365.2 million, HK\$429.5 million and HK\$110.8 million, respectively, while our net profits for the years/period were approximately HK\$36.6 million, HK\$40.8 million, HK\$35.7 million and HK\$4.6 million, respectively.

BASIS OF PRESENTATION AND PREPARATION

Our Company was incorporated in the Cayman Islands on 9 June 2015 as an exempted company with limited liability under the Cayman Islands Companies Law. In preparation for the Listing, our Group underwent Reorganisation. For further details of the Reorganisation, please refer to the section "History, Reorganisation and Group Structure". As a result of the Reorganisation, our Company became the holding company of the companies now comprising our Group which were under the common control of our Controlling Shareholders before and after the Reorganisation.

FINANCIAL INFORMATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 July 2014, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the Financial Information throughout the Track Record Period.

All intra-group transactions and balances have been eliminated on consolidation. For more information on the basis of presentation and preparation of the financial information included herein, please refer to “Accountants’ Report — II. Notes to Financial Information — Notes 2.1 and 2.2” in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Ability to attract and retain professionals

We depend on our professional team to provide medical services to our customers who look for quality healthcare services and stable doctor-patient relationship. We enter into service agreements with our professional team which may be terminated after giving relevant notice. In such event, our business may be adversely affected if we are not able to recruit or retain our professional team to support our network of medical centres. Our Group recruits new members for our professional team on a continuous basis, and recruitment of suitable candidates can be competitive as we compete with both public and private healthcare sector, and the supply of registered doctors, dentists and physiotherapists is limited. If we are not able to recruit suitable candidates, our business and results of operations may be adversely affected.

Ability to maintain established reputation in the medical industry in Hong Kong

We consider that our Group’s success depends to a significant extent on the recognition of our brand and reputation in the medical services industry as a reliable service provider. Maintaining established reputation may increase our customer base and number of visits which may materially affect our revenue.

Our reputation is mainly built on the satisfaction of our patients which is highly affected by our quality of services and accessibility. With our seasoned professional teams and one of the largest networks of medical centres in transportation hubs, we strive to provide quality services with proximity to access which enhance our results of operations in turn.

During the Track Record Period, our medical centres both attracted new patients and repeated patients with our established reputation. By the end of FY2013, FY2014, FY2015 and 30 September 2015, we had total number of patients of approximately 1.18 million, 1.32 million, 1.69 million and 1.73 million, respectively, representing a CAGR of approximately 19.7% from FY2013 to FY2015. The aggregate number of active customers who had more than one consultation throughout the Track Record Period is approximately 485,000. Any incident adversely affecting our reputation may adversely affect the demand of our services and our result of operations.

Number of patient visits and spending per visit

Our Group’s revenue was primarily affected by number of patient visits and spending per visit. During the Track Record Period, our revenue increased due to both increase in the number of patient visits and average spending per visit in our services.

During the Track Record Period, our number of patient visits increased from approximately 1,151 thousand times for FY2013, to approximately 1,191 thousand times for FY2014, and further to approximately 1,232 thousand times for FY2015; and increased from approximately 253 thousand times for the three months ended 30 September 2014 to approximately 282 thousand times for the three months ended 30 September 2015, which was mainly driven by the expansion of our network of medical centres. Also, average spending per visit

FINANCIAL INFORMATION

increased from approximately HK\$290 for FY2013 to approximately HK\$306 for FY2014 and further to approximately HK\$349 for FY2015; and increased from approximately HK\$333 for the three months ended 30 September 2014 to approximately HK\$392 for the three months ended 30 September 2015, during the Track Record Period due to general price adjustment of our services. Our Directors are of the view that such increase reflects the recognition of the quality of our services and the rising demand in the healthcare service market.

We believe that our revenue will continue to be affected by both number of patient visits and spending per visit in the future. Thus, any changes to the two factors may affect our revenue and results of operation.

Costs of operations

The following are some major costs of operation which may affect our margins and profitability.

Fees payable to doctors and dentists

Our doctors and dentists receive professional fee from our Group. Our fees payable to doctors and dentists for their services rendered amounted to approximately HK\$150.6 million, HK\$157.8 million, HK\$191.7 million and HK\$49.3 million for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, representing approximately 82.9%, 82.4%, 83.2% and 83.0% of cost of services rendered for the respective years/period. Since fees payable to doctors and dentists represented the largest portion of our cost of services rendered, any significant increase in the professional fee may adversely affect our cost of services rendered and lower our gross profit.

For illustrative purpose only, the following table sets out a sensitivity analysis of our profit before tax with reference to the fluctuation of the fees payable to doctors and dentists during the Track Record Period. The following table demonstrates the impact of hypothetical increase or decrease in the fees payable to doctors and dentists on our profit before tax, while all other factors remain unchanged:

	Decrease/Increase in our profit before tax			
	Year ended 30 June			Three months ended 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hypothetical fluctuation of fees payable to doctors and dentists:				
Hypothetical increase/decrease of 5.0%	-/+7,529	-/+7,892	-/+9,583	-/+2,465
Hypothetical increase/decrease of 10.0%	-/+15,058	-/+15,784	-/+19,166	-/+4,929
Hypothetical increase/decrease of 15.0%	-/+22,587	-/+23,676	-/+28,749	-/+7,394

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

Salaries and welfare expenses

Our salaries and welfare expenses amounted to approximately HK\$52.3 million, HK\$60.6 million, HK\$70.0 million and HK\$20.0 million for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, representing approximately 47.1%, 48.5%, 44.9% and 44.0% of our administrative expenses for the respective years/period. Salaries and welfare expenses mainly represented wages and salaries, pension scheme contributions and other related costs for our medical centre assistants, management and administrative staff during the Track Record Period. Since salaries and welfare expenses represented the largest portion of our administrative expenses, any significant increase in the salaries and welfare expenses may adversely affect our administrative expenses and lower our profit.

For illustrative purpose only, the following table sets out a sensitivity analysis of our profit before tax with reference to the fluctuation of the salaries and welfare expenses during the Track Record Period. The following

FINANCIAL INFORMATION

table demonstrates the impact of hypothetical increase or decrease in the salaries and welfare expenses on our profit before tax, while all other factors remain unchanged:

	Decrease/Increase in our profit before tax			
	Year ended 30 June			Three months ended 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hypothetical fluctuation of salaries and welfare expenses:				
Hypothetical increase/decrease of 5.0%	-/+2,613	-/+3,030	-/+3,501	-/+998
Hypothetical increase/decrease of 10.0%	-/+5,225	-/+6,060	-/+7,001	-/+1,995
Hypothetical increase/decrease of 15.0%	-/+7,838	-/+9,089	-/+10,502	-/+2,993

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

Rental expenses

Our rental expenses accounted for significant portion of our administrative expenses which amounted to approximately HK\$36.7 million, HK\$41.7 million, HK\$49.8 million and HK\$14.3 million for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, representing approximately 33.0%, 33.4%, 31.9% and 31.5% of our administrative expenses for the respective years/period. Our rental expenses represented mainly the rental expenses for leasing of our medical centres, headquarter and office located in Hong Kong. Since all of our medical centres operated under operating lease, any changes to the monthly rental of our medical centres may affect our administrative expenses and profit.

For illustrative purpose only, the following table sets out a sensitivity analysis of our profit before tax with reference to the fluctuation of the rental expenses during the Track Record Period. The following table demonstrates the impact of hypothetical increase or decrease in the rental expenses on our profit before tax, while all other factors remain unchanged:

	Decrease/Increase in our profit before tax			
	Year ended 30 June			Three months ended 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hypothetical fluctuation of rental expenses:				
Hypothetical increase/decrease of 5.0%	-/+1,833	-/+2,085	-/+2,488	-/+714
Hypothetical increase/decrease of 10.0%	-/+3,666	-/+4,169	-/+4,977	-/+1,428
Hypothetical increase/decrease of 15.0%	-/+5,498	-/+6,254	-/+7,465	-/+2,142

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

Cost of pharmaceutical supplies

Our cost of pharmaceutical supplies amounted to approximately HK\$31.2 million, HK\$34.0 million, HK\$38.6 million and HK\$9.7 million for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, representing approximately 17.1%, 17.7%, 16.8% and 16.3% of cost of services rendered for the respective years/period. Our cost of pharmaceutical supplies mainly comprised costs of medicine, vaccine and other pharmaceutical accessories. Any increase in the cost of pharmaceutical supplies may adversely affect our costs of services rendered and lower our gross profit.

For illustrative purpose only, the following table sets out a sensitivity analysis of our net profit before tax for the year with reference to the fluctuation of the price of pharmaceutical supplies during the Track Record

FINANCIAL INFORMATION

Period. The following table demonstrates the impact of hypothetical increase or decrease in the price of pharmaceutical supplies on our profit before tax, while all other factors remain unchanged:

	Decrease/Increase in our profit before tax			
	Year ended 30 June			Three months ended 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hypothetical fluctuation of cost of pharmaceutical supplies:				
Hypothetical increase/decrease of 5.0%	-/+1,558	-/+1,699	-/+1,929	-/+485
Hypothetical increase/decrease of 10.0%	-/+3,116	-/+3,398	-/+3,858	-/+971
Hypothetical increase/decrease of 15.0%	-/+4,674	-/+5,097	-/+5,787	-/+1,456

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

Seasonality

Our Group's business is subject to seasonality. During the Track Record Period, our Group generally recorded relatively more revenue during winter and spring seasons during which the general public are usually more susceptible to diseases and epidemic such as influenza, therefore, there would be comparatively more patients visiting our medical centres at such times. As a result, our revenue and number of patient visits for the three months ended 30 September 2014 only accounted for approximately 21.9% and 22.4% of those for FY2015, respectively, excluding the effect of acquisition of Perfect Life which only started to contribute revenue to our Group since November 2014. As such, any comparison of sales and results of operations between different periods within a single financial year for our Group may not be meaningful and should not be relied upon as indicators of our Group's performance.

Pricing in respect of corporate customers

We entered into contractual arrangements with our corporate customers, pursuant to which we charged each of them an agreed rate of our services. We may offer certain corporate customers a discount as compared to fees charged on individual customers, which is subject to negotiation and a number of factors, details of which is set out in the section headed "Business — Our customers — Pricing of our services" in this prospectus. For FY2013, FY2014, FY2015 and the three months ended 30 September 2015, our revenue generated from our corporate customers accounted for approximately 20.0%, 21.1%, 20.7% and 20.8% of our total revenue, respectively. If there is a change in our revenue mix that the proportion of revenue from corporate customers increases, or if we offer greater discount to our corporate customers, the average spending per visit may decrease, which may in turn lower our gross profit margin and our results of operation.

Competition

We face intense competition from other medical centres, individual practitioners and out-patient medical centres in private hospitals in Hong Kong. Should any of these competitors possesses more advanced medical equipment, expertise or better accessibility in locations, we may not be able to attract or retain our patients. Our financial performance and results of operation may, hence, be affected by the intense competition in the healthcare market.

Regulations of the medical industry in Hong Kong

The operation of our medical centres are subject to various laws and regulations. These rules and regulations relate mainly to certain medical facilities and equipment, prescription, handling and recording of pharmaceuticals, the licensing of medical professionals, disposal of clinical waste, and maintenance and security of patients' medical records. Any changes to the laws and regulations or compliance standards may impose possible restrictions on our operation and, thus, our financial performance in case of any failure to promptly and

FINANCIAL INFORMATION

effectively adapt to such changes. Also, we may incur extra compliance costs as laws and regulations evolve in the future. This may increase our operating costs and, hence lower our profit.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are significant to the preparation of our Group's financial informations. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our Group's financial informations. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in "Accountants' Report — II. Notes to Financial Information" in Appendix I of this prospectus.

Significant accounting policies

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or a 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 HKFRS. 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 our 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. Our Group performs its annual impairment test of goodwill as at the end of each reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the

FINANCIAL INFORMATION

acquisition date, allocated to each of our 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 our 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.

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 disposed operation and the portion of the cash-generating unit retained.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably. Revenue from the rendering of medical and dental services is recognised when the services are rendered.

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

Dividend income is recognised when the shareholders' right to receive payment has been established.

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 for the current and prior periods 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 countries in which our Group operates.

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

Deferred tax liabilities are recognised for all taxable temporary differences, except (i) 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 (ii) 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 (i) 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 (ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred

FINANCIAL INFORMATION

tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Property, plant and equipment and depreciation

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

Computer	25%
Office equipment	25%
Furniture and fixture	25%
Motor vehicles	25%
Leasehold improvement	33.3%

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 the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademark

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

Customer lists

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

FINANCIAL INFORMATION

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where our Group is the lessor, assets leased by our Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where our Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Critical accounting estimates and judgements

Impairment of goodwill

Our Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires our Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill was nil, nil and approximately HK\$32.0 million and HK\$32.0 million as at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively.

Impairment of non-financial assets (other than goodwill)

Our Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment allowances for trade receivables

Our Group estimates the impairment allowances for trade receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade receivables and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, the difference will affect the carrying amounts of trade receivables and other receivables and thus the impairment loss in the period in which the estimate is changed. Our Group reassesses the impairment allowances at the end of each reporting period.

Impairment of inventories

Our Group reviews an ageing analysis of its inventories at the end of each reporting period, and makes allowance if there are obsolete and slow-moving inventory items identified that are no longer suitable for use or selling. Our Group also reviews the expiration of its inventory items at the end of each reporting period, and makes allowance if there are inventory items identified that are expired. The estimated net realisable value of our Group's inventories is based primarily on the latest selling prices and current market conditions.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following table summarises the consolidated statement of profit or loss during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HKS'000	Percentage of total revenue %	HKS'000	Percentage of total revenue %	HKS'000	Percentage of total revenue %	HKS'000 (unaudited)	Percentage of total revenue %	HKS'000	Percentage of total revenue %
Revenue	333,933	100.0	365,246	100.0	429,538	100.0	84,252	100.0	110,786	100.0
Cost of services rendered	(181,740)	(54.4)	(191,527)	(52.4)	(230,293)	(53.6)	(47,752)	(56.7)	(59,415)	(53.6)
Gross profit	152,193	45.6	173,719	47.6	199,245	46.4	36,500	43.3	51,371	46.4
Other income and gains	2,475	0.8	580	0.2	1,815	0.4	120	0.1	427	0.3
Administrative expenses	(111,035)	(33.3)	(124,938)	(34.2)	(155,879)	(36.3)	(33,204)	(39.3)	(45,334)	(40.9)
Share of profits and losses of a joint venture	—	—	—	—	—	—	—	—	(37)	(0.0)
Profit before tax	43,633	13.1	49,361	13.6	45,181	10.5	3,416	4.1	6,427	5.8
Income tax expense	(7,005)	(2.1)	(8,604)	(2.4)	(9,463)	(2.2)	(726)	(0.9)	(1,858)	(1.7)
Profit for the year/period	36,628	11.0	40,757	11.2	35,718	8.3	2,690	3.2	4,569	4.1

DESCRIPTION OF SELECTED ITEMS IN STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue represents the value of medical and dental services rendered. Our revenue is comprised of revenue from general practice services, specialties services and dental services. The following table sets forth, for the periods indicated, the breakdown of our revenue by service type:

Revenue by types of services

	Year ended 30 June									Three months ended 30 September										
	2013			2014			2015			2014			2015							
	HKS'000	No. of visits '000	Average spending per visit HKS (Note)	HKS'000	No. of visits '000	Average spending per visit HKS (Note)	HKS'000	No. of visits '000	Average spending per visit HKS (Note)	HKS'000 (unaudited)	No. of visits '000	Average spending per visit HKS (Note)	HKS'000	No. of visits '000	Average spending per visit HKS (Note)					
General practice services	266,976	79.9	1,101	242	287,387	78.7	1,131	254	324,668	75.6	1,162	279	60,750	72.1	236	257	75,233	67.9	257	292
Specialties services	57,014	17.1	32	1,780	65,391	17.9	39	1,656	90,995	21.2	48	1,889	20,114	23.9	12	1,651	24,526	22.1	14	1,738
Dental services	9,943	3.0	18	562	12,468	3.4	21	588	13,875	3.2	22	634	3,388	4.0	5	667	11,027	10.0	11	1,010
	<u>333,933</u>	<u>100.0</u>	<u>1,151</u>	<u>365,246</u>	<u>100.0</u>	<u>1,191</u>	<u>429,538</u>	<u>100.0</u>	<u>1,232</u>	<u>84,252</u>	<u>100.0</u>	<u>253</u>	<u>110,786</u>	<u>100.0</u>	<u>282</u>					

Note: Average spending per visit is calculated by actual amount of revenue divided by the actual number of visits. Differences are due to rounding.

During the Track Record Period, our revenue amounted to approximately HK\$333.9 million, HK\$365.2 million, HK\$429.5 million and HK\$110.8 million for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively, representing a CAGR of approximately 13.4% for FY2013 to FY2015. Our revenue was mostly contributed by revenue generated from general practice services which accounted for approximately 79.9%, 78.7%, 75.6% and 67.9% of our total revenue for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively.

During the Track Record Period, all of our revenue was generated in Hong Kong.

FINANCIAL INFORMATION

Cost of services rendered

Our cost of services rendered represents cost in relation to our medical services provided including fees payable to doctors and dentists, cost of pharmaceutical supplies and other related charges. Our cost of services rendered during the Track Record Period increased in line with our revenue. The following table sets forth, for the periods indicated, the breakdown of our cost of services rendered by service type:

By function

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
- Fees payable to doctors and dentists	150,582	82.9	157,840	82.4	191,658	83.2	40,988	85.8	49,290	83.0
- Cost of pharmaceutical supplies	31,158	17.1	33,978	17.7	38,581	16.8	6,803	14.2	9,706	16.3
- (Reversal) / write-down of inventories to net realisable value	—	—	(291)	(0.1)	54	0.0	(39)	(0.0)	419	0.7
	181,740	100.0	191,527	100.0	230,293	100.0	47,752	100.0	59,415	100.0

By type of services

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
General Practice Services										
- Fees payable to practitioners	111,133	61.1	114,346	59.7	132,902	57.7	26,991	56.5	30,615	51.5
- Cost of pharmaceutical supplies	26,818	14.8	28,043	14.6	32,899	14.3	5,302	11.1	6,736	11.3
- Reversal of inventories	—	—	(191)	(0.1)	(142)	(0.1)	(83)	(0.1)	356	0.6
	137,951	75.9	142,198	74.2	165,659	71.9	32,210	67.4	37,707	63.4
Specialties Services										
- Fees payable to specialists	35,499	19.5	38,539	20.1	52,389	22.7	12,436	26.0	13,459	22.7
- Cost of pharmaceutical supplies	3,025	1.7	4,044	2.1	4,520	2.0	1,133	2.4	1,481	2.5
- (Reversal) / write-down of inventories to net realisable value	—	—	(100)	(0.0)	196	0.1	44	0.1	63	0.1
	38,524	21.2	42,483	22.2	57,105	24.8	13,613	28.5	15,003	25.3
Dental Services										
- Fees payable to dentists	3,950	2.2	4,956	2.6	6,367	2.8	1,561	3.3	5,216	8.8
- Cost of pharmaceutical supplies	1,315	0.7	1,890	1.0	1,162	0.5	368	0.7	1,489	2.5
	5,265	2.9	6,846	3.6	7,529	3.3	1,929	4.1	6,705	11.3
	181,740	100.0	191,527	100.0	230,293	100.0	47,752	100.0	59,415	100.0

Our cost of services rendered amounted to approximately HK\$181.7 million, HK\$191.5 million, HK\$230.3 million and HK\$59.4 million for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015,

FINANCIAL INFORMATION

respectively, which was mostly contributed by fees payable to doctors and dentists which accounted for approximately 82.9%, 82.4%, 83.2% and 83.0% of our total cost of services rendered, respectively. Our cost of pharmaceutical supplies mainly included cost of medicine, vaccine and other pharmaceutical accessories and accounted for approximately 17.1%, 17.7%, 16.8% and 16.3% of our total cost of services rendered for FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively.

Gross profit and gross profit margin

The following table sets forth, for the periods indicated, the breakdown of our gross profit margin by service type.

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HKS'000	Gross profit margin %	HKS'000	Gross profit margin %	HKS'000	Gross profit margin %	HKS'000	Gross profit margin %	HKS'000	Gross profit margin %
							(unaudited)			
General practice services	129,025	48.3	145,189	50.5	159,009	49.0	28,540	47.0	37,526	49.9
Specialties services	18,490	32.4	22,908	35.0	33,890	37.2	6,501	32.3	9,523	38.8
Dental services	4,678	47.0	5,622	45.1	6,346	45.7	1,459	43.1	4,322	39.2
	<u>152,193</u>	<u>45.6</u>	<u>173,719</u>	<u>47.6</u>	<u>199,245</u>	<u>46.4</u>	<u>36,500</u>	<u>43.3</u>	<u>51,371</u>	<u>46.4</u>

Other income and gains

Other income and gains mainly comprise compensation from landlord, management fee income from our related companies for sharing administrative costs, gain on disposal of available-for-sale investments, interest income from bank and sundry income. The following table sets forth a breakdown of our other income and gains for the periods indicated.

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HKS'000	%	HKS'000	%	HKS'000	%	HKS'000	%	HKS'000	%
							(unaudited)			
Management fee income	360	14.5	360	62.1	1,491	82.1	90	75.0	420	98.4
Interest income	147	5.9	90	15.5	79	4.4	28	23.3	5	1.2
Gain on disposal of available-for-sale investment	—	—	—	—	217	12.0	—	—	—	—
Compensation from landlord	1,952	78.9	—	—	—	—	—	—	—	—
Sundry income	16	0.7	130	22.4	28	1.5	2	1.7	2	0.4
	<u>2,475</u>	<u>100.0</u>	<u>580</u>	<u>100.0</u>	<u>1,815</u>	<u>100.0</u>	<u>120</u>	<u>100.0</u>	<u>427</u>	<u>100.0</u>

FINANCIAL INFORMATION

Administrative expenses

Administrative expenses consist primarily of salaries and welfare expenses to our medical centre assistants, management and administrative staff, rental expenses, depreciation and amortisation, listing expenses and others. The following table sets forth the breakdown of other expenses for the periods indicated.

	Year ended 30 June						Three months ended 30 September			
	2013		2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
Salaries and welfares	52,250	47.1	60,596	48.5	70,012	44.9	16,189	48.8	19,954	44.0
Rental expenses	36,656	33.0	41,692	33.4	49,767	31.9	11,009	33.2	14,280	31.5
Listing expenses	—	—	—	—	7,368	4.7	—	—	2,583	5.7
Depreciation and amortisation	6,155	5.5	5,936	4.8	6,804	4.4	1,410	4.2	2,048	4.5
Directors' remuneration . . .	3,630	3.3	3,630	2.9	3,636	2.3	910	2.7	1,559	3.4
Utilities	2,750	2.5	2,962	2.3	2,970	1.9	754	2.3	836	1.8
Property management fee . .	1,481	1.3	1,813	1.4	2,741	1.8	582	1.7	712	1.7
Others	8,113	7.3	8,309	6.7	12,581	8.1	2,350	7.1	3,362	7.4
	<u>111,035</u>	<u>100.0</u>	<u>124,938</u>	<u>100.0</u>	<u>155,879</u>	<u>100.0</u>	<u>33,204</u>	<u>100.0</u>	<u>45,334</u>	<u>100.0</u>

Our administrative expenses accounted for approximately 33.3%, 34.2%, 36.3% and 40.9% of our total revenue in FY2013, 2014 and 2015 and the three months ended 30 September 2015, respectively.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

(i) Cayman Island/BVI income tax

Our Group has not been subject to any taxation in the Cayman Island/BVI.

(ii) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong in each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015 during the Track Record Period.

(iii) PRC corporate income tax

No provision for PRC in corporate income tax has been made since our PRC subsidiary has no estimated assessable profits during the Trade Record Period.

Our income tax expenses were approximately HK\$7.0 million, HK\$8.6 million, HK\$9.5 million and HK\$1.9 million for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively and the effective tax rate was approximately 16.1%, 17.4%, 20.9% and 28.9% for the respective years/period.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

Segment information

Our Group is organised into business segments based on our services, namely, general practice services, specialties services and dental services.

FINANCIAL INFORMATION

The segment profit generated from our general practice services were approximately HK\$63.0 million, HK\$70.0 million, HK\$67.7 million and HK\$14.2 million for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively.

The segment profit generated from our specialties services were approximately HK\$6.9 million, HK\$9.7 million, HK\$16.9 million and HK\$4.7 million for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively.

During the Track Record Period, our dental services segment recorded loss on the segment result of approximately HK\$0.7 million, HK\$2.8 million, HK\$2.8 million and HK\$0.7 million for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively. Our Directors are of the view that we were still expanding and developing our dental service segment and since the scale was relatively small during the Track Record Period, it had not yet reached optimal scale of operation to cover the segment expenses, despite the fact that gross profit was generated from this segment.

Details of the segment information are set out in “Accountants’ Report — II. Notes to Financial Information — Note 6” in Appendix I to this prospectus.

Acquisitions of Subsidiaries

During FY2015, our Group undertook acquisitions of Perfect Life, Good Standard, Laserdontics and Seto & Wan in order to expand our business.

On 20 November 2014, our Group entered into a sale and purchase agreement with an independent third party, to acquire 60% equity interest in Perfect Life at an aggregated consideration of approximately HK\$18.6 million which was duly completed and consideration was settled on the same day. Since the acquisition, Perfect Life contributed approximately HK\$44.6 million to our Group’s revenue and profit of approximately HK\$231,000 to the consolidated profit for FY2015. The net profit of approximately HK\$231,000 was arrived at after approximately HK\$2.2 million management fee expenses being charged by Human Health (H.K.) for sharing certain administrative expenses in relation to human resources and financial reporting, etc. The management fee expenses was determined with reference to the expenses incurred by Human Health (H.K.) for the provision of management services to Perfect Life as calculated by multiplying the total expenses incurred by Human Health (H.K.) in relation to the provision of management services with the percentage of the total turnover for the relevant year of Perfect Life divided by the sum of the total turnover for the relevant year of our Group. The amount was eliminated at consolidation level.

On 29 June 2015, our Group also entered into respective sale and purchase agreements to acquire 100% equity interest in Good Standard, Laserdontics and Seto & Wan. Since the acquisitions, Good Standard, Laserdontics and Seto & Wan did not contribute any amounts to our Group’s revenue and consolidated profit for FY2015.

Details of the acquisitions are set out in the section headed “History, Reorganisation and Group Structure — Corporate Development — Operating subsidiaries incorporated in Hong Kong — 14. Perfect Life” and “Accountants’ Report — II. Notes to Financial Information — Note 31” in Appendix I to this prospectus.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Three months ended 30 September 2015 compared to three months ended 30 September 2014

Revenue

Our revenue increased by approximately HK\$26.5 million or 31.5% to approximately HK\$110.8 million for the three months ended 30 September 2015 from approximately HK\$84.3 million for the three months ended 30 September 2014 as a result of increased revenue from each of our general practice services, specialties services and dental services.

FINANCIAL INFORMATION

General practice services

Our revenue from general practice services increased by approximately HK\$14.5 million or 23.8% to approximately HK\$75.2 million for the three months ended 30 September 2015 from approximately HK\$60.8 million for the three months ended 30 September 2014. The increase was mainly attributed by (i) increase in number of patient visits from approximately 236,000 times for the three months ended 30 September 2014 to approximately 257,000 times for the three months ended 30 September 2015 due to addition of medical centres mainly as a result of acquisition of Perfect Life; and (ii) increase in average spending per visit for the three months ended 30 September 2015 by approximately 13.6% from approximately HK\$257 per visit for the three months ended 30 September 2014 to approximately HK\$292 per visit for the three months ended 30 September 2015 primarily due to price adjustment of our services. Our Directors are of the view that such increase reflects the recognition of the quality of our services and the rising demand in the private healthcare service market.

Specialties services

Our revenue from specialties services increased by approximately HK\$4.4 million or 21.9% to approximately HK\$24.5 million for the three months ended 30 September 2015 from approximately HK\$20.1 million for the three months ended 30 September 2014. The increase was mainly attributed by the increase of number of patient visits from approximately 12,000 times for the three months ended 30 September 2014 to approximately 14,000 times for the three months ended 30 September 2015 following the recruitment of six specialists, including specialists from the acquisition of Perfect Life, for our specialties services.

The average spending per visit for specialties services increased by approximately 5.3% from approximately HK\$1,651 per visit for the three months ended 30 September 2014 and to approximately HK\$1,738 per visit for the three months ended 30 September 2015. This was mainly attributable to increased revenue of general surgery which are generally associated with higher spending per visit.

Dental services

Our revenue from dental services increased by approximately HK\$7.6 million or 225.5% to approximately HK\$11.0 million for the three months ended 30 September 2015 from approximately HK\$3.4 million for the three months ended 30 September 2014. The increase was mainly attributed by both the increase in number of visits from approximately 5,000 times for the three months ended 30 September 2014 to approximately 11,000 times for the three months ended 30 September 2015 and the increase in average spending per visit for the three months ended 30 September 2015. The increase in number of visits was mainly due to the addition of four dental centres from acquisition of Good Standard, Laserdontics and Seto & Wan since 29 June 2015.

The average spending per visit for dental services increased by approximately 51.4% from approximately HK\$667 per visit for the three months ended 30 September 2014 to approximately HK\$1,010 per visit for the three months ended 30 September 2015. The increase was mainly due to the dental implant services offered by Good Standard, Laserdontics and Seto & Wan which charged a higher fee.

Cost of services rendered

Our cost of services rendered increased by approximately HK\$11.7 million or 24.4% to approximately HK\$59.4 million for the three months ended 30 September 2015 from approximately HK\$47.8 million for the three months ended 30 September 2014. Such increase was mainly due to increase in fees payable to doctors and dentists and cost of pharmaceutical supplies of approximately HK\$8.3 million and HK\$2.9 million, respectively, which were in line with the increase in our revenue for the three months ended 30 September 2015.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$14.9 million or 40.7% to approximately HK\$51.4 million for the three months ended 30 September 2015 from approximately HK\$36.5 million for the three months ended 30 September 2014 as a result of increased revenue from (i) increased number of patient visits for general

FINANCIAL INFORMATION

practice, specialties and dental services; and (ii) increase in average spending per visit from general practice, specialties and dental services. Our gross profit margin increased from approximately 43.3% for the three months ended 30 September 2014 to approximately 46.4% for the three months ended 30 September 2015. It was mainly contributed by the increase in gross profit margin from both our general practice and specialties services which accounted for approximately 80.7% of our increase in total gross profit for the three months ended 30 September 2015.

General practice services

Our gross profit for our general practice services increased from approximately HK\$28.5 million for the three months ended 30 September 2014 to approximately HK\$37.5 million for the three months ended 30 September 2015, which was in line with the increase in revenue from our general practice services.

Our gross profit margin increased from approximately 47.0% for the three months ended 30 September 2014 to approximately 49.9% for the three months ended 30 September 2015 mainly as a result of lower fees payable to general practitioners during the three months ended 30 September 2015 as their remuneration packages were different based on their experiences and length of services with us.

Specialties services

Our gross profit for our specialties services increased from approximately HK\$6.5 million for the three months ended 30 September 2014 to approximately HK\$9.5 million for the three months ended 30 September 2015, which was in line with the increase in revenue from our specialties services.

Our gross profit margin increased from approximately 32.3% for the three months ended 30 September 2014 to approximately 38.8% for the three months ended 30 September 2015 mainly as a result of lower fees payable to specialists during the three months ended 30 September 2015 as their remuneration packages were different based on their specialties, experiences and length of services with us.

Dental services

Our gross profit for our dental services increased from approximately HK\$1.5 million for the three months ended 30 September 2014 to approximately HK\$4.3 million for the three months ended 30 September 2015, which was in line with the increase in revenue from our dental services.

Our gross profit margin decreased from approximately 43.1% for the three months ended 30 September 2014 to approximately 39.2% for the three months ended 30 September 2015. This was mainly due to the higher costs of dental materials used in the dental services such as dental implant as a result of increased number of such cases since acquisition of Good Standard, Laserdodontics and Seto & Wan since 29 June 2015.

Other income and gains

Our other income and gains increased by approximately HK\$0.3 million or 255.8% to approximately HK\$0.4 million for the three months ended 30 September 2015 from approximately HK\$0.1 million for the three months ended 30 September 2014 mainly due to the increase in management fee income of approximately HK\$0.3 million from our related parties for sharing certain administrative expense due to increased turnover of those related parties for the three months ended 30 September 2015.

Administrative expenses

Our administrative expenses increased by approximately HK\$12.1 million or 36.5% to approximately HK\$45.3 million for the three months ended 30 September 2015 from approximately HK\$33.2 million for the three months ended 30 September 2014 as a result of (i) increase in employee benefit expenses of approximately HK\$3.8 million mainly as a result of increase in number of both medical centre assistants, management and administrative staff; (ii) increase in rental expenses of approximately HK\$3.3 million as a result of increase in

FINANCIAL INFORMATION

number of medical centres and monthly rental of existing medical centres; and (iii) listing expenses of approximately HK\$2.6 million which was incurred for the three months ended 30 September 2015.

Income tax expense

Income tax expense increased by approximately HK\$1.1 million or 155.9% to approximately HK\$1.9 million for the three months ended 30 September 2015 from approximately HK\$0.7 million for the three months ended 30 September 2014. The increase was mainly due to increase in assessable income as a result of increase in revenue. Our effective tax rate increased from approximately 21.3% to 28.9% as a result of (i) non-tax deductible listing expense of approximately HK\$2.6 million; and (ii) increase in tax losses not recognised of certain subsidiaries, which are holding companies, of approximately HK\$0.1 million where no taxable profits could be utilised.

Profit for the year

As a result of the foregoing, profit for the year increased by approximately HK\$1.9 million or 69.9% to approximately HK\$4.6 million for the three months ended 30 September 2015 from approximately HK\$2.7 million for the three months ended 30 September 2014. Our net profit margin also increased to approximately 4.1% for the three months ended 30 September 2015 from approximately 3.2% for the three months ended 30 September 2014.

FY2015 compared to FY2014

Revenue

Our revenue increased by approximately HK\$64.3 million or 17.6% to approximately HK\$429.5 million for FY2015 from approximately HK\$365.2 million for FY2014 as a result of increased revenue from each of our general practice services, specialties services and dental services.

General practice services

Our revenue from general practice services increased by approximately HK\$37.3 million or 13.0% to approximately HK\$324.7 million for FY2015 from approximately HK\$287.4 million for FY2014. The increase was mainly attributed by (i) increase in number of patient visits from approximately 1,131 thousand times for FY2014 to approximately 1,162 thousand times for FY2015; and (ii) increase in average spending per visit for FY2015 by approximately 9.8% from approximately HK\$254 per visit for FY2014 to approximately HK\$279 per visit for FY2015 primarily due to price adjustment of our services.

Specialties services

Our revenue from specialties services increased by approximately HK\$25.6 million or 39.2% to approximately HK\$91.0 million for FY2015 from approximately HK\$65.4 million for FY2014. The increase was mainly attributed by the increase of number of patient visits from approximately 39,000 times for FY2014 to approximately 48,000 times for FY2015 following the recruitment of six specialists, including specialists from the acquisition of Perfect Life, for our specialties services.

The average spending per visit for specialties services increased by approximately 14.1% from approximately HK\$1,656 per visit for FY2014 and to approximately HK\$1,889 per visit for FY2015. This was mainly attributable to increased number of general surgery cases which are generally associated with higher spending per visit.

Dental services

Our revenue from dental services increased by approximately HK\$1.4 million or 11.3% to approximately HK\$13.9 million for FY2015 from approximately HK\$12.5 million for FY2014. The increase was mainly attributed by the increase in average spending per visit for FY2015.

FINANCIAL INFORMATION

The average spending for dental services increased by approximately 7.8% from approximately HK\$588 per visit for FY2014 to approximately HK\$634 per visit for FY2015. The increase was mainly due to price adjustment of our services.

Cost of services rendered

Our cost of services rendered increased by approximately HK\$38.8 million or 20.2% to approximately HK\$230.3 million for FY2015 from approximately HK\$191.5 million for FY2014. Such increase was mainly due to increase in fees payable to doctors and dentists and cost of pharmaceutical supplies of approximately HK\$33.8 million and HK\$4.6 million, respectively, which were in line with increase in our revenue for FY2015.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$25.5 million or 14.7% to approximately HK\$199.2 million for FY2015 from approximately HK\$173.7 million for FY2014 as a result of increased revenue from (i) increased number of patient visits for general practice and specialties services; and (ii) increase in average spending per visit from general practice, specialties and dental services. Our gross profit margin decreased from approximately 47.6% for FY2014 to approximately 46.4% for FY2015, due to increase in our revenue contributed by specialties services whose gross profit margin was lower than that of general practice and dental services.

General practice services

Our gross profit for our general practice services increased from approximately HK\$145.2 million for FY2014 to approximately HK\$159.0 million for FY2015, which was in line with the increase in revenue from our general practice services.

Our gross profit margin decreased from approximately 50.5% for FY2014 to approximately 49.0% for FY2015 mainly due to the acquisition of Perfect Life whose gross profit margin for general practice services was lower than that of our Group.

Specialties services

Our gross profit for our specialties services increased from approximately HK\$22.9 million for FY2014 to approximately HK\$33.9 million for FY2015, which was in line with the increase in revenue from our specialties services.

Our gross profit margin increased from approximately 35.0% for FY2014 to approximately 37.2% for FY2015 mainly as a result of lower fees payable to specialists during FY2015 as their remuneration packages were different based on their specialties, experiences and length of services with us.

Dental services

Our gross profit for our dental services increased from approximately HK\$5.6 million for FY2014 to approximately HK\$6.3 million for FY2015, which was in line with the increase in revenue from our dental services.

Our gross profit margin remained relatively stable at approximately 45.1% and 45.7% for FY2014 and FY2015, respectively.

Other income and gains

Our other income and gains increased by approximately HK\$1.2 million or 212.9% to approximately HK\$1.8 million for FY2015 from approximately HK\$0.6 million for FY2014 mainly due to the (i) increase in management fee income of approximately HK\$1.1 million from our related parties for sharing certain

FINANCIAL INFORMATION

administrative expense due to increased turnover of those related parties for FY2015; and (ii) increase in gain on disposal of available-for-sale investments of approximately HK\$0.2 million. As at 30 June 2015 up to the Latest Practicable Date, we do not have any available-for-sale investments and currently have no intention to further invest after the Listing.

Administrative expenses

Our administrative expenses increased by approximately HK\$31.0 million or 24.8% to approximately HK\$155.9 million for FY2015 from approximately HK\$124.9 million for FY2014 as a result of (i) increase in salaries and welfare expenses of approximately HK\$9.4 million mainly as a result of increase in number of both medical centre assistants, management and administrative staff; (ii) increase in rental expenses of approximately HK\$8.1 million as a result of increase in number of medical centres and monthly rental of existing medical centres; and (iii) listing expenses of approximately HK\$7.4 million which only incurred for FY2015.

Income tax expense

Income tax expense increased by approximately HK\$0.9 million or 10.0% to approximately HK\$9.5 million for FY2015 from approximately HK\$8.6 million for FY2014. The increase was mainly due to increase in assessable income as a result of increase in revenue. Our effective tax rate increased from approximately 17.4% to 20.9% as a result of (i) non-tax deductible listing expense of approximately HK\$7.4 million; and (ii) increase in tax losses not recognised of certain subsidiaries, which are holding companies, of approximately HK\$0.2 million where no taxable profits could be utilised.

Profit for the year

As a result of the foregoing, profit for the year decreased by approximately HK\$5.0 million or 12.4% to approximately HK\$35.7 million for FY2015 from approximately HK\$40.8 million for FY2014. Our net profit margin also decreased to approximately 8.3% for FY2015 from approximately 11.2% for FY2014.

FY2014 compared to FY2013

Revenue

Our revenue increased by approximately HK\$31.3 million or 9.4% to approximately HK\$365.2 million for FY2014 from approximately HK\$333.9 million for FY2013 as a result of increased revenue from each of our general practice services, specialties services and dental services.

General practice services

Our revenue from general practice services increased by approximately HK\$20.4 million or 7.6% to approximately HK\$287.4 million for FY2014 from approximately HK\$267.0 million for FY2013. The increase was mainly due to (i) increase of number of patient visits by approximately 2.7% from approximately 1,101 thousand times for FY2013 to approximately 1,131 thousand times for FY2014; and (ii) increase in average spending per visit for FY2014.

The average spending for general practice services increased by approximately 5.0% from approximately HK\$242 per visit for FY2013 to approximately HK\$254 per visit for FY2014 mainly attributable to price adjustment of our services. Our Directors are of the view that such increase reflects the quality of our services and the rising demand in the private healthcare service market.

Specialties services

Our revenue from specialties services increased by approximately HK\$8.4 million or 14.7% to approximately HK\$65.4 million for FY2014 from approximately HK\$57.0 million for FY2013. The increase was mainly attributed by increase of number of patient visits from approximately 32 thousand times for FY2013 to

FINANCIAL INFORMATION

approximately 39 thousand times for FY2014. The increase was mainly contributed by the recruitment of five specialists during FY2014. Such increase was partially offset by the decrease in average spending per visit for FY2014.

The average spending for specialties services decreased by approximately 7.0% from approximately HK\$1,780 per visit for FY2013 to approximately HK\$1,656 per visit for FY2014. The decrease was mainly attributable to decreased number of general surgery cases which are generally associated with higher spending per visit.

Dental services

Our revenue from dental services increased by approximately HK\$2.5 million or 25.4% to approximately HK\$12.5 million for FY2014 from approximately HK\$9.9 million for FY2013. The increase was mainly attributed by (i) increase in number of patient visits from approximately 18,000 times for FY2013 to approximately 21,000 times for FY2014 as one new dental centre in Jordan commenced its operation since August 2013; (ii) increase in average spending per visit for FY2014.

The average spending for dental services increased by approximately 4.6% from approximately HK\$562 per visit for FY2013 to approximately HK\$588 per visit for FY2014. The increase was mainly attributable to introduction of additional dental consultation services such as dental implant and orthodontics in October 2013 to which we charged a higher fee.

Cost of services rendered

Our cost of services rendered increased by approximately HK\$9.8 million or 5.4% to approximately HK\$191.5 million for FY2014 from approximately HK\$181.7 million for FY2013. Such increase was mainly due to increase in fees payable to doctors and dentists and cost of pharmaceutical supplies of approximately HK\$7.3 million and HK\$2.8 million, respectively, which were in line with increase in our revenue in FY2014.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$21.5 million or 14.1% to approximately HK\$173.7 million for FY2014 from approximately HK\$152.2 million for FY2013 as a result of increased revenue from (i) increased number of patient visits for general practice, specialties and dental services; and (ii) increase in average spending per visit from general practice and dental services. Our gross profit margin increased from approximately 45.6% for FY2013 to approximately 47.6% for FY2014 mainly due to increase in gross profit margin from both our general practice services and specialties services which accounted for approximately 95.6% of our increase in total gross profit for FY2014.

General practice services

Our gross profit for our general practice services increased from approximately HK\$129.0 million for FY2013 to approximately HK\$145.2 million for FY2014, which was in line with the increase in revenue from our general practice services.

Our gross profit margin increased from approximately 48.3% for FY2013 to approximately 50.5% for FY2014 mainly as a result of lower fees payable to general practitioners during FY2014 as their remuneration packages were different based on their experiences and length of services with us.

Specialties services

Our gross profit for our specialties services increased from approximately HK\$18.5 million for FY2013 to approximately HK\$22.9 million for FY2014, which was in line with the increase in revenue from our specialties services.

FINANCIAL INFORMATION

Our gross profit margin increased from approximately 32.4% for FY2013 to approximately 35.0% for FY2014 mainly as a result of lower fees payable to specialists during FY2014 as their remuneration packages were different based on their specialties, experiences and length of services with us.

Dental services

Our gross profit for our dental services increased from approximately HK\$4.7 million for FY2013 to approximately HK\$5.6 million for FY2014, which was in line with the increase in revenue from our dental services.

Our gross profit margin, on the contrary, decreased from approximately 47.0% for FY2013 to approximately 45.1% for FY2014 mainly due to higher costs of pharmaceutical supplies and dental materials used in the dental consultation services introduced in October 2013.

Other income and gains

Our other income and gains decreased by approximately HK\$1.9 million or 76.6% to approximately HK\$0.6 million for FY2014 from approximately HK\$2.5 million for FY2013 mainly due to the one-off compensation of approximately HK\$2.0 million from the Hong Kong Government in FY2013, for early termination of our lease of a medical centre in Kwun Tong for redevelopment purpose.

Administrative expenses

Our administrative expenses increased by approximately HK\$13.9 million or 12.5% to approximately HK\$124.9 million for FY2014 from approximately HK\$111.0 million for FY2013 as a result of (i) increase in salaries and welfare expenses of approximately HK\$8.3 million mainly as a result of increase in number of medical centre assistants, management and administrative staff; and (ii) increase in rental expenses of approximately HK\$5.0 million as a result of increase in number of medical centres and monthly rental of existing medical centres.

Income tax expense

Income tax expense increased by approximately HK\$1.6 million or 22.8% to approximately HK\$8.6 million for FY2014 from approximately HK\$7.0 million for FY2013. The increase was mainly due to increase in assessable income as a result of increase in revenue. Our effective tax rate remained relatively stable at approximately 16.1% and 17.4% which approximated the applicable tax rate of 16.5%.

Profit for the year

As a result of the foregoing, profit for the year increased by approximately HK\$4.2 million or 11.3% to approximately HK\$40.8 million for FY2014 from approximately HK\$36.6 million for FY2013. Our net profit margin remained relatively stable at approximately 11.0% and 11.2% for FY2013 and 2014, respectively.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are for the payment of fees to doctors and dentists, pharmaceutical supplies, staff costs, various operating expenses and capital expenditure have been funded through a combination of cash generated from our operations and advance from shareholders. Upon completion of the Global Offering, we expect that our sources of funds will be cash generated from our operations and funds from proceeds of the Global offering for implementing our future plans as detailed under the section headed “Future plans and use of proceeds” in this prospectus. The following table summarises, for the periods indicated, our statements of cash flows:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Net cash flows from/(used in) operating activities	38,970	41,346	55,235	7,469	(3,470)
Net cash used in investing activities	(5,798)	(6,956)	(31,903)	(985)	(4,205)
Net cash used in financing activities	(18,329)	(31,300)	(5,500)	(71)	(4,995)
Net increase/(decrease) in cash and cash equivalents	14,843	3,090	17,832	6,413	(12,670)
Cash and cash equivalents at beginning of year/period . .	73,483	88,326	91,416	91,416	109,248
Cash and cash equivalents at end of year/period	<u>88,326</u>	<u>91,416</u>	<u>109,248</u>	<u>97,829</u>	<u>96,578</u>

Operating activities

During our Track Record Period, our cash inflow from operating activities was principally from the receipt of rendering medical services. Our cash outflow used in operating activities was principally for fees to doctors and dentists and purchases of pharmaceutical supplies.

For the three months ended 30 September 2015, our Group had net cash used in operating activities of approximately HK\$3.5 million, mainly as a result of the profit before tax of approximately HK\$6.4 million, which was negatively adjusted for (i) decrease in trade payables of approximately HK\$7.1 million as we increased payment of fees payables to doctors and dentists in September 2015; and (ii) increase in prepayment, deposits and other receivables of approximately HK\$6.9 million mainly as a result of increase in rental deposits of approximately HK\$6.1 million as requested by the landlords in relation to the release of personal guarantees given by certain directors of our group companies for the tenancy agreements of some of our medical centres and increase in prepayment of approximately HK\$0.9 million mainly for our listing expenses. This was partially offset by (i) non-cash depreciation of approximately HK\$1.6 million; and (ii) decrease in trade receivables of approximately HK\$1.5 million as a result of the generally lower revenue generated during July to September due to seasonal factor as compared to other months throughout the year.

For the three months ended 30 September 2014, our Group had net cash generated from operating activities of approximately HK\$7.5 million, mainly as a result of the profit before tax of approximately HK\$3.4 million, adjusted for (i) non-cash depreciation of approximately HK\$1.4 million; (ii) increase in other payables and accruals of approximately HK\$2.4 million mainly due to increase in accrued staff salaries, such as bonus as at 30 September 2014 which would be paid in the first half of 2015; and (iii) decrease in trade receivables of approximately HK\$2.1 million as a result of the generally lower revenue generated during July to September due to seasonal factor as compared to other months throughout the year. This was partially offset by the decrease in trade payables of approximately HK\$1.3 million.

For FY2015, our Group had net cash generated from operating activities of approximately HK\$55.2 million, mainly as a result of the profit before tax of approximately HK\$45.2 million, adjusted for (i) non-cash depreciation of approximately HK\$6.1 million; (ii) increase in trade payables of approximately HK\$7.4 million

FINANCIAL INFORMATION

mainly as a result of our increased fees payables to our doctors and dentists which was in line with our increased revenue; (iii) increase in other payables and accruals of approximately HK\$3.3 million mainly due to increase in accrued staff salaries; and (iv) decrease in balances with related companies of approximately HK\$4.9 million. This was partially offset by (i) Hong Kong taxes paid of approximately HK\$8.2 million; (ii) increase in trade receivables of approximately HK\$2.7 million which was in line with increase in revenue; and (iii) repayment to a controlling shareholder of approximately HK\$1.4 million.

For FY2014, our Group had net cash generated from operating activities of approximately HK\$41.3 million, mainly as a result of the profit before tax of approximately HK\$49.4 million, adjusted for (i) non-cash depreciation of approximately HK\$5.9 million; and (ii) increase in trade payables of approximately HK\$2.1 million mainly due to increase in accrued fees payable to doctors and dentists which was in line with our increased revenue. This was partially offset by (i) Hong Kong taxes paid of approximately HK\$10.3 million; (ii) increase in trade receivables of approximately HK\$3.4 million which was in line with our increase in revenue; and (iii) increase in balances with related companies of approximately HK\$1.5 million.

For FY2013, our Group had net cash generated from operating activities of approximately HK\$39.0 million, mainly as a result of the profit before tax of approximately HK\$43.6 million, adjusted for (i) non-cash depreciation of approximately HK\$6.2 million; and (ii) increase in trade payables of approximately HK\$2.1 million mainly as a result of our increased fees payables to our doctors and dentists which was in line with our increased revenue. This was partially offset by (i) Hong Kong taxes paid of approximately HK\$8.1 million; (ii) increase in trade receivables of approximately HK\$1.6 million which was in line with our increase revenue; and (iii) increase in balances with related companies of approximately HK\$2.7 million.

Investing activities

During the Track Record Period, our cash inflow from investing activities was principally proceeds from disposal of property, plant and equipment. Our cash outflow used in investing activities was principally for purchases of property, plant and equipment, acquisition of subsidiaries and capital investment in a joint venture.

For the three months ended 30 September 2015, our Group had net cash used in investing activities of approximately HK\$4.2 million primarily attributable to (i) net payment for our capital investment in a PRC joint venture, Pingan Yingjian, of approximately HK\$3.6 million; and (ii) purchase of property, plant and equipment of approximately HK\$0.6 million. Details of the investments in a joint venture are set out in “Accountants’ Report — II. Notes to Financial Information — Note 20” in Appendix I to this prospectus.

For the three months ended 30 September 2014, our Group had net cash used in investing activities of approximately HK\$1.0 million primarily attributable to purchase of property, plant and equipment of approximately HK\$2.0 million. This was partially offset by decrease in prepayments for property, plant and equipment of approximately HK\$1.0 million.

For FY2015, our Group had net cash used in investing activities of approximately HK\$31.9 million primarily attributable to (i) net payment for our acquisition of four subsidiaries during FY2015 of approximately HK\$31.3 million; and (ii) purchase of property, plant and equipment of approximately HK\$5.7 million. This was partially offset by proceeds from disposal of available-for-sale investments of approximately HK\$3.2 million. Details of the cash paid for the acquisition of subsidiaries are set out in the “Accountants’ Report — II. Notes to Financial Information — Note 31” in Appendix I to this prospectus.

For FY2014, our Group had net cash used in investing activities of approximately HK\$7.0 million primarily attributable to purchase of property, plant and equipment of approximately HK\$7.3 million. This was partially offset by proceeds from disposal of items of property, plant and equipment of approximately HK\$1.0 million.

For FY2013, our Group had net cash used in investing activities of approximately HK\$5.8 million primarily attributable to purchase of property, plant and equipment of approximately HK\$5.6 million.

FINANCIAL INFORMATION

Financing activities

During the Track Record Period, our cash inflow from financing activities was principally from cash advances and contributions from shareholders. Our cash outflow used in financing activities was principally for payment of dividend.

For the three months ended 30 September 2015, our Group had net cash used in financing activities of approximately HK\$5.0 million attributable to payment of dividend of approximately HK\$5.0 million.

For the three months ended 30 September 2014, our Group had net cash used in financing activities of approximately HK\$71,000 attributable to repayment of advance from a controlling shareholder.

For FY2015, our Group had net cash used in financing activities of approximately HK\$5.5 million primarily attributable to payment of dividend of approximately HK\$5.0 million.

For FY2014, our Group had net cash used in financing activities of approximately HK\$31.3 million primarily attributable to payment of dividend of approximately HK\$36.3 million. The amount was partially offset by advances from directors of approximately HK\$4.4 million.

For FY2013, our Group had net cash used in financing activities of approximately HK\$18.3 million primarily attributable to payment of dividend of approximately HK\$19.8 million. The amount was partially offset by advances from non-controlling shareholders of approximately HK\$1.5 million.

FINANCIAL INFORMATION

Net Current Assets

We recorded net current assets of approximately HK\$72.8 million, HK\$75.9 million, HK\$50.2 million, HK\$50.5 million and HK\$46.7 million as at 30 June 2013, 2014, 2015, 30 September 2015 and 31 January 2016, respectively. The table below sets out selected information for our current assets and current liabilities dates indicated, respectively:

	As at 30 June			As at 30 September	As at 31 January
	2013	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current Assets					
Inventories	3,667	4,797	7,295	6,729	7,535
Tax recoverable	29	39	955	928	3,937
Trade receivables	21,424	24,841	31,888	30,359	35,936
Prepayments, deposits and other receivables	4,278	5,692	13,195	18,075	18,254
Amounts due from related parties	3,422	5,077	1,730	2,282	3,229
Cash and cash equivalents	88,326	91,416	109,248	96,578	41,773
	<u>121,146</u>	<u>131,862</u>	<u>164,311</u>	<u>154,951</u>	<u>110,664</u>
Current Liabilities					
Trade payables	16,970	19,068	28,365	21,304	27,163
Other payables and accruals	11,691	12,831	24,215	23,884	25,849
Dividend payable	4,500	5,000	49,995	45,000	—
Due to related parties	509	709	2,305	3,010	2,097
Due to a controlling shareholder	4,455	8,876	—	—	—
Due to non-controlling shareholders	2,940	3,520	—	—	—
Tax payables	7,299	5,999	9,258	11,260	8,820
	<u>48,364</u>	<u>56,003</u>	<u>114,138</u>	<u>104,458</u>	<u>63,929</u>
Net Current Assets	<u>72,782</u>	<u>75,859</u>	<u>50,173</u>	<u>50,493</u>	<u>46,735</u>

Our Group's net current assets increased from approximately HK\$72.8 million as at 30 June 2013 to approximately HK\$75.9 million as at 30 June 2014. The increase was primarily due to (i) increase in inventory and trade receivables of approximately HK\$1.1 million and HK\$3.4 million, respectively, which were in line with our increased revenue; (ii) increase in prepayments, deposits and other receivables of approximately HK\$1.4 million mainly due to increase in rental deposits as a result of increase in number of medical centres; and (iii) increase in amounts due from related parties of approximately HK\$1.7 million which was in line with the increased revenue. The amount was partially offset by the increase in amounts due to a controlling shareholder of approximately HK\$4.4 million as a shareholder's loan.

Our Group's net current assets decreased to approximately HK\$50.2 million as at 30 June 2015. The decrease was primarily due to (i) increase in dividend payable by approximately HK\$45.0 million to approximately HK\$50.0 million as at 30 June 2015 which had been settled as at the Latest Practicable Date; (ii) increase in other payables and accruals of approximately HK\$11.4 million due to increased accrued staff salaries and accrued listing expenses and (iii) increase in trade payables of approximately HK\$9.3 million due to increased fees payable to doctors and dentists and purchase of pharmaceutical supplies. The amount was partially offset by (i) increase in our cash balance of approximately HK\$17.8 million; (ii) increase in inventories and trade receivables of approximately HK\$2.5 million and HK\$7.0 million, respectively, which were in line with our increased revenue; and (iii) increase in prepayments, deposits and other receivables of approximately HK\$7.5 million due to (a) increase in rental deposits and prepaid rent for increased number of medical centres; and (b) prepaid listing expenses of approximately HK\$2.5 million.

FINANCIAL INFORMATION

Our Group's net current assets increased to approximately HK\$50.5 million as at 30 September 2015. The increase was primarily due to (i) decrease in trade payables of approximately HK\$7.1 million as we increased the portion of payment of fees payables to doctors and dentists in September 2015; (ii) increase in prepayments, deposits and other receivables of approximately HK\$4.9 million mainly due to increase in rental deposits of approximately HK\$6.1 million as requested by the landlords in relation to the release of personal guarantees given by certain directors of our group companies for the tenancy agreements of some of our medical centres and increase in prepayments of approximately HK\$0.9 million mainly for our listing expenses; and (iii) increase in amounts due from related parties of approximately HK\$0.6 million. The amount was partially offset by the increase in amounts due to related parties of approximately HK\$0.7 million.

Our Group's net current assets then decreased to approximately HK\$46.7 million as at 31 January 2016. The decrease was mainly due to the decrease in cash and cash equivalents of approximately HK\$54.8 million primarily due to the payment of dividend of approximately HK\$45.0 million. The decrease in net current assets was partially offset by (i) the decrease in dividend payables due to payment of approximately HK\$45.0 million; and (ii) the decrease in tax payables and increase in tax recoverable due to payment of Hong Kong profits tax of approximately HK\$10.6 million.

Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, which is primarily our internal resources, and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Future Plans and Use of Proceeds" in this prospectus.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Goodwill

Our goodwill amounted to nil, nil, approximately HK\$32.0 million and HK\$32.0 million as at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively. Goodwill as at 30 June 2015 and 30 September 2015 was attributable to acquisition of Perfect Life, Good Standard, Laserdontics and Seto & Wan. Details of the allocation of the goodwill to each acquisition and each business unit are set out below:

By entity:

	As at 30 June and 30 September 2015
	HK\$'000
Perfect Life	8,671
Good Standard	8,377
Laserdontics	8,725
Seto & Wan	6,191
	31,964

By business segment:

	As at 30 June and 30 September 2015
	HK\$'000
General practice services	5,897
Specialties services	2,774
Dental services	23,293
	31,964

FINANCIAL INFORMATION

The carrying amount of the goodwill acquired through acquisitions of subsidiaries is allocated to the relevant business units of the individual operating segments of our Group for impairment testing as the above. The recoverable amounts of the relevant business units in each of the above operating segments have been determined based on a value in use calculation using cashflow projections based on financial budgets approved by senior management covering a period of 5 years and based on the assumption that the sizes of the operations remain constant perpetually. The discount rates applied to the cashflow projections for the first 5-year period are 16.8%, 16.8% and 14.7% for the business units of the general practice services segment, specialties services segment and dental services segment, respectively, which are determined by reference to the average rates for similar industries and the business risks of the relevant business units. A growth rate of 2% is used for the perpetual period.

For our dental services segment, the discount rate of 14.7% is adopted with reference to its own weighted average cost of capital, a risk-free rate, a dental industry market risk factor and a company specific risk factor. We also compared the discount rate to the industry index to ascertain the reasonableness. Our Directors believe the 2% perpetual growth rate used after the five year projection is justified with reference to the historical revenue growth rate of our dental services segment and the historical market growth rate. Although our dental services segment recorded losses during the Track Record Period because it had not reached optimal scale of operation, our Directors are of the view that with the continuing expansion and development of the business scale of our dental services segment, the segment expenses would be covered.

Based on the results of the impairment testing of goodwill, in the opinion of our Directors, no impairment provision is considered necessary for our Group's goodwill as at the end of 30 June 2015 and 30 September 2015. Details of the valuation technique and key assumptions are set out in "Accountants' Report — II. Notes to Financial Information — Note 16" in Appendix I to this prospectus.

Other intangible assets

Our other intangible assets amounted to nil, nil, approximately HK\$16.7 million and HK\$16.3 million as at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively. Other intangible assets as at 30 June 2015 and 30 September 2015 was attributable to trademark and customer lists from the acquisition of Perfect Life, Good Standard, Laserdotics and Seto & Wan. Details of the breakdown of other intangible assets are set out below:

	As at 30 June 2015	As at 30 September 2015
	HK\$'000	HK\$'000
Trademark	7,178	7,020
Customer lists	9,480	9,235
	<u>16,658</u>	<u>16,255</u>

Our other intangible assets are identified during the business combination which are initially recognised at fair value at the respective dates of acquisition. The respective fair values of these intangible assets were determined by income approach which involves estimation of the respective annual cashflows a market participant would expect the subject asset to generate in a discrete projection period. Trademark and customer lists were subsequently amortised over 12 years and 10 years, respectively. Details of the other intangible assets acquired through business combination are set out in "Accountants' Report — II. Notes to Financial Information — Note 17" in Appendix I to this prospectus.

Investments in a joint venture

In order to expand our business in the PRC, one of our PRC subsidiary, Yingjian Qiye, which is wholly owned by Human Health (Greater China), has formed a joint venture company, Pingan Yingjian, on 24 April 2015 in Shanghai with our joint venture partner, Ping An Health, a subsidiary of PingAn Financial Technology Consulting Co., Ltd., which is in turn held as to approximately 92.4% by Ping An Insurance. Pingan Yingjian

FINANCIAL INFORMATION

was established for the purpose of providing medical services in the PRC. We shared its net assets of approximately HK\$3.6 million as at 30 September 2015 in proportion to our capital injected.

Details of investments in a joint venture, please refer to the section headed “Business — Our Strategies” and “Accountants’ Report — II. Notes to Financial Information — Note 20” in Appendix I to this prospectus.

Available-for-sale investments

Our available-for-sale investment represents our purchase of listed equity securities. The available-for-sale investment amounted to approximately HK\$2.8 million, HK\$3.1 million, nil and nil as at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively. The gross gain was recognised in other comprehensive income amounted to approximately HK\$0.2 million and HK\$0.3 million for FY2013 and FY2014, respectively. The investments was disposed of during FY2015 and a gain of approximately HK\$0.2 million was recognised as our profit during FY2015. We currently do not have intention to invest in the financial assets after the Listing.

Inventories

Our inventories consist of pharmaceutical supplies. The following table sets forth the inventories balances as of the dates indicated:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pharmaceutical supplies	3,667	4,797	7,295	6,729

Our balance of inventories increased by approximately HK\$1.1 million from approximately HK\$3.7 million as at 30 June 2013 to approximately HK\$4.8 million as at 30 June 2014 and further to approximately HK\$7.3 million as at 30 June 2015, which was mainly attributable to increased inventories stored for increased number of patients visits. The inventories then decreased slightly to approximately HK\$6.7 million as at 30 September 2015.

We adopt stringent inventory control and endeavour to maintain an optimal inventory level required for our operations through effective inventory management. We also periodically review our inventory levels for slow moving inventory and obsolescence. Allowance is made against when the net realisable value of inventories falls below the cost or any of the inventories is identified obsolete. We manage our inventory levels principally based on the anticipated demand. During the Track record Period, we recorded provision for inventory impairment of approximately HK\$0.1 million and HK\$0.4 million for FY2015 and the three months ended to September 2015, respectively; and a reversal of provision of approximately HK\$0.3 million for FY2014.

The following table sets forth the turnover days of our inventories for the dates indicated.

	Year ended 30 June			Three months ended 30 September
	2013	2014	2015	2015
Average inventory turnover days ⁽¹⁾	51	46	57	65

(1) Average inventory turnover days for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015 are derived from by dividing the arithmetic mean of the opening and closing balances of inventories for the Track Record Period by total cost of pharmaceutical supplies and multiplying by 365 days/90 days.

Our average inventory turnover days decreased from approximately 51 days for FY2013 to approximately 46 days for FY2014 which was mainly due to more efficient inventory control. The average inventory turnover days increased to approximately 57 days for FY2015 and further to approximately 65 days for the three months ended 30 September 2015 as a result of increased purchase of pharmaceutical supplies in order to cater for increased number of patient visits.

FINANCIAL INFORMATION

As at 31 January 2016, approximately HK\$3.9 million or 58.1% of our inventories as at 30 September 2015 had been sold or consumed. The remaining inventories were mainly pharmaceutical supplies, such as various types of drugs for influenza to cater for expected increase in number of visits in the remaining months of the first quarter of 2016.

Trade receivables

Our trade receivables primarily consist of receivables from corporate customers. The following table sets forth our trade receivables as of the dates indicated:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables	21,424	24,841	31,888	30,359

Our trade receivables increased from approximately HK\$21.4 million as at 30 June 2013 to approximately HK\$24.8 million as at 30 June 2014, and further increased to approximately HK\$31.9 million as at 30 June 2015, which was in line with our increase in revenue from corporate customers during the respective years. Our trade receivables then remained relatively stable at approximately HK\$30.4 million as at 30 September 2015.

Most of our patients settle in cash. Payments by patients using medical cards or corporate customers will normally be settled within 1 to 6 months. We allow an average credit period of 70 days to our trade customers. We seek to maintain strict control over our outstanding receivables and have a personnel to minimise credit risk. In view of the aforementioned and the fact that our trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. We do not hold any collateral or other credit enhancements over our trade receivable balances. Trade receivables are non-interest-bearing.

Our policy for impairment on trade receivables is based on an evaluation of collectability and aging analysis of the receivables that requires the use of judgment and estimates of our management. Provisions would apply to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectable. Our management closely reviews the trade receivables balances and any overdue balances on an ongoing basis, and assesses the collectability of overdue balances. After fully considering the nature of trade receivables and their collectability on a case-by-case basis, we would make provisions for the impairment of certain long overdue trade receivables in order to ensure the quality of our assets. As at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively, no provisions for individually impaired trade receivables were recorded.

The following table sets forth the aging analysis of our trade receivables that were neither individually nor collectively considered to be impaired as at the dates indicated:

	As at 30 June			As at
	2013	2014	2015	30 September
	HK\$'000	HK\$'000	HK\$'000	2015
Neither past due nor impaired	19,165	22,153	28,753	25,243
Less than 1 month past due	1,019	1,564	844	716
1 to 3 months past due	1,240	1,124	2,291	4,400
	21,424	24,841	31,888	30,359

As at 30 June 2013, 2014 and 2015 and 30 September 2015, trade receivables of approximately HK\$2.3 million, HK\$2.7 million, HK\$3.1 million and HK\$5.1 million, respectively, were past due but not impaired. These related to customers for whom there is no significant financial difficulty and based on our experience, our Directors were of the view that no impairment allowance was necessary in respect of these overdue balances as there had not been significant change in credit quality of our customers and the balances were considered fully recoverable.

FINANCIAL INFORMATION

As at 31 January 2016, approximately HK\$26.3 million or 86.6% of our trade receivables outstanding as at 30 September 2015 were settled.

The table below sets forth a summary of average turnover days of trade receivables as at the dates indicated:

	Year ended 30 June			Three months ended 30 September
	2013	2014	2015	2015
Average turnover days of trade receivables ⁽¹⁾	23	23	24	25

(1) Average turnover days of trade receivables for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015 are derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the relevant period by revenue and multiplying by 365 days/90 days.

Our average turnover days of trade receivables remained stable at approximately 23, 23, 24 and 25 days for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively, as a result of our strict control over the receivables.

Prepayments, deposits and other receivables

The following table sets forth the breakdown of our prepayments, deposits and other receivables as of the dates indicated.

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current				
Deposits	7,554	7,040	4,941	6,940
Current				
Prepayments	612	603	3,714	4,634
Deposits	3,415	4,575	9,112	13,236
Other receivables	251	514	369	205
	4,278	5,692	13,195	18,075

Our deposits mainly comprise rental deposits, utility and other deposits. Our deposits increased from approximately HK\$11.0 million as at 30 June 2013 to approximately HK\$11.6 million as at 30 June 2014, further to approximately HK\$14.1 million as at 30 June 2015, and further to approximately HK\$20.2 million as at 30 September 2015 which was mainly attributable to increase in rental deposits of approximately HK\$6.1 million as requested by the landlords in relation to the release of personal guarantees given by certain directors of our group companies for the tenancy agreements of some of our medical centres.

Our prepayments mainly comprise prepaid rentals, and prepaid Listing expense. The amount remained relatively stable at approximately HK\$0.6 million as at 30 June 2013 and 2014. Our prepayments increased by approximately HK\$3.1 million as at 30 June 2015 which was mainly attributable to (i) increase in prepaid listing expenses of approximately HK\$2.5 million and (ii) increase in prepaid professional fees in relation to our PRC joint venture of approximately HK\$0.4 million. Our prepayments further increased to approximately HK\$4.6 million as at 30 September 2015 which was mainly attributable to the increase in prepayments for our listing expenses of approximately HK\$0.9 million.

Amounts due from related parties

Our amounts due from related parties amounted to approximately HK\$3.4 million, HK\$5.1 million, HK\$1.7 million and HK\$2.3 million as at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively. The amounts mainly arose from management fee income, laboratory income and medical services income from our related parties.

FINANCIAL INFORMATION

All our amounts due from related parties were unsecured, interest-free and had no fixed terms of repayment. All the amounts due from related parties, which are non-trade in nature, were settled as at 30 June 2015; while the balances which are trading in nature, will be settled in accordance with respective normal credit terms. For further details of related party transactions and balances, please refer to “Accountants’ Report — II. Notes to Financial Information — Note 34” in Appendix I to this prospectus.

Trade and other payables

Our trade and other payables as at 30 June 2013, 2014 and 2015 and 30 September 2015 were approximately HK\$28.7 million, HK\$31.9 million, HK\$52.6 million and HK\$4.5 million, respectively, of which a breakdown is set out below:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	16,970	19,068	28,365	21,304
Accruals and other payables	11,691	12,831	24,215	23,884
	<u>28,661</u>	<u>31,899</u>	<u>52,580</u>	<u>45,188</u>

Our trade payables derived primarily from payables relating to the fees to doctors and dentists and purchase of pharmaceutical supplies and subcontracting of doctors’ services. Our trade payables increased from approximately HK\$17.0 million as at 30 June 2013 to approximately HK\$19.1 million as at 30 June 2014. This was mainly due to increase in fees payables to doctors and dentists and purchase of pharmaceutical supplies which was in line with our increased revenue. Our trade payables increased to approximately HK\$28.4 million as at 30 June 2015 which was mainly attributable to the increase of approximately HK\$9.3 million contributed by acquisition of Perfect Life and increase in both fees payable to doctors and dentists and purchase of pharmaceutical supplies in order to cater for increase in number of visits. Our trade payables then decreased to approximately HK\$21.3 million as at 30 September 2015 which was mainly due to the fact that we increased payment of fees payables to doctors and dentists in September 2015.

The trade payables are non-interest-bearing and are normally settled on terms of 60 days. The table below sets forth, as of the end of reporting periods indicated, the aging analysis of our trade payables based on the invoice date:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 month	9,109	11,302	17,033	12,305
1 to 3 month	5,156	4,141	7,564	4,903
Over 3 month	2,705	3,625	3,768	4,096
	<u>16,970</u>	<u>19,068</u>	<u>28,365</u>	<u>21,304</u>

The following table sets out the average trade payables turnover days for the Track Record Period:

	Year ended 30 June			Three months ended 30 September
	2013	2014	2015	2015
Average turnover days of trade payables ⁽¹⁾	32	34	38	38

(1) Average turnover days of trade payables for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015 are derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of services rendered and multiplying the resulting value by 365 days/90 days.

FINANCIAL INFORMATION

Average trade payables turnover days were 32 days for FY2013, 34 days for FY2014 and 38 days for both FY2015 and the three months ended 30 September 2015, which were within our normal settlement days.

As at 31 January 2016, approximately HK\$21.3 million or 99.9% of trade payables outstanding as at 30 September 2015 had been settled.

Our accruals and other payables mainly represent accrued salaries for medical centre assistants, management and administrative staff and accrued professional expenses. The amount increased from approximately HK\$11.7 million as at 30 June 2013 to approximately HK\$12.8 million as at 30 June 2014 that was mainly due to increase in accrued staff compensation and benefits of approximately HK\$1.4 million. Our accruals and other payables further increased to approximately HK\$24.2 million as at 30 June 2015 that was mainly attributable to (i) increase in accrued staff compensation and benefits of approximately HK\$4.1 million mainly due to the increase in number of our staff; and (ii) increase in accrued listing expenses of approximately HK\$4.5 million. The amount then remained relatively stable at approximately HK\$23.9 million as at 30 September 2015.

Amounts due to related parties

Our amounts due to related parties amounted to approximately HK\$0.5 million, HK\$0.7 million, HK\$2.3 million and HK\$3.0 million as at 30 June 2013, 2014 and 2015 and 30 September 2015, respectively.

The amount mainly arose from laboratory expenses and dividend payable from Perfect Life to its then shareholder.

All our amounts due to related parties were unsecured, interest-free and have no fixed terms of repayment. All the amounts due to related parties, which are non-trade in nature, were settled as at 30 June 2015; while the balances which are trading in nature, will be settled in accordance with respective normal credit terms.

For further details of the related party transactions, please refer to “Accountants’ Report — II. Notes to Financial Information — Note 34” in Appendix I to this prospectus.

Amounts due to a controlling shareholder

Amounts due to a controlling shareholder /non-controlling shareholders represented advances that were non-trade in nature, unsecured, interest-free and repayable on demand. All of the amounts were settled during FY2015.

CAPITAL EXPENDITURES

Our Group’s capital expenditures principally consist of expenditures on acquisitions of property, plant and equipment for our operations. During the Track Record Period, our Group incurred capital expenditures of approximately HK\$5.6 million, HK\$7.3 million, HK\$5.7 million and HK\$0.6 million, for FY2013, FY2014 and FY2015 and the three months ended 30 September 2015, respectively, majority of which came from leasehold improvements and office equipment for both establishing our new medical centres and renovation for existing medical centres. Since 30 September 2015 and up to the Latest Practicable Date, we did not have any material capital expenditures.

For the year ending 30 June 2016, we estimate that the capital expenditures will amount to approximately HK\$7.8 million, primarily for (i) leasehold improvements and office equipment for establishing our new medical centres and renovation for existing medical centres; and (ii) our IT system upgrade and integration.

Our Group’s projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed “Future plans and use of proceeds” in this prospectus for further information.

FINANCIAL INFORMATION

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds we receive from the Global Offering and cash generated from our operation. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

As at the end of the reporting periods during the Track Record Period, our Group had commitments for future minimum lease payments in respect of our medical centres and office under non-cancellable operating lease arrangements, which fall due as follows:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	34,115	41,503	42,952	35,990
In the second to fifth year, inclusive	26,360	32,550	23,554	17,755
	<u>60,475</u>	<u>74,053</u>	<u>66,506</u>	<u>53,745</u>

Capital commitments

As at the end of the reporting periods during the Track Record Period, our Group had capital commitments which were not provided for in our consolidated financial informations as at the dates indicated:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for in respect of investment in joint venture in the PRC	—	—	22,500	17,745

INDEBTEDNESS

During the Track Record Period up to the latest practicable date for the purpose of the indebtedness statements, being 31 January 2016, we did not have any interest-bearing borrowings nor bank borrowings.

As at 31 January 2016, being the latest practicable date for the purpose of the indebtedness statement, we had a credit line of HK\$1.0 million which had not been utilised. Such credit line was an overdraft facility with variable interest rate and any drawdown is subject to availability of charge of deposit.

Contingent liabilities

As at 31 January 2016, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities or guarantees.

FINANCIAL INFORMATION

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the Latest Practicable Date, our Group did not have outstanding loan, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances trade receivables or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities. As at the Latest Practicable Date, our Group did not have any external financing plans.

OFF-BALANCE SHEET ARRANGEMENT

Our Directors confirms that there has been no material off-balance sheet arrangement since 30 September 2015 to the date of this prospectus.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole. After Listing, the related party transactions to be continued will be (i) management fee income from Max Health, IMI and WEH; (ii) investigation service income from IMI and WEH; (iii) laboratory expenses to IMI and WEH; (iv) rental expenses to Maxland; (v) fees payable to doctors and dentists who are related parties; and (vi) service fee income from Prime Asia; while the related party transactions to be discontinued will be (i) rental income from Max Health; (ii) laboratory income from IMI and WEH; (iii) purchase of dental accessories from Good Standard and Laserdontics; and (iv) medical service income from Seto & Wan as Good Standard, Laserdontics and Seto & Wan became our Group's subsidiaries since 29 June 2015.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
Gross profit margin (%) ⁽¹⁾	45.6%	47.6%	46.4%	43.3%	46.4%
Net profit margin (%) ⁽²⁾	11.0%	11.2%	8.3%	3.2%	4.1%
Return on equity (%) ⁽³⁾	39.1%	41.6%	31.1%	N/A	15.3%
Return on total assets (%) ⁽⁴⁾	25.7%	26.4%	15.4%	N/A	8.1%
	As at 30 June			As at 30 September	
	2013	2014	2015	2015	
Current ratio ⁽⁵⁾	2.5	2.4	1.4	1.5	
Gearing ratio ⁽⁶⁾	N/A	N/A	N/A	N/A	
Net debt to equity ratio ⁽⁷⁾	N/A	N/A	N/A	N/A	

Notes:

- (1) Gross profit margin for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2014 and 2015 was calculated on gross profit divided by revenue for the respective years/periods. See the paragraph headed "Review of Historical Results of Operation" in this section for more details on our gross profit margins.
- (2) Net profit margin for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2014 and 2015 was calculated on profit for the year divided by revenue for the respective years/periods. See the paragraph headed "Review of Historical Results of Operation" in this section for more details on our net profit margins.
- (3) Return on equity for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015 was calculated based on the net profit of the respective years/periods divided by the total equity at the end of the respective years/periods and multiplied by 100%. (For the calculation of this ratio, net profit was annualised based on the audited result for the three months ended 30 September 2015.)
- (4) Return on total assets for each of FY2013, FY2014 and FY2015 and the three months ended 30 September 2015 was calculated based on the net profit of the respective years/periods divided by the total assets at the end of the respective years/periods and multiplied by 100%. (For the calculation of this ratio, net profit was annualised based on the audited result for the three months ended 30 September 2015.)

FINANCIAL INFORMATION

- (5) Current ratios as at 30 June 2013, 2014 and 2015 and 30 September 2015 were calculated based on the total current assets divided by the total current liabilities as at the end of the respective years/periods.
- (6) Gearing ratios as at 30 June 2013, 2014 and 2015 and 30 September 2015 were calculated based on the total interest-bearing borrowings divided by total equity as at the end of the respective years/periods and multiplied by 100%.
- (7) Net debt to equity ratios as at 30 June 2013, 2014 and 2015 and 30 September 2015 was calculated based on net debts (being total interest-bearing borrowings net of cash and cash equivalents) divided by total equity as at the end of the respective years/periods and multiplied by 100%.

Return on equity

Our return on equity was approximately 39.1%, 41.6% and 31.1% for FY2013, FY2014 and FY2015, respectively. The increase for FY2014 was mainly due to the growth of our profit. The decrease for FY2015 was mainly due to decrease in our profit and increase in our total equity due to issuance of shares upon reorganisation and acquisition of subsidiaries in November 2014 and June 2015. Our return on equity decreased to approximately 15.3% for the three months ended 30 September 2015 as a result of the generally lower revenue generated during July to September as compared to other months throughout the year resulted in decrease in our net profit on an annualised basis.

Return on total assets

Our return on total assets was approximately 25.7%, 26.4% and 15.4% for FY2013, FY2014 and FY2015, respectively. The increase for FY2014 was primarily attributable to the growth of our profit. The decrease for FY2015 was mainly due to decrease in our profit and increase in our total assets due to acquisition of subsidiaries in November 2014 and June 2015. Our return on assets decreased to approximately 8.1% for the three months ended 30 September 2015 as a result of the generally lower revenue generated during July to September as compared to other months throughout the year resulted in decrease in our net profit on an annualised basis.

Current ratio

Our current ratio remained stable at approximately 2.5 and 2.4 as at 30 June 2013 and 2014, respectively. The decrease of current ratio to approximately 1.4 as at 30 June 2015 was mainly due to the increase in dividend payable of approximately HK\$45.0 million. The current ratio then remained relatively stable at approximately 1.5 as at 30 September 2015.

Gearing ratio and net debt to equity ratio

During the Track Record Period, our Group did not have any interest-bearing borrowings as at each reporting date. Thus, gearing ratio and net debt to equity ratio were both not applicable to our Group.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market, such as credit and liquidity risks.

Credit risk

Our Group trades only with recognised and creditworthy third parties. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our Group's exposure to bad debts is not significant. With respect to credit risk arising from the other financial assets of our Group, which comprise cash and cash equivalents, trade receivables, financial assets included in other receivables, and amounts due from related parties, our Group's exposure to the credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated statements of financial position.

FINANCIAL INFORMATION

Liquidity risk

Our Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that our Group maintains sufficient cash to meet its liquidity requirements. Details of the maturity profile of our financial liabilities are set out in "Accountants' Report — II. Notes to Financial Information — Note 37" in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

LISTING EXPENSES

Total expenses in relation to the Listing amounted to approximately HK\$37.3 million. During the Track Record Period, we incurred listing expenses of approximately HK\$9.9 million and HK\$3.4 million for FY2015 and the three months ended 30 September 2015, respectively, and we expect to incur additional listing expenses of approximately HK\$24.0 million. Approximately HK\$7.4 million and HK\$2.6 million was recognised as administration expenses in our consolidated statements of profit or loss for FY2015 and the three months ended 30 September 2015, respectively, and approximately HK\$13.1 million is expected to be recognised as administrative expenses for the rest of the year ending 30 June 2016. Approximately HK\$14.2 million is expected to be recognised as a deduction in equity. We expect that the listing expenses to be incurred in the Global Offering for the year ending 30 June 2016 may have a negative impact on our results of operations.

DIVIDENDS AND DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by our Company since its date of incorporation. The dividends declared and paid by Human Health International (BVI) to its then shareholders was approximately HK\$24.3 million, HK\$36.8 million, HK\$50.0 million and nil for FY2013, FY2014, FY2015 and the three months ended 30 September 2015, respectively. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Future dividend payments will also depend upon the availability of dividends received from our operating subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRSs. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our PRC operating subsidiaries may also be subject to any restrictive covenant in bank credit facilities or loan agreements, convertible bond instruments or other agreements that we or they may enter into in the future.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

Our Company was incorporated on 9 June 2015 and is an investment holding company. There were no reserves available for distribution to our Shareholders as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is the unaudited pro forma adjusted consolidated net tangible assets of our Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of our Company as if the Global Offering had taken place on 30 September 2015. This unaudited consolidated pro forma adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the Global Offering been completed as at 30 September 2015 or any future dates:

	Audited consolidated net tangible assets attributable to owners of our Company as at 30 September 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company	Unaudited pro forma adjusted consolidated net tangible assets per Share
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)
Based on an Offer Price of HK\$1.32 per Share	71,349	73,918	145,267	0.42
Based on an Offer Price of HK\$1.51 per Share	<u>71,349</u>	<u>88,487</u>	<u>159,836</u>	<u>0.46</u>

Notes:

- (1) The consolidated net tangible assets attributable to the owners of our Company as at 30 September 2015 is arrived at after deducting goodwill and other intangible assets of HK\$31,964,000 and HK\$16,255,000, respectively, from the audited consolidated net assets of HK\$119,568,000 attributable to the owners of our Company as at 30 September 2015, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$1.32 per Share (being the minimum Offer Price) and HK\$1.51 per Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments described in note (2) above and on the basis that 350,000,000 Shares are in issue, assuming that the Global Offering had been completed on 30 September 2015 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2015.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, the average number of patient visits was approximately 108,000 times per month, which was in line with the average number of patient visits per month for FY2015. In particular, the average number of patient visits for our dental services was approximately 4,000 times per month, which doubled the average number of patient visits per month for FY2015 and was mainly attributable to the effect of acquisitions of three dental companies in June 2015. We had one new corporate customer and approximately 62,000 new patients subsequent to the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that since 30 September 2015, being the date to which the latest consolidated financial statements of our Group was made up, and up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospect.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

We intend to continue to grow our business and become one of the best private healthcare service providers in Hong Kong and in the PRC. In order to achieve our goal and to enhance our current market position, we plan to focus on the expansion of our network by establishing new medical centres and performing upgrades and maintenance to our medical centres in Hong Kong. Furthermore, we intend to replicate our existing prudent management in the PRC that services private healthcare patients. By leveraging our competitive strengths, we intend to implement our business strategies in order to pursue our future plans. Please see the section headed “Business — Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering) (the “**Net Proceeds**”), assuming an Offer Price of HK\$1.42 per Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, will be approximately HK\$71.6 million. We intend to apply the Net Proceeds for the following purposes:

- approximately HK\$32.9 million (representing 46.0% of the Net Proceeds) will be used as part of the funding for our Group’s expansion of its network of medical centres in Hong Kong by setting up six new specialist medical centres;
- approximately HK\$5.0 million (representing 7.0% of the Net Proceeds) will be used as part of the funding for our Group’s expansion of its network of medical centres in Hong Kong by setting up six new general practice medical centres;
- approximately HK\$10.7 million (representing 15.0% of the Net Proceeds), which will be used as part of the funding for our Group’s expansion into the PRC market, which includes RMB8.75 million (equivalent to approximately HK\$10.4 million) to be used to cover our final payment for its contribution towards the registered capital of Pingan Yingjian of RMB35 million under the joint venture arrangement with PingAn Health through Pingan Yingjian to set up three medical centres in Shanghai by 2017 (which includes, but not limited to, costs in relation to recruitment, training of medical, nursing and other staff, business development and renovation of medical centres), and the cost to set up and operate medical centres in first-tier cities in the PRC;
- approximately HK\$7.2 million (representing 10.0% of the Net Proceeds) will be used for the acquisition of established medical centres in Hong Kong;
- approximately HK\$4.3 million (representing 6.0% of the Net Proceeds) will be used for enhancing our brand, through engagement of brand consultant, brand building activities and refurbishment and maintenance of our existing medical centres in Hong Kong;
- approximately HK\$4.3 million (representing 6.0% of the Net Proceeds) will be used for the enhancement of our information technology infrastructure; and
- approximately HK\$7.2 million (representing 10.0% of the Net Proceeds) will be used for working capital and other general corporate purposes.

To the extent that the Net Proceeds are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the Net Proceeds when combined with such alternate sources of financing are sufficient for the uses set forth above.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$1.51 per Share, the Net Proceeds will increase by approximately HK\$6.9 million. If the Offer Price is set at the low-end of the

FUTURE PLANS AND USE OF PROCEEDS

indicative Offer Price range, being HK\$1.32 per Share, the Net Proceeds will decrease by approximately HK\$7.7 million. Depending on the amount of the Net Proceeds based on the Offer Price to be fixed, we intend to apply or deduct the difference in Net Proceeds to be used for the above purposes on a pro rata basis.

If the Over-allotment Option is exercised in full and the Offer Price is fixed at the mid-point of the indicative Offer Price range being HK\$1.42 per Share, we estimate that the additional Net Proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by it, will be approximately HK\$16.3 million. Any additional proceeds received by us from the exercise of the Over-allotment Option will be allocated to the above purposes on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

UNDERWRITING

HONG KONG UNDERWRITERS

Joint Bookrunners

BOCOM International Securities Limited

First Capital Securities Limited

Joint Lead Managers

BOCOM International Securities Limited

First Capital Securities Limited

RHB Securities Hong Kong Limited

Co-Lead Manager

Convoy Investment Services Limited

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offering of 7,668,000 Hong Kong Offer Shares and the International Offering of 69,012,000 International Offer Shares (including the Doctor and Dentist Preferential Offering and the Employee Preferential Offering), subject, in each case, to reallocation on the basis as described in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 7,668,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

- (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus (including an additional 11,502,000 Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently being revoked; and
- (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Global Coordinator (on behalf of the Underwriters)),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Placing Agreement being signed and becoming unconditional.

UNDERWRITING

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

1. there has come to the notice of the Sole Global Coordinator:
 - (i) that any statement contained in any of the prospectus, the application forms, the formal notice and any amendments in the agreed form to be issued by our Company in connection with the Hong Kong Public Offering (the “**Hong Kong Public Offer Documents**”) and/or the international placing documents (together the “**Offer Documents**”) and/or any other notices, announcements, advertisements, communications or documents issued by or on behalf of our Company in connection with the Global Offering (including any supplement or amendment thereto) (together the “**Relevant Documents**”) was, when it was issued, or has become, untrue, incorrect or misleading in any respect; or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective date of publication of the Relevant Document, constitute material omission therefrom; or
 - (iii) any material breach of any of the obligations imposed or to be imposed upon our Company or any of our Controlling Shareholders to any provisions of the Hong Kong Underwriting Agreement or the International Placing Agreement (in each case, other than on the part of any of the Underwriters); or
 - (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our executive Directors and our Controlling Shareholders (the “**Warrantors**”) pursuant to provisions under the indemnity clause in the International Placing Agreement; or
 - (v) any material adverse change, or any development involving a prospective material adverse change in the assets, liabilities, conditions, general affairs, management, business prospects, shareholders’ equity, profits, losses, results of operations, position or condition (financial, trading or otherwise), or performance of any members of our Group (the “**Group Company**”); or
 - (vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement (the “**Warranties**”); or
 - (vii) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (viii) our Company withdraws any of the Relevant Documents or the Global Offering; or
 - (ix) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

UNDERWRITING

- (x) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of our executive Directors as set out in the section headed “Directors, Senior Management and Staff” in this prospectus; or
 - (xi) a portion of the orders in the bookbuilding process, which is considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) in its absolute opinion to be material, at the time the International Placing Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Sole Global Coordinator, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or
 - (xii) any loss or damage has been sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which the risks associated therewith have not been disclosed in this prospectus, which is considered by the Sole Global Coordinator (for itself and on behalf of the other Underwriters) in its sole absolute opinion to be material.
2. there shall develop, occur, exist or come into effect:
- (i) any local, national, regional or international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Ebola disease or such related or mutated forms) or interruption or delay in transportation in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, or any other jurisdictions relevant to any member of our Group (collectively, the “**Relevant Jurisdictions**”); or
 - (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions; or
 - (iii) any moratorium, suspension or restriction on trading in securities (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange the London Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or
 - (iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgement(s), decree(s) or ruling(s) of any governmental authority (“**Law(s)**”) or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events likely to result in any change in or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of the Relevant Jurisdictions; or

UNDERWRITING

- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong or the Hong Kong Monetary Authority or other competent authority), the PRC, the Cayman Islands, the British Virgin Islands or any other Relevant Jurisdiction, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Relevant Jurisdictions; or
- (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Relevant Jurisdictions; or
- (vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency), in or affecting any of the Relevant Jurisdictions or affecting an investment in the Shares; or
- (viii) any litigation or claim of any third party being threatened or instigated against any Group Company; or
- (ix) any of our Directors and senior management members of our Company as set out in the section headed “Directors, Senior Management and Staff” in this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or
- (x) material non-compliance by our Company or any of its subsidiaries of any applicable laws and regulations in relation to their operations or any medical practitioner of our Group being involved in any offences, or actual, pending or threatened disciplinary actions, non-compliance incidents, medical negligence incidents, litigation, claims or investigations or any matters of similar nature arising from or against or associated with his/her medical practice which arise from their duty; or
- (xi) the chairman of our Company vacating his office; or
- (xii) the commencement by any governmental, regulatory or political body or organisation in any of the Relevant Jurisdictions of any action, litigation or claim against an executive Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation in any of the Relevant Jurisdictions that it intends to take any such action; or
- (xiii) a contravention by any Group Company or any executive Director of the Listing Rules, Companies (WUMP) Ordinance, the Companies Ordinance or any other Laws applicable to the Global Offering; or
- (xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the over-allotment shares pursuant to the terms of the Global Offering; or
- (xv) material non-compliance by our Company of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or
- (xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (and/or any other documents in connection with the Global Offering) pursuant to the Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC save for such supplement or amendment is made at the request of the Sole Global Coordinator; or

UNDERWRITING

- (xvii) a valid demand by any creditor for repayment or payment of any material indebtedness of Group Company or in respect of which any Group Company is liable prior to its stated maturity; or
- (xviii) that a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company,

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

- (a) has or is or will or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or
- (b) has or will or may have or could reasonably be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
- (c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or
- (d) has or will have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings Given to the Stock Exchange Pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the date on which Shares first commence dealing on the Stock Exchange (whether or not such issue of Shares will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option or the Stock Borrowing Agreement, it shall not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that it is shown to beneficially own in this prospectus (the “**Relevant Shares**”); or

UNDERWRITING

- (b) in the period of a further six months commencing on the date on which the First Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

- (a) when it pledges or charges any securities in our Company beneficially owned by it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and
- (b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the exercise of any share options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company hereby undertakes to each of the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters not to, and to procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect (“**Encumbrance**”) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts;

UNDERWRITING

- (b) repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable);
- (c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above;
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,
- (e) in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). Our Company will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”).

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By our Controlling Shareholders

Each of our Controlling Shareholders hereby jointly and severally undertakes to each of the Sole Sponsor, the Sole Global Coordinator, our Company, the Stock Exchange, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (on behalf of the Hong Kong Underwriters):

- (i) at any time during the First Six-Month Period, it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the “**Controlled Entities**”) shall not,
 - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the “**Relevant Securities**”), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or
 - (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities;

UNDERWRITING

- (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or
 - (d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);
- (ii) at any time during the Second Six-Month Period, it/he/she shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it would cease to be a “controlling shareholder” (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be “controlling shareholders” (as defined in the Listing Rules) of our Company;
 - (iii) in the event that it enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it shall take all reasonable steps to ensure that it will not create a disorderly or false market for any Shares or other securities of our Company; and
 - (iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of our Controlling Shareholders further undertakes to each of the Sole Sponsor, our Company, the Sole Global Coordinator, the Stock Exchange, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will:

- (i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and
- (ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Underwriters’ Interests in Our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Placing Agreement or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Placing Agreement.

UNDERWRITING

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Offering

International Offering

In connection with the International Offering, we expect to enter into the International Placing Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Placing Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offering. Please refer to the section headed "Structure and Conditions of the Global Offering — The International Offering" in this prospectus.

Under the International Placing Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Global Coordinator on behalf of the International Underwriters from the date of the International Placing Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to issue and allot up to an aggregate of 11,502,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover, among other things, any over-allocations in the International Offering, if any.

Total Commission and Expenses

We will pay the Sole Global Coordinator (for itself and on behalf of the Underwriters) an underwriting commission at the higher of (a) the rate of 3% on the aggregate Offer Price in respect of all of the Hong Kong Offer Shares (excluding any Offer Shares reallocated from the International Offering to the Hong Kong Public Offering and any Offer Shares reallocated from the Hong Kong Public Offering to the International Offering); and (b) HK\$720,000, out of which the Underwriters will meet all (if any) sub-underwriting commission. In addition, at the sole and absolute discretion of our Company, our Company may pay to the Sole Global Coordinator a discretionary underwriting incentive fee at the rate of 1% of the aggregate Offer Price in respect of all of the Offer Shares (including the over-allotment shares assuming that the Over-allotment Option has been exercised). For the avoidance of doubt, it has been agreed that the underwriting commissions to be received by the Sole Global Coordinator under the Global Offering shall be the higher of (a) 3% of the aggregate Offer Price in respect of all the Offer Shares (including the over-allotment shares assuming that the Over-allotment Option has been exercised) and (b) HK\$7.2 million.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK\$1.42 per Share (being the mid-point of the stated range of the Offer Price between HK\$1.32 and HK\$1.51 per Share), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK\$37.3 million in total and are payable by us.

Indemnity

We undertake to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

UNDERWRITING

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules is made within seven days of the expiration of the stabilising period.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- (i) the Hong Kong Public Offering of an initial 7,668,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described in the paragraph headed “The Hong Kong Public Offering” below in this section; and
- (ii) the International Offering of an initial 69,012,000 International Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the U.S. (including to professional investors within Hong Kong) in offshore transactions in reliance on Regulation S or pursuant to another exemption from the registration requirements under the U.S. Securities Act.

Of the 69,012,000 Shares being offered under the International Offering:

- (i) 3,834,000 Shares are available for subscription by the Eligible Doctors and Dentists on a preferential basis under the Doctor and Dentist Preferential Offering; and
- (ii) 3,834,000 Shares are available for subscription by the Eligible Employees on a preferential basis under the Employee Preferential Offering.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but cannot do both. Eligible Doctors and Dentists may apply for the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering on a **BLUE** Application Form. Eligible Employees may apply for the Employee Reserved Shares under the Employee Preferential Offering on a **PINK** Application Form. No persons will be eligible to apply for both the Employee Reserved Shares and the Doctor and Dentist Reserved Shares.

In addition, Eligible Doctors and Dentists and Eligible Employees (other than Eligible Shareholders) will be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering, but may not apply for or indicate an interest for International Offer Shares under the International Offering.

Eligible Shareholders will not be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering. As at the Latest Practicable Date, none of the Eligible Employees is a Shareholder of our Company.

Our Directors and the Sole Global Coordinator will take all reasonable steps to identify any multiple applications under the Hong Kong Public Offering and the International Offering which are not allowed and are bound to be rejected. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to professional investors in Hong Kong. The International Offering will involve selective marketing of Offer Shares to professional and institutional investors expected to have a sizeable demand for Shares in Hong Kong and other jurisdictions outside the U.S. in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or before Tuesday, 22 March 2016.

The number of Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed “Pricing and Allocation” below in this section.

References in this prospectus to applications, Application Forms, application monies or the procedure for application refer solely to the Hong Kong Public Offering.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

Pricing

The Offer Price is expected to be fixed by an agreement between us and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Tuesday, 22 March 2016 and in any event no later than Wednesday, 30 March 2016 and the Offer Shares are expected to be allocated shortly thereafter. If for any reason, we and the Sole Global Coordinator (on behalf of the Underwriters) are unable to reach agreement on the Offer Price, the Global Offering will not proceed and will lapse.

The Offer Price will be not more than HK\$1.51 per Offer Share and is expected to be not less than HK\$1.32 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

Reduction in offer price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters), with our consent, considers it appropriate, the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may be reduced below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, expected to be on Tuesday, 22 March 2016, cause to be published at the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.humanhealth.com.hk, notice(s) of the reduction in the number of Offer Shares and/or the indicative offer price range. Such notice(s) will also include confirmation or revision, as appropriate, of the working capital statement, the offering statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction(s). Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Upon the issuance of such notice, the revised number of Offer Shares and/or the revised offer price range will be final and conclusive. The Offer Price, if agreed upon, will be fixed within such revised offer price range. In the absence of any notice of a reduction in the indicative offer price range and/or the number of Offer Shares stated in this prospectus being published on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon, will under no circumstances be set outside the offer price range stated in this prospectus, and the number of Offer Shares will under no circumstances be fewer than the number stated in this prospectus.

Allocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of our Offer Shares pursuant to the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

relevant investor is likely to buy further Shares, and/or hold or sell Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation may be made to professional and institutional investors and is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, although the allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 3,834,000 Hong Kong Offer Shares is liable to be rejected.

The net proceeds from the Global Offering accruing to us are estimated to be approximately HK\$71.6 million. The estimated net proceeds are calculated assuming an Offer Price of HK\$1.42 per Offer Share (being the mid-point of the stated offer price range of HK\$1.32 to HK\$1.51 per Offer Share) and after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised.

Announcement of Offer Price and Basis of Allocations

The Offer Price under the Global Offering, the level of indications of interest in the International Offering, and the level of applications and the results of and basis of allocations under the Hong Kong Public Offering are expected to be announced on Thursday, 31 March 2016 on our website (www.humanhealth.com.hk) (in English and Chinese) and on the Stock Exchange’s website (www.hkexnews.hk) and in a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares and Reserved Shares — Publication of Results” in this prospectus. You should note that our website, and all information contained in our website, does not form part of this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including an additional 11,502,000 Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to commencement of dealing in the Shares on the Stock Exchange;

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- (ii) the Offer Price having been duly determined between us and the Sole Global Coordinator (on behalf of the Underwriters), and the execution and delivery of the Price Determination Agreement on or around the Price Determination Date;
- (iii) the execution and delivery of the International Placing Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Placing Agreement having become unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator (on behalf of the Underwriters)) and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If for any reason the Offer Price is not agreed by Wednesday, 30 March 2016 between us and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published by us on our Company's website at www.humanhealth.com.hk and on the Stock Exchange's website at www.hkexnews.hk on the next day following such lapse. In such eventuality, all application monies will be returned to the applicants, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, 31 March 2016 but will only become valid certificates of title at 8:00 a.m. on Friday, 1 April 2016, the date of commencement of dealings in the Shares, provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

We are initially offering 7,668,000 Hong Kong Offer Shares at the Offer Price, representing 10% of the 76,680,000 Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Hong Kong Public Offering will represent 2.19% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the Application Form or applying online through **the HK eIPO White Form** service or the **electronic application instruction** to HKSCC submitted by him or her, that he or she, and any person(s) for

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

whose benefit he or she is making the application (if any), have not indicated an interest for or taken up and will not indicate an interest for or take up any International Offer Shares, and such applicant's application will be rejected if this undertaking and/or confirmation is breached and/or untrue.

Our Company, our Directors, the Sole Sponsor and the Sole Global Coordinator will take reasonable steps to identify and reject applicants under the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Offer Shares in the Hong Kong Public Offering.

The Sole Global Coordinator, on behalf of the Underwriters, may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that he or she is excluded from any application for Shares under the Hong Kong Public Offering.

The Offer Price will be not more than HK\$1.51 per Offer Share and is expected to be not less than HK\$1.32 per Offer Share. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$1.51 on each Hong Kong Offer Share plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee on each Hong Kong Offer Share. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK\$1.51 per Offer Share, being the maximum Offer Price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

Allocation

The total number of Offer Shares available for subscription under the Hong Kong Public Offering (after taking into account any reallocation and clawback referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B (subject to adjustment of odd lot size). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) and up to the value of pool B. For this purpose, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. When there is over-subscription, allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering, in relation to both pool A and pool B, will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares. Multiple

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

or suspected multiple applications within either pool or between pools and any application for more than 3,834,000 Hong Kong Offer Shares, being 50% of the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offering, will be rejected.

Reallocation and Clawback

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 23,004,000, 30,672,000 and 38,340,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated in the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Shares will be allocated to pool A and pool B. In addition, the Sole Global Coordinator may allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate.

The number of Doctor and Dentist Reserved Shares and Employee Reserved Shares being offered under the Doctor and Dentist Preferential Offering and the Employee Preferential Offering, respectively, will not be increased or decreased as a result of the clawback arrangement between the International Offering and the Hong Kong Public Offering described above.

THE INTERNATIONAL OFFERING

The International Offering will consist of initially 69,012,000 Shares (including the Doctor and Dentist Preferential Offering and the Employee Preferential Offering) and is subject to adjustment and the Over-allotment Option, to be offered outside the United States (within the meaning of Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong. The International Offering will be subject to, among other matters, the Hong Kong Public Offering becoming unconditional.

Of the 69,012,000 Shares being offered under the International Offering, an aggregate of 7,668,000 Shares (representing approximately 11.1% and 10.0% of the total number of Shares being offered under the International Offering and the Global Offering, respectively) are available for subscription by the Eligible Doctors and Dentists and the Eligible Employees on a preferential basis, subject to the terms and conditions set out in this prospectus, and the **BLUE** Application Form and the **PINK** Application Form, respectively. The total number of Offer Shares subject to the Doctor and Dentist Preferential Offering and the Employee Preferential Offering in aggregate shall not be more than 10% of the Offer Shares.

Pursuant to the International Offering (other than the Doctor and Dentist Preferential Offering and the Employee Preferential Offering), the International Underwriters will conditionally place our Shares with institutional and professional investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “Pricing and Allocation” above in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base to the benefit of our Company and our Shareholders as a whole.

THE DOCTOR AND DENTIST PREFERENTIAL OFFERING

Of the 69,012,000 Shares being offered under the International Offering, 3,834,000 Shares (representing approximately 5.6% and 5.0% of the total number of Shares being offered under the International Offering and the Global Offering, respectively) are available for subscription by the Eligible Doctors and Dentists on a preferential basis, subject to the terms and conditions set out in this prospectus and the BLUE Application Form. In addition, the number of Offer Shares subject to the Doctor and Dentist Preferential Offering and the Employee Preferential Offering in aggregate shall not be more than 10% of the total Offer Shares.

The Doctor and Dentist Reserved Shares are being offered out of the International Shares but will not be subject to the clawback mechanism as set out in the section headed “The Hong Kong Public Offering — Reallocation and Clawback” above.

As at the Latest Practicable Date, there were a total of 129 persons eligible to apply for the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering.

Eligible Doctors and Dentists can apply for less than, equal to or more than their Assured Doctor and Dentist Entitlement and up to maximum of 3,834,000 Doctor and Dentist Reserved Shares. A valid application made on a BLUE Application Form in respect of a number of Shares less than or equal to an Eligible Doctor and Dentist’s Assured Doctor and Dentist Entitlement will be accepted in full, subject to the terms and conditions set out in this prospectus and the BLUE Application Form. Eligible Doctors and Dentists who apply for more than their Assured Doctor and Dentist Entitlement may receive such additional Doctor and Dentist Reserved Shares depending on the aggregate level of applications made by other Eligible Doctors and Dentists.

Allocation of the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering will be based on the written guidelines distributed to the Eligible Doctors and Dentists, which are consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. No preferential treatment will be given to any particular Eligible Doctor and Dentist.

The allocation of the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering will not be based on the identity, the seniority, the length of service or the work performance of the Eligible Doctors and Dentists. The allocation basis will be determined by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, based on the level of valid applications received under the Doctor and Dentist Preferential Offering and the number of Doctor and Dentist Reserved Shares validly applied for. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications.

Eligible Doctors and Dentists (other than Eligible Shareholders) may make an application for Doctor and Dentist Reserved Shares on a BLUE Application Form and, in addition, will be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering, but may not apply for or indicate an interest for International Offer Shares under the International Offering. Such Eligible Doctors and Dentists will not receive any preference as to entitlement or allocation in respect of such further applications for Hong Kong Offer Shares under the Hong Kong Public Offering.

Eligible Shareholders will not be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering.

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with (a) Rule 10.01 of the Listing Rules in relation to the participation by the Eligible Doctors and Dentists in the Doctor and Dentist Preferential Offering and (b) Rule 10.04 and paragraph 5 of Appendix 6 of the Listing Rules in relation to the participation by the relevant Eligible Shareholders in the Doctor and Dentist

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Preferential Offering. Further details of the waiver applications are set out in “Waivers from Strict Compliance with Listing Rules”.

THE EMPLOYEE PREFERENTIAL OFFERING

Of the 69,012,000 Shares being offered under the International Offering, 3,834,000 Shares (representing approximately 5.6% and 5.0% of the total number of Shares being offered under the International Offering and the Global Offering, respectively) are available for subscription by the Eligible Employees on a preferential basis, subject to the terms and conditions set out in this prospectus and the **PINK** Application Form. In addition, the number of Offer Shares subject to the Doctor and Dentist Preferential Offering and the Employee Preferential Offering in aggregate shall not be more than 10% of the total Offer Shares.

The Employee Reserved Shares are being offered out of the International Shares but will not be subject to the clawback mechanism as set out in the section headed “The Hong Kong Public Offering — Reallocation and Clawback” above.

As at the Latest Practicable Date, there were a total of 328 persons eligible to apply for the Employee Reserved Shares under the Employee Preferential Offering, and none of the Eligible Employees is a Shareholder of our Company.

Eligible Employees can apply for less than, equal to or more than their Assured Employee Entitlement and up to a maximum of 3,834,000 Employee Reserved Shares. A valid application made on a **PINK** Application Form in respect of a number of Shares less than or equal to an Eligible Employee’s Assured Employee Entitlement will be accepted in full, subject to the terms and conditions set out in this prospectus and the **PINK** Application Form. Eligible Employees who apply for more than their Assured Employee Entitlement may receive such additional Employee Reserved Shares depending on the aggregate level of applications made by other Eligible Employees.

Allocation of the Employee Reserved Shares under the Employee Preferential Offering will be based on the written guidelines distributed to the Eligible Employees, which are consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. No preferential treatment will be given to any particular Eligible Employee. The allocation of the Employee Reserved Shares under the Employee Preferential Offering will not be based on the identity, the seniority, the length of service or the work performance of the Eligible Employees. The allocation basis will be determined by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, based on the level of valid applications received under the Employee Preferential Offering and the number of Employee Reserved Shares validly applied for. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications.

Eligible Employees may make an application for Employee Reserved Shares on a **PINK** Application Form and, in addition, will be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering, but may not apply for or indicate an interest for International Offer Shares under the International Offering. Such Eligible Employees will not receive any preference as to entitlement or allocation in respect of such further applications for Hong Kong Offer Shares under the Hong Kong Public Offering.

Eligible Shareholders will not be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offer Shares under the International Offering.

The total number of the Doctor and Dentist Reserved Shares and the Employee Reserved Shares allocated to the Eligible Doctors and Dentists and Eligible Employees, respectively and the respective percentage of shareholding held by the Eligible Doctors and Dentists and Eligible Employees will be disclosed in the allotment result announcement to be published by our Company.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-Allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Placing Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 11,502,000 additional Offer Shares (representing 15% of the Offer Shares initially available under the Global Offering), at the same price per Offer Share under the International Offering to cover, among other things, over-allocations in the International Offering, if any. If the Over-Allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.18% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-Allotment Option. In the event that the Over-Allotment Option is exercised, an announcement will be made.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through any person acting for it, up to 11,502,000 Shares (being the maximum number of Shares which may be issued or sold upon exercise of the Over-allotment Option) from Treasure Group pursuant to the Stock Borrowing Agreement, and/or acquire Shares from other sources, including the exercise of the Over-allotment Option.

If such stock borrowing arrangement with Treasure Group is entered into, it will only be effected by the Stabilising Manager or any person acting for it for settlement of over-allocation in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to Treasure Group or its nominees, as the case may be, on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the day on which the Over-allotment Option is exercised in full, or (iii) such earlier time as may be agreed in writing between the Stabilising Manager and Treasure Group. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Treasure Group by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise, and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the International Underwriters, may, to the extent permitted by applicable laws in Hong Kong, over-allocate and/or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilising action which may be taken by the Stabilising Manager or any person acting for it may include primary and ancillary stabilising actions such as purchasing or agreeing to purchase any of the Offer Shares, exercising the Over-allotment Option, stock borrowing, establishing a short position in the Shares, liquidating long positions in the Shares or offering or attempting to do any such actions. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity. Any such stabilising activities will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilising) Rules. Such stabilisation, if commenced, will be conducted at the sole and absolute discretion of the Stabilising Manager or any person acting for it, and may be

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

discontinued at any time, and is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares which may be issued or sold upon exercise of the Over-allotment Option, being 11,502,000 Shares, which is 15% of our Offer Shares initially available under the Global Offering and before the exercise of the Over-allotment Option.

The Stabilising Manager or any person acting for it, may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

- (a) purchase, or agree to purchase, any of our Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of our Shares; and/or
- (b) in connection with any action described in paragraph (a) above:
 - (i) (A) over-allocate our Shares; or
(B) sell or agree to sell our Shares so as to establish a short position in them,
for the sole purpose of preventing or minimising any reduction in the market price of our Shares;
 - (ii) exercise the Over-allotment Option so as to purchase or subscribe for or agree to purchase or subscribe for our Shares in order to close out any position established under paragraph (i) above;
 - (iii) sell or agree to sell any of our Shares acquired by it in the course of the stabilising action referred to in paragraph (a) above in order to liquidate any position that has been established by such action; and/or
 - (iv) offer or attempt to do anything as described above in this paragraph (b).

The Stabilising Manager or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares, and there is no certainty as to the extent to which or the time period for which it or any person acting for it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilising Manager or any person acting for it, which may have an adverse impact on the market price of our Shares.

Stabilisation cannot be used to support the price of our Shares for longer than the stabilisation period, which begins on the day on which dealings in our Shares commence on the Stock Exchange and ends on the last trading day before the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering which will be Thursday, 21 April 2016. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore their market price, could fall. Our Company will ensure or procure that a public announcement will be made within seven days after the end of the stabilising period in compliance with the Securities and Futures (Price Stabilising) Rules.

Any stabilising action taken by the Stabilising Manager or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilisation period. Stabilisation bids or market purchases effected in the course of the stabilising action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our Shares.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to an aggregate of 11,502,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Global Coordinator on behalf of the International Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

In particular, for the purpose of settlement of over-allocations in connection with the International Offering, the Stabilising Manager may borrow up to 11,502,000 Shares, under the stock borrowing arrangement. The stock

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payments or other benefit will be made to Treasure Group by the Sole Global Coordinator in relation to the stock borrowing arrangement.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 1 April 2016, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 1 April 2016. Our Shares will be traded in board lots of 2,000 Shares each.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or around the Price Determination Date, shortly after determination of the Offer Price, enter into the International Placing Agreement relating to the International Offering.

The underwriting arrangements, the Hong Kong Underwriting Agreement and the International Placing Agreement are summarised in the section headed “Underwriting” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

In addition, if you are an Eligible Doctor and Dentist or an Eligible Employee, you may also apply for Doctor and Dentist Reserved Shares or Employee Reserved Shares by using a **BLUE** Application Form or **PINK** Application Form, respectively. However, Eligible Doctors and Dentists and Eligible Employees may not apply for or indicate an interest for International Offer Shares under the International Offering.

Eligible Shareholders will not be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

You can also or alternatively, as applicable, apply for Doctor and Dentist Reserved Shares or Employee Reserved Shares if you satisfy the above criteria and you are also an Eligible Doctor and Dentist or Eligible Employee.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

except for Eligible Doctors and Dentists (other than Eligible Shareholders) who may apply for the Doctor and Dentist Reserved Shares and Eligible Employees who may apply for the Employee Reserved Shares apart from application for the Hong Kong Offer Shares.

3. APPLYING FOR HONG KONG OFFER SHARES, DOCTOR AND DENTIST RESERVED SHARES AND EMPLOYEE RESERVED SHARES.

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

If you are an Eligible Doctor or Dentist applying for the Doctor and Dentist Reserved Shares under the Doctor and Dentist Preferential Offering by using a **BLUE** Application Form, you may apply on an assured basis for a number of Doctor and Dentist Reserved Shares for less than, equal to or more than your Assured Doctor and Dentist Entitlement and up to a maximum of 3,834,000 Doctor and Dentist Reserved Shares. Your application must be in one of the number set out in table in the **BLUE** Application Form, or your application will be rejected.

If you are an Eligible Employee applying for the Employee Reserved Shares under the Employee Preferential Offering by using a **PINK** Application Form, you may apply on an assured basis for a number of Employee Reserved Shares for less than, equal to or more than your Assured Employee Entitlement and up to a maximum of 3,834,000 Employee Reserved Shares. Your application must be in one of the number set out in table in the **PINK** Application Form, or your application will be rejected.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 17 March 2016 to 12:00 noon on Tuesday, 22 March 2016 from:

- (i) any of the following offices of the Hong Kong Underwriters:

BOCOM International Securities Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Central
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

First Capital Securities Limited
Unit 4512, 45/F
The Center
99 Queen's Road Central
Central
Hong Kong

RHB Securities Hong Kong Limited
12/F World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

Convoy Investment Services Limited
24C, @ Convoy
169 Electric Road
North Point
Hong Kong

(ii) any of the following branches and sub-branches of the receiving banks:

Bank of China (Hong Kong) Limited

<u>District</u>	<u>Branch Name</u>	<u>Address</u>
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Connaught Road Central Branch	13-14 Connaught Road Central
	King's Road Branch	131-133 King's Road, North Point
Kowloon	Tsim Sha Tsui East Branch	Shop 3, LG/F, Hilton Towers, 96 Granville Road, Tsim Sha Tsui East, Kowloon
	Wong Tai Sin Branch	Shop G13, Wong Tai Sin Plaza, Wong Tai Sin
	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin
New Territories	Fo Tan Branch	No 2,1/F Shatin Galleria, 18-24 Shan Mei Street, Fo Tan
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui

Bank of Communications Co., Ltd. Hong Kong Branch

<u>District</u>	<u>Branch or Sub-Branch Name</u>	<u>Address</u>
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
Kowloon	Kowloon Sub-Branch	G/F., 563 Nathan Road
New Territories	Sha Tsui Road Sub-Branch	Shops Nos. 3-5 on G/F., Kwong Ming Building, 120-130 Sha Tsui Road, Tsuen Wan
	Yuen Long Sub-Branch	Shop 2B, G/F., Man Yu Building, 2-14 Tai Fung Street, Yuen Long

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 17 March 2016 until 12:00 noon on Tuesday, 22 March 2016 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

A **BLUE** Application Form together with this prospectus can be collected by the Eligible Doctors and Dentists from our Company's head office at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong during the normal business hours from 9:00 a.m. on Thursday, 17 March 2016 until 12:00 noon on Monday, 21 March 2016. Electronic copies of the **BLUE** Application Form and this prospectus can be viewed on the websites of our Company at www.humanhealth.com.hk and the Stock Exchange at www.hkexnews.hk, respectively.

A **PINK** Application Form together with this prospectus can be collected by the Eligible Employees from our Company's head office at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong during the normal business hours from 9:00 a.m. on Thursday, 17 March 2016 until 12:00 noon on Monday, 21 March 2016. Electronic copies of the **PINK** Application Form and this prospectus can be viewed on the websites of our Company at www.humanhealth.com.hk and the Stock Exchange at www.hkexnews.hk, respectively.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — Human Health Public Offer" for the payment, should be securely stapled and deposited in the special collection boxes provided at any of the branches or sub-branches of the receiving banks listed above, at the following times:

- 9:00 a.m. to 5:00 p.m., Thursday, 17 March 2016
- 9:00 a.m. to 5:00 p.m., Friday, 18 March 2016
- 9:00 a.m. to 1:00 p.m., Saturday, 19 March 2016
- 9:00 a.m. to 5:00 p.m., Monday, 21 March 2016
- 9:00 a.m. to 12:00 noon — Tuesday, 22 March 2016

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 22 March 2016, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — Human Health Public Offer" for the payment must be deposited in the collection point located at our Company's head office at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong by 12:00 noon on Monday, 21 March 2016, being the last day for the submission of the **BLUE** Application Forms, or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

Your completed **PINK** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of China (Hong Kong) Nominees Limited — Human Health Public Offer" for the payment must be deposited in the collection point located at our Company's head office at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong by 12:00 noon on Monday, 21 March 2016, being the last day for the submission of the **PINK** Application Forms, or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, Companies (WUMP) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying (except that Eligible Doctors and Dentists and Eligible Employees may also make an additional application for the Doctor and Dentist Reserved Shares and the Employee Reserved Shares, respectively, by using the applicable **BLUE** and **PINK** Application Forms);
- (xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person (except that Eligible Doctors and Dentists and Eligible Employees may also make an additional application for the Doctor and Dentist Reserved Shares and the Employee Reserved Shares, respectively, by using the applicable **BLUE** and **PINK** Application Forms); and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC (except that Eligible Doctors and Dentists and Eligible Employees may also make an additional application for the Doctor and Dentist Reserved Shares and the Employee Reserved Shares, respectively, by using the applicable **BLUE** and **PINK** Application Forms); and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **Yellow** Application Form for details.

5. APPLYING THROUGH HK eIPO White Form SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Time for Submitting Applications under the HK eIPO white form

You may submit your application to the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 17 March 2016 until 11:30 a.m. on Tuesday, 22 March 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 22 March 2016 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
 - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
 - agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
 - agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (WUMP) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- 9:00 a.m. to 8:30 p.m.⁽¹⁾ — Thursday, 17 March 2016
- 8:00 a.m. to 8:30 p.m.⁽¹⁾ — Friday, 18 March 2016
- 8:00 a.m. to 1:00 p.m.⁽¹⁾ — Saturday, 19 March 2016
- 8:00 a.m. to 8:30 p.m.⁽¹⁾ — Monday, 21 March 2016
- 8:00 a.m.⁽¹⁾ to 12:00 noon — Tuesday, 22 March 2016

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, 17 March 2016 until 12:00 noon on Tuesday, 22 March 2016 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Tuesday, 22 March 2016, the last application day or such later time as described in the paragraph headed “Effect of Bad Weather on the Opening of the Application Lists” below in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the HK eIPO White Form service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Tuesday, 22 March 2016.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If you do not include this information, the application will be treated as being made for your benefit.

In addition, if you are an Eligible Doctor and Dentist or Eligible Employee, you may also make an additional application for the Doctor and Dentist Reserved Shares or Employee Reserved Shares, respectively, by using the **BLUE** or **PINK** Application Form (as applicable). Only one application for the Doctor and Dentist Reserved Shares is permitted per Eligible Doctor and Dentist under the Doctor and Dentist Preferential Offering; and only one application for the Employee Reserved Shares is permitted per Eligible Employee under the Employee Preferential Offering. Multiple applications by any Eligible Doctor and Dentist or Eligible Employee are liable to be rejected.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed “Structure and Conditions of the Global Offering — Pricing and Allocation” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 22 March 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 22 March 2016 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the Doctor and Dentist Preferential Offering and the Employee Preferential Offering and the basis of allocation of the Hong Kong Offer Shares, the Doctor and Dentist Reserved Shares and the Employee Reserved Shares on Thursday, 31 March 2016 on our Company’s website at www.humanhealth.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.humanhealth.com.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Thursday, 31 March 2016;

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 31 March 2016 to 12:00 midnight on Wednesday, 6 April 2016;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 31 March 2016 to Wednesday, 6 April 2016 (excluding Saturday, Sunday and Public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 31 March 2016 to Tuesday, 5 April 2016 at all the receiving banks designated branches or sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$1.52 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure and Conditions of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 31 March 2016.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below) and one share certificate for all Doctor and Dentist Reserved Shares and one share certificate for all Employee Reserved Shares allocated to you under the Doctor and Dentist Preferential Offering and the Employee Preferential Offering, respectively.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW**, **BLUE** or **PINK** Application Form(s), subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on Thursday, 31 March 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a **WHITE**, **BLUE** and/or **PINK** Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and/or 1,000,000 or more Doctor and Dentist Reserved Shares or 1,000,000 or more Employee Reserved Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 31 March 2016 or such other date as notified by us on the websites of our Company at www.humanhealth.com.hk and the Stock Exchange at www.hkexnews.hk.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares and/or less than 1,000,000 Doctor and Dentist Reserved Shares or less than 1,000,000 Employee Reserved Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 31 March 2016, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 31 March 2016, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 31 March 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 31 March 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 31 March 2016, or such other date as notified on the websites of our Company at www.humanhealth.com.hk and the Stock Exchange at www.hkexnews.hk as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 31 March 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR HONG KONG OFFER SHARES AND RESERVED SHARES

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 31 March 2016, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, 31 March 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 31 March 2016 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 31 March 2016. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 31 March 2016.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this document.



22/F CITIC Tower,
1 Tim Mei Avenue,
Central,
Hong Kong

17 March 2016

The Directors
Human Health Holdings Limited
BOCOM International (Asia) Limited

Dear Sirs,

We set out below our report on the financial information of Human Health Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) comprising the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 30 June 2013, 2014 and 2015, and the three months ended 30 September 2015 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 30 June 2013, 2014 and 2015, and 30 September 2015, and the statements of financial position of the Company as at 30 June 2015 and 30 September 2015, together with the notes thereto (the “Financial Information”), and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the three months ended 30 September 2014 (the “Interim Comparative Information”) prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 17 March 2016 (the “Prospectus”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 June 2015. Pursuant to a group reorganisation (the “Reorganisation”) as described in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Group Structure” to the Prospectus, the Company became the holding company of the subsidiaries comprising the Group on 29 June 2015. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Relevant Periods, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. Except for a subsidiary which was registered in the People’s Republic of China which has adopted 31 December as its financial year end date, and certain newly acquired entities which have adopted 31 March as their financial year end date, other companies now comprising the Group have adopted 30 June as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the “Directors”) have prepared the consolidated financial statements of the Group (the “Underlying Financial Statements”) in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The Underlying Financial Statements for each of the years ended 30 June 2013, 2014 and 2015, and the three months ended 30 September 2015 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the financial position of the Group as at 30 June 2013, 2014 and 2015, and 30 September 2015, and of the Company as at 30 June 2015 and 30 September 2015, and of the financial performance and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

(A) CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 30 June			Three months ended 30 September	
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (unaudited)	2015 HK\$'000
REVENUE	7	333,933	365,246	429,538	84,252	110,786
Cost of services rendered		(181,740)	(191,527)	(230,293)	(47,752)	(59,415)
Gross profit		152,193	173,719	199,245	36,500	51,371
Other income and gains	7	2,475	580	1,815	120	427
Administrative expenses		(111,035)	(124,938)	(155,879)	(33,204)	(45,334)
Share of profits and losses of a joint venture		—	—	—	—	(37)
PROFIT BEFORE TAX	8	43,633	49,361	45,181	3,416	6,427
Income tax expense	11	(7,005)	(8,604)	(9,463)	(726)	(1,858)
PROFIT FOR THE YEAR/PERIOD		<u>36,628</u>	<u>40,757</u>	<u>35,718</u>	<u>2,690</u>	<u>4,569</u>
Profit attributable to:						
Owners of the parent		34,093	38,748	33,727	2,652	4,569
Non-controlling interests		2,535	2,009	1,991	38	—
		<u>36,628</u>	<u>40,757</u>	<u>35,718</u>	<u>2,690</u>	<u>4,569</u>
OTHER COMPREHENSIVE INCOME						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>						
Available-for-sale investments:						
Changes in fair value		230	320	99	74	—
Reclassification adjustments for gains included in the consolidated statements of profit or loss and other comprehensive income		—	—	(217)	—	—
- Gain on disposal		—	—	(217)	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>230</u>	<u>320</u>	<u>(118)</u>	<u>74</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>36,858</u>	<u>41,077</u>	<u>35,600</u>	<u>2,764</u>	<u>4,569</u>
Total comprehensive income attributable to:						
Owners of the parent		34,300	39,036	33,621	2,719	4,569
Non-controlling interests		2,558	2,041	1,979	45	—
		<u>36,858</u>	<u>41,077</u>	<u>35,600</u>	<u>2,764</u>	<u>4,569</u>

(B) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 30 June			As at
		2013	2014	2015	30 September
		HK\$'000	HK\$'000	HK\$'000	2015
					HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	9,217	9,516	12,136	11,055
Goodwill	16	—	—	31,964	31,964
Other intangible assets	17	—	—	16,658	16,255
Available-for-sale investments	19	2,798	3,118	—	—
Deferred tax assets	28	1,269	1,603	1,910	2,095
Prepayments for property, plant and equipment		283	991	—	—
Investment in a joint venture	20	—	—	—	3,563
Deposits	23	7,554	7,040	4,941	6,940
Total non-current assets		<u>21,121</u>	<u>22,268</u>	<u>67,609</u>	<u>71,872</u>
CURRENT ASSETS					
Inventories	21	3,667	4,797	7,295	6,729
Tax recoverable		29	39	955	928
Trade receivables	22	21,424	24,841	31,888	30,359
Prepayments, deposits and other receivables	23	4,278	5,692	13,195	18,075
Due from related parties	34(b)	3,422	5,077	1,730	2,282
Cash and cash equivalents	24	88,326	91,416	109,248	96,578
Total current assets		<u>121,146</u>	<u>131,862</u>	<u>164,311</u>	<u>154,951</u>
CURRENT LIABILITIES					
Trade payables	25	16,970	19,068	28,365	21,304
Other payables and accruals	26	11,691	12,831	24,215	23,884
Dividend payable		4,500	5,000	49,995	45,000
Due to related parties	34(b)	509	709	2,305	3,010
Due to a controlling shareholder	27	4,455	8,876	—	—
Due to non-controlling shareholders	27	2,940	3,520	—	—
Tax payables		7,299	5,999	9,258	11,260
Total current liabilities		<u>48,364</u>	<u>56,003</u>	<u>114,138</u>	<u>104,458</u>
NET CURRENT ASSETS		<u>72,782</u>	<u>75,859</u>	<u>50,173</u>	<u>50,493</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>93,903</u>	<u>98,127</u>	<u>117,782</u>	<u>122,365</u>
NON-CURRENT LIABILITIES					
Deferred tax liabilities	28	132	79	2,783	2,797
Total non-current liabilities		<u>132</u>	<u>79</u>	<u>2,783</u>	<u>2,797</u>
Net assets		<u>93,771</u>	<u>98,048</u>	<u>114,999</u>	<u>119,568</u>
EQUITY					
Equity attributable to owners of the parent					
Share capital	29	—	—	61,236	61,236
Reserves	30(a)	85,609	88,304	53,763	58,332
Non-controlling interests	31	<u>8,162</u>	<u>9,744</u>	—	—
Total equity		<u>93,771</u>	<u>98,048</u>	<u>114,999</u>	<u>119,568</u>

(C) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total equity HK\$'000
	Share capital	Other reserve*	Available-for-sale investment revaluation reserve*	Retained profits*	Subtotal	Non- controlling interest	
At 1 July 2012	—	8,137	(389)	66,481	74,229	6,984	81,213
Profit for the year	—	—	—	34,093	34,093	2,535	36,628
Other comprehensive income for the year:							
Changes in fair value of available-for-sale investments	—	—	207	—	207	23	230
Total comprehensive income for the year	—	—	207	34,093	34,300	2,558	36,858
Dividends paid to shareholders and non-controlling shareholders (note 13)	—	—	—	(22,920)	(22,920)	(1,380)	(24,300)
At 30 June 2013 and 1 July 2013	—	8,137	(182)	77,654	85,609	8,162	93,771
Profit for the year	—	—	—	38,748	38,748	2,009	40,757
Other comprehensive income for the year:							
Changes in fair value of available-for-sale investments	—	—	288	—	288	32	320
Total comprehensive income for the year	—	—	288	38,748	39,036	2,041	41,077
Acquisition of non-controlling interest through contribution from controlling shareholders	—	(921)	—	—	(921)	921	—
Dividends paid to shareholders and non-controlling shareholders (note 13)	—	—	—	(35,420)	(35,420)	(1,380)	(36,800)
At 30 June 2014 and 1 July 2014	—	7,216	106	80,982	88,304	9,744	98,048
Profit for the year	—	—	—	33,727	33,727	1,991	35,718
Other comprehensive income for the year:							
Changes in fair value of available-for-sale investments	—	—	89	—	89	10	99
Reclassification adjustments for gains included in the consolidated statement of profit or loss	—	—	(195)	—	(195)	(22)	(217)
Total comprehensive income for the year	—	—	(106)	33,727	33,621	1,979	35,600
Contribution from a non-controlling shareholder	—	—	—	—	—	600	600
Dividends paid to shareholders and non-controlling shareholders (note 13)	—	—	—	(45,820)	(45,820)	(4,175)	(49,995)
Acquisition of subsidiaries (note 32)	13,800	—	—	—	13,800	6,619	20,419
Waiver of shareholders' loans (note 27)	—	7,480	—	—	7,480	3,520	11,000
Acquisition of non-controlling interests	—	(383)	—	—	(383)	(290)	(673)
Acquisition of non-controlling interests upon Reorganisation (note 31)	47,436	(29,439)	—	—	17,997	(17,997)	—
At 30 June 2015	61,236	(15,126)	—	68,889	114,999	—	114,999

	Attributable to owners of the parent						Total equity HK\$'000
	Share capital HK\$'000 (note 29)	Other reserve* HK\$'000	Available-for-sale investment revaluation reserve*		Subtotal HK\$'000	Non-controlling interest HK\$'000	
			Retained profits* HK\$'000	HK\$'000			
At 1 July 2015	61,236	(15,126)	—	68,889	114,999	—	114,999
Profit for the period	—	—	—	4,569	4,569	—	4,569
Total comprehensive income for the period	—	—	—	4,569	4,569	—	4,569
At 30 September 2015	61,236	(15,126)	—	73,458	119,568	—	119,568
At 1 July 2014	—	7,216	106	80,982	88,304	9,744	98,048
Profit for the period	—	—	—	2,652	2,652	38	2,690
Other comprehensive income for the period:							
Changes in fair value of available-for-sale investments	—	—	67	—	67	7	74
Total comprehensive income for the period	—	—	67	2,652	2,719	45	2,764
At 30 September 2014 (Unaudited)	—	7,216	173	83,634	91,023	9,789	100,812

* These reserve accounts comprise the consolidated reserves of HK\$85,609,000, HK\$88,304,000, HK\$53,763,000 and HK\$58,332,000 in the consolidated statements of financial position as at 30 June 2013, 2014 and 2015, and 30 September 2015, respectively.

(D) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 30 June			Three months ended 30 September	
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		43,633	49,361	45,181	3,416	6,427
Adjustments for:						
Depreciation	15	6,155	5,936	6,082	1,410	1,645
Gain on disposal of available-for-sale investments		—	—	(217)	—	—
Amortisation of other intangible assets		—	—	722	—	403
Write-down/(reversal) of inventories to net realisable value	8	—	(291)	54	(39)	419
Shares of profit or losses of a joint venture	20	—	—	—	—	37
Loss on disposal of items of property, plant and equipment	8	24	13	179	3	41
Operating profit before working capital changes		49,812	55,019	52,001	4,790	8,972
(Increase)/decrease in trade receivables		(1,608)	(3,417)	(2,690)	2,080	1,529
(Increase)/decrease in prepayments, deposits and other receivables		(37)	(900)	(576)	28	(6,879)
Movement in balance with related parties		(2,745)	(1,455)	4,943	(19)	153
Decrease/(increase) in inventories		478	(839)	468	(517)	147
Increase/(decrease) in trade payables		2,059	2,098	7,356	(1,334)	(7,061)
(Decrease)/increase in other payables and accruals		(447)	1,140	3,282	2,448	(331)
(Decrease)/increase in amounts due to a controlling shareholder		(395)	1	(1,396)	—	—
Cash generated from/(used in) operations		47,117	51,647	63,388	7,476	(3,470)
Hong Kong taxes paid		(8,147)	(10,301)	(8,153)	(7)	—
Net cash flows from/(used in) operating activities		38,970	41,346	55,235	7,469	(3,470)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from disposal of items of property, plant and equipment		71	1,036	831	—	—
Proceeds of available-for-sale investments		—	—	3,217	—	—
Acquisition of subsidiaries	32	—	—	(31,260)	—	—
(Increase)/decrease in prepayments for property, plant and equipment		(283)	(708)	991	991	—
Capital investment in a joint venture		—	—	—	—	(3,600)
Purchases of items of property, plant and equipment	15	(5,586)	(7,284)	(5,682)	(1,976)	(605)
Net cash flows used in investing activities		(5,798)	(6,956)	(31,903)	(985)	(4,205)
CASH FLOWS FROM FINANCING ACTIVITIES						
Advance from a controlling shareholder		—	4,420	—	—	—
Advance from non-controlling shareholders		1,471	580	—	—	—
Acquisition of non-controlling interests		—	—	(1,100)	—	—
Contribution from a non-controlling shareholder		—	—	600	—	—
Dividends paid to non-controlling shareholders		(1,380)	(1,380)	—	—	—
Repayment of advance from a controlling shareholder		—	—	—	(71)	—
Dividends paid		(18,420)	(34,920)	(5,000)	—	(4,995)
Net cash flows used in financing activities		(18,329)	(31,300)	(5,500)	(71)	(4,995)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at beginning of year/period		73,483	88,326	91,416	91,416	109,248
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		88,326	91,416	109,248	97,829	96,578
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	24	69,164	77,216	93,982	82,602	90,883
Time deposits with maturity less than three months	24	19,162	14,200	15,266	15,227	5,695
Cash and cash equivalents as stated in the consolidated statement of financial position		88,326	91,416	109,248	97,829	96,578

(E) STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 30 June 2015	As at 30 September 2015
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	18	99	99
Total non-current assets		<u>99</u>	<u>99</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables		2,467	3,328
Due from subsidiaries	18	61,236	55,148
Total current assets		<u>63,703</u>	<u>58,476</u>
CURRENT LIABILITIES			
Other payables and accruals		4,609	3,259
Due to subsidiaries	18	5,326	4,056
Total current liabilities		<u>9,935</u>	<u>7,315</u>
NET CURRENT ASSETS		<u>53,768</u>	<u>51,161</u>
NET ASSETS		<u>53,867</u>	<u>51,260</u>
EQUITY			
Share capital	29	61,236	61,236
Reserves	30(b)	(7,369)	(9,976)
Total equity		<u>53,867</u>	<u>51,260</u>

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Cayman Islands. The registered address of the Company is P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. During the Relevant Periods, the Company's principal subsidiaries were engaged in operating medical centres for the provision of integrated healthcare services.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" to the Prospectus.

At the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and business	Issued and paid-up ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Group as of				Principal activities
			30 June			30 September	
			2013	2014	2015	2015	
Actmax Limited (a)	Hong Kong 8 September 2000	HK\$2	90	90	100	100	Provision of general practice services
Actwise Limited (a)	Hong Kong 3 September 2008	HK\$1	100	100	100	100	Provision of general practice services
A-Link Limited (a)	Hong Kong 8 May 2000	HK\$2	100	100	100	100	Managing of tenancy agreements
Be Health Specialist Limited (a)	Hong Kong 29 July 2009	HK\$5,000,100	76	76	100	100	Provision of specialties services
Champion Line Limited (c ²)	Hong Kong 23 April 2010	HK\$100	—	—	100	100	Under deregistration
Good Standard Limited (c ³)	Hong Kong 13 August 1999	HK\$10,000	—	—	100	100	Provision of dental services
Healthvision (Asia) Limited (a)	Hong Kong 28 November 2005	HK\$1	100	100	100	100	Marketing management
Human Health Limited (a)	Hong Kong 11 September 2002	HK\$2	100	100	100	100	Holding trademarks

APPENDIX I
ACCOUNTANTS' REPORT

Company name	Place and date of incorporation/ registration and business	Issued and paid-up ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Group as of				Principal activities
			30 June			30 September	
			2013	2014	2015	2015	
Human Health Associate Limited (a ¹)	Hong Kong 11 May 2001	HK\$2	100	100	100	100	Provision of general practice services
Human Health (Greater China) Limited (a)	Hong Kong 24 September 2014	HK\$2	N/A	N/A	100	100	Investment holding
Human Health (H.K.) Limited (a)	Hong Kong 5 July 2000	HK\$2	100	100	100	100	Head office management
Human Health Medical Network Services Limited (c ⁴)	Hong Kong 26 March 2013	HK\$1	—	—	100	100	Management of global insurance agreements
Human Health Medical Services Limited (a)	Hong Kong 16 June 2003	HK\$2	100	100	100	100	Management of service agreements with doctors and dentists
Human Health International Limited (“HHI”) (b)/(d)	British Virgin Islands (“BVI”) 2 June 2011	US\$2	100	100	100	100	Investment holding
Laserdontics Limited (c ¹)	Hong Kong 22 August 2007	HK\$1	—	—	100	100	Provision of dental services
Novel Champion Limited (b)	BVI 26 May 2010	US\$200	90	90	100	100	Investment holding
Novel Leader Limited (b)	BVI 26 May 2010	US\$300	76	76	100	100	Investment holding
Novel Wiser Limited (b)	BVI 26 May 2010	US\$2	100	100	100	100	Investment holding
Perfect Life Asia Limited (c ⁴)	Hong Kong 20 June 2001	HK\$1,800	—	—	100	100	Provision of general practice service
Poly Dental Services Limited (a)	Hong Kong 23 May 2006	HK\$100	51	68	100	100	Provision of dental services
Rank Best Group Limited (b)	BVI 20 November 2012	US\$1	100	100	100	100	Investment holding

Company name	Place and date of incorporation/ registration and business	Issued and paid-up ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Group as of				Principal activities
			30 June		30 September		
			2013	2014	2015	2015	
Seto & Wan Dental Centre Limited (formerly known as Seto & Wan Dental Clinic Limited) (c ¹)	Hong Kong 22 September 1999	HK\$2	—	—	100	100	Provision of dental services
Solid Success Global Limited (b)	BVI 28 May 2014	US\$2	N/A	100	100	100	Investment holding
Win Talent Management Limited (“Win Talent”) (c ²)	Hong Kong 8 February 2011	HK\$10,000	—	—	100	100	Under deregistration
盈健企業管理諮詢 (上海)有限公司 (“Yingjian Qiye”) (e)	People’s Republic of China (“PRC”) 19 December 2014	Registered capital of HK\$22,500,000	N/A	N/A	100	100	Investment holding

Notes:

(a) The statutory financial statements for the years ended 30 June 2013 and 2014 were audited by Gary Cheng CPA Limited, and for the year ended 30 June 2015 which were audited by Ernst & Young, all of which are certified public accountants registered in Hong Kong. The statutory financial statements of A-Link Limited, Human Health Medical Services Limited and Human Health Limited for the year ended 30 June 2015 were audited by Gary Cheng CPA Limited, certified public accountant registered in Hong Kong.

a¹ The statutory financial statements for the years ended 30 June 2013 and 2014 were audited by Willis Cheng & Company. The statutory financial statements for the year ended 30 June 2015 were audited by Ernst & Young.

(b) No statutory financial statements have been prepared for these entities since their incorporations/registration as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation/registration.

(c) During the year ended 30 June 2015, the Group acquired these entities. The statutory financial statements of these entities prepared under HKFRSs were audited by the following certified public accountants registered in Hong Kong:

	Auditors	Financial year ended
c ¹	Ley Yee Chung, Danny CPA	30 June 2015
c ²	Gary Cheng CPA Limited	31 March 2015
c ³	Chan Man Sun & Co.	31 March 2015
c ⁴	Ernst & Young	30 June 2015

(d) HHI is a directly owned subsidiary of the Company. Other entities are indirectly owned by the Company.

(e) 盈健企業管理諮詢(上海)有限公司 (“Yingjian Qiye”) is a wholly-foreign-owned enterprise owned by another subsidiary, Human Health (Greater China) Limited. On 24 April 2015, Yingjian Qiye and Ping An Health Internet Holdings Limited (“Ping An Health”) which is a third party to the Group, have set up a limited company in the PRC named 平安盈健醫療管理(上海)有限公司 (“Pingan Yingjian”). Pingan Yingjian was effectively owned as to 50% by the Group and 50% by Ping An Health, and is accounted for as a joint venture of the Group. Please refer to note 20 to this report for further details.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Group Structure” to the Prospectus, the Company became the holding company of the companies now comprising the Group on 29 June 2015. The issue of shares of the Company in exchange for the equity interest in Human Health International Limited (“HHI”), which previously was the holding company of the companies now comprising the Group, resulted in the Company becoming the holding company of HHI, and effectively becoming the holding company of the Group. The companies now

comprising the Group were under the common control of Mr. Chan Kin Ping and Dr. Pang Lai Sheung, who are the controlling shareholders of the group, before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of Mr. Chan Kin Ping and Dr. Pang Lai Sheung, where this is a shorter period.

The consolidated statements of financial position of the Group as at 30 June 2013, 2014 and 2015 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 July 2015, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. The Financial Information is presented in Hong Kong dollars ("HK\$").

Basis of consolidation

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

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

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

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

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 July 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 July 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 July 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 July 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 July 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an

arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or a 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 HKFRS. 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 our 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 the end of each reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of our 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 our 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.

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 disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), 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

- (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).

Property, plant and equipment and depreciation

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

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

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

Computer	25%
Office equipment	25%
Furniture and fixture	25%
Motor vehicles	25%
Leasehold improvement	33 ⅓%

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 the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademark

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

Customer lists

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

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments. 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.

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

Subsequent measurement

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

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 income and gains in the statement of profit or loss. The loss arising from impairment is recognised in other expenses in the statement of profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the

various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

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

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

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.

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. 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.

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 item of 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 "Other expenses" in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, due to related parties, amount due to a controlling shareholder and amounts due to non-controlling shareholders.

Subsequent measurement

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

Loans and borrowings

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

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

Derecognition of financial liability

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements 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, comprising principally pharmaceutical supplies, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal. Low value pharmaceutical supplies are charged to profit and loss account directly and are not accounted for as inventories.

Cash and cash equivalents

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

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

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 finance costs 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 for the current and prior periods 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 countries in which the Group operates.

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

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, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 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) from the rendering of integrated healthcare services, when the services are rendered;
- (b) 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
- (c) dividend income, when the shareholders' right to receive payment has been established.

*Employee benefits**Pension schemes*

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted 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 the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Current tax and deferred tax

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

The carrying amounts of current tax payables and deferred tax assets are set out in the consolidated statements of financial position and note 28 to Section II of the Financial Information, respectively.

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 and residual values of property, plant and equipment, and intangible assets (other than goodwill)

The Group's management determines the useful lives, residual values and related depreciation/amortisation charges for the Group's property, plant and equipment, and intangible assets (other than goodwill). This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment, and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation/amortisation charges where useful lives or residual values are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable/amortisable lives and therefore depreciation/amortisation in the future periods. The carrying amounts of property, plant and equipment, carried as assets in the consolidated statement of financial position as at 30 June 2013, 2014, 2015 and 30 September 2015 were HK\$9,217,000, HK\$9,516,000, HK\$12,136,000 and HK\$11,055,000, respectively. The carrying amounts of intangible assets (other than goodwill) carried as assets in consolidated statement of financial position as at 30 June 2013, 2014, 2015 and 30 September 2015 were Nil, Nil, HK\$16,658,000 and HK\$16,255,000, respectively. Further details of which are set out in notes 15 and 17 to the Financial Information.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 September 2015 was HK\$31,964,000 (30 June 2015: HK\$31,964,000, 30 June 2014: Nil, 30 June 2013: Nil). Further details are given in note 16.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment allowances for trade receivables

The Group estimates the impairment allowances for trade receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, the difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which the estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

Impairment of inventories

The Group reviews an ageing analysis of its inventories at the end of each reporting period, and makes allowance if there are obsolete and slow-moving inventory items identified that are no longer suitable for use or selling. The Group also reviews the expiration of its inventory items at the end of each reporting period, and

makes allowance if there are inventory items identified that are expired. The estimated net realisable value of the Group's inventories is based primarily on the latest selling prices and current market conditions.

6. SEGMENT INFORMATION

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

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

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

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

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

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

<u>Year ended 30 June 2013</u>	General practice services	Specialties services	Dental services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:				
External sales	266,976	57,014	9,943	333,933
Intersegment sales	3,068	920	28	4,016
	<u>270,044</u>	<u>57,934</u>	<u>9,971</u>	<u>337,949</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				(4,016)
				<u>333,933</u>
Segment results	63,013	6,878	(735)	69,156
Interest income				147
Management income from group companies				360
Corporate and unallocated income				5
Corporate and unallocated expenses				<u>(26,035)</u>
Profit before tax				43,633
Income tax expense	(6,560)	(445)	—	<u>(7,005)</u>
Profit for the year				<u>36,628</u>
Segment assets	127,935	24,748	2,140	154,823
Elimination of intersegment receivables				(24,873)
Corporate and other unallocated assets				<u>12,317</u>
Total assets				<u>142,267</u>
Segment liabilities	43,981	9,164	7,161	60,306
Elimination of intersegment payables				(24,873)
Corporate and other unallocated liabilities				<u>13,063</u>
Total liabilities				<u>48,496</u>
Other segment information:				
Depreciation	2,195	3,081	251	5,527
Capital expenditure*	2,639	1,854	294	4,787

* Capital expenditure consists of additions to property, plant and equipment.

<u>Year ended 30 June 2014</u>	General practice services	Specialties services	Dental services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:				
External sales	287,387	65,391	12,468	365,246
Intersegment sales	2,990	958	36	3,984
	<u>290,377</u>	<u>66,349</u>	<u>12,504</u>	<u>369,230</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				(3,984)
				<u>365,246</u>
Segment results	69,972	9,731	(2,820)	76,883
Interest income				90
Management income from group companies				360
Corporate and unallocated income				28
Corporate and unallocated expenses				(28,000)
Profit before tax				49,361
Income tax expense	(7,939)	(665)	—	(8,604)
Profit for the year				<u>40,757</u>
Segment assets	134,408	32,587	5,626	172,621
Elimination of intersegment receivables				(32,206)
Corporate and other unallocated assets				13,715
Total assets				<u>154,130</u>
Segment liabilities	46,357	13,549	13,434	73,340
Elimination of intersegment payables				(32,206)
Corporate and other unallocated liabilities				14,948
Total liabilities				<u>56,082</u>
Other segment information:				
Depreciation	2,044	2,357	929	5,330
Capital expenditure*	3,088	651	3,224	6,963

* Capital expenditure consists of additions to property, plant and equipment.

<u>Year ended 30 June 2015</u>	General practice services	Specialties services	Dental services	Total
	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue:				
External sales	324,668	90,995	13,875	429,538
Intersegment sales	3,464	1,154	26	4,644
	<u>328,132</u>	<u>92,149</u>	<u>13,901</u>	<u>434,182</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				(4,644)
				<u>429,538</u>
Segment results	67,697	16,927	(2,799)	81,825
Interest income				79
Management income from group companies				1,491
Corporate and unallocated income				21
Corporate and unallocated expenses				(38,235)
Profit before tax				45,181
Income tax expense	(8,530)	(933)	—	(9,463)
Profit for the year				<u>35,718</u>
Segment assets	178,623	49,028	34,974	262,625
Elimination of intersegment receivables				(66,780)
Corporate and other unallocated assets				36,075
Total assets				<u>231,920</u>
Segment liabilities	105,409	29,729	3,762	138,900
Elimination of intersegment payables				(66,780)
Corporate and other unallocated liabilities				44,801
Total liabilities				<u>116,921</u>
Other segment information:				
Depreciation	2,393	2,049	1,098	5,540
Amortisation of other intangible assets	722	—	—	722
Capital expenditure*	2,821	3,977	3,008	9,806

* Capital expenditure consists of additions to property, plant and equipment, and intangible assets and property, plant and equipment from the acquisition of subsidiaries.

<u>Period ended 30 September 2014 (unaudited)</u>	General practice services	Specialties services	Dental services	Total
	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue:				
External sales	60,750	20,114	3,388	84,252
Intersegment sales	627	135	3	765
	<u>61,377</u>	<u>20,249</u>	<u>3,391</u>	<u>85,017</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				(765)
				<u>84,252</u>
Segment results	8,977	2,523	(759)	10,741
Interest income				28
Management income from group companies				90
Corporate and unallocated expenses				<u>(7,443)</u>
Profit before tax				3,416
Income tax expense	(608)	(118)	—	<u>(726)</u>
Profit for the year				<u>2,690</u>
Segment assets	146,579	35,206	4,949	186,734
Elimination of intersegment receivables				(46,302)
Corporate and other unallocated assets				18,650
Total assets				<u>159,082</u>
Segment liabilities	56,095	15,552	13,513	85,160
Elimination of intersegment payables				(46,302)
Corporate and other unallocated liabilities				19,412
Total liabilities				<u>58,270</u>
Other segment information:				
Depreciation	452	543	276	1,271
Capital expenditure*	61	1,894	4	1,959

* Capital expenditure consists of additions to property, plant and equipment.

<u>Period ended 30 September 2015</u>	General practice services	Specialties services	Dental services	Total
	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue:				
External sales	75,233	24,526	11,027	110,786
Intersegment sales	561	57	2	620
	<u>75,794</u>	<u>24,583</u>	<u>11,029</u>	<u>111,406</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				(620)
				<u>110,786</u>
Segment results	14,210	4,738	(659)	18,289
Interest income				5
Management income from group companies				420
Corporate and unallocated expenses				<u>(12,287)</u>
Profit before tax				6,427
Income tax expense	(1,327)	(437)	(94)	<u>(1,858)</u>
Profit for the year				<u>4,569</u>
Segment assets	193,944	40,894	38,501	273,339
Elimination of intersegment receivables				(104,109)
Corporate and other unallocated assets				57,593
Total assets				<u>226,823</u>
Segment liabilities	129,794	19,404	22,802	172,000
Elimination of intersegment payables				(104,109)
Corporate and other unallocated liabilities				39,364
Total liabilities				<u>107,255</u>
Other segment information:				
Depreciation	513	570	450	1,533
Amortisation of other intangible assets	403	—	—	403
Capital expenditure*	40	323	236	599

* Capital expenditure consists of additions to property, plant and equipment.

Geographical information

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

Major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for each of the Relevant Periods.

7. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of services rendered for the Relevant Periods.

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

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Revenue					
Integrated healthcare services income	333,933	365,246	429,538	84,252	110,786
Other income					
Interest income	147	90	79	28	5
Compensation from landlord for early termination of tenancy leases	1,952	—	—	—	—
Sundry income	16	130	28	2	2
Management fee income	360	360	1,491	90	420
	2,475	580	1,598	120	427
Gain on disposal of available-for-sale investment	—	—	217	—	—
	2,475	580	1,815	120	427

8. PROFIT BEFORE TAX

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

	Notes	Year ended 30 June			Three months ended 30 September	
		2013	2014	2015	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Cost of pharmaceutical supplies		31,158	33,978	38,581	6,803	9,706
Fees payable to doctors and dentists		150,582	157,840	191,658	40,988	49,290
Depreciation	15	6,155	5,936	6,082	1,410	1,645
Amortisation of other intangible assets	17	—	—	722	—	403
Loss on disposal of items of property, plant and equipment		24	13	179	3	41
Minimum lease payments under operating leases:						
Land and buildings		36,656	41,692	49,767	11,009	14,280
Auditors' remuneration		194	114	1,305	423	273
Listing expenses		—	—	7,368	—	2,583
Employee benefit expense (excluding directors' and chief executive's remuneration (note 9)):						
Wages and salaries		49,839	58,049	66,967	15,538	19,175
Pension scheme contributions		2,411	2,547	3,045	651	779
		52,250	60,596	70,012	16,189	19,954
(Reversal)/write-down of inventories to net realisable value#		—	(291)	54	(39)	419

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

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company was incorporated in the Cayman Islands on 9 June 2015. Mr. Chan Kin Ping, Dr. Pang Lai Sheung, Mr. Poon Chun Pong and Ms. Sat Chui Wan were appointed as executive directors of the Company on 9 June 2015. Mr. Chan Kin Ping was also appointed as the Chief Executive Officer of the Company on 9 June 2015. The remuneration payable to the directors for the period ended 30 September 2015 is set out below:

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK\$'000	HK\$'000	HK\$'000
For the period ended 30 September 2015			
Mr. Chan Kin Ping	450	5	455
Dr. Pang Lai Sheung	450	5	455
Ms. Sat Chui Wan	360	5	365
Mr. Poon Chun Pong	279	5	284
	<u>1,539</u>	<u>20</u>	<u>1,559</u>

Subsequent to 30 September 2015, on 27 January 2016, Dr. Lui Sun Wing, Mr. Chan Yue Kwong Michael and Mr. Sin Kar Tim were appointed as independent non-executive directors of the Company. The independent non-executive directors did not receive any remuneration from the Company or its subsidiaries during the Relevant Periods.

Certain of the Company's directors were also directors of the subsidiaries of the Group during the three years ended 30 June 2013, 2014 and 2015, and for the three months ended 30 September 2014. The respective aggregate remuneration of each of these directors as recorded in the financial statements of these subsidiaries is set out below:

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK\$'000	HK\$'000	HK\$'000
For the year ended 30 June 2013			
Mr. Chan Kin Ping	1,800	15	1,815
Dr. Pang Lai Sheung	1,800	15	1,815
	<u>3,600</u>	<u>30</u>	<u>3,630</u>
For the year ended 30 June 2014			
Mr. Chan Kin Ping	1,800	15	1,815
Dr. Pang Lai Sheung	1,800	15	1,815
	<u>3,600</u>	<u>30</u>	<u>3,630</u>
For the year ended 30 June 2015			
Mr. Chan Kin Ping	1,800	18	1,818
Dr. Pang Lai Sheung	1,800	18	1,818
	<u>3,600</u>	<u>36</u>	<u>3,636</u>
For the period ended 30 September 2014 (unaudited)			
Mr. Chan Kin Ping	450	5	455
Dr. Pang Lai Sheung	450	5	455
	<u>900</u>	<u>10</u>	<u>910</u>

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included.

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
Directors	2	2	2	2	4
Non-directors	3	3	3	3	1
Total	5	5	5	5	5

Details of the directors' remuneration are set out in note 9 above. Details of the remuneration for the Relevant Periods of the remaining highest paid employees are as follows:

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Salaries, allowances and benefits in kind	2,283	2,553	2,835	679	237
Discretionary bonuses	248	211	282	—	—
Pension scheme contributions	45	46	54	14	5
	2,576	2,810	3,171	693	242

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

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
Less than HK\$1,000,000	2	1	1	3	1
HK\$1,000,001 to HK\$2,000,000	1	2	2	—	—
	3	3	3	3	1

During the Relevant Periods, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for PRC corporate income tax for the Relevant Periods has been made as the Group's PRC subsidiary has no estimated assessable profits for the Relevant Periods.

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Current					
Charge for the year	7,288	8,991	9,645	728	2,029
Deferred (note 28)	(283)	(387)	(182)	(2)	(171)
Total tax expense for the year	<u>7,005</u>	<u>8,604</u>	<u>9,463</u>	<u>726</u>	<u>1,858</u>

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

	Year ended 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Profit before tax	43,633	49,361	45,181	3,416	6,427
Tax at the statutory tax rates of 16.5%	7,199	8,145	7,455	564	1,060
Income not subject to tax	(335)	(6)	(6)	(5)	(1)
Expenses not deductible for tax	25	20	1,263	9	464
Profits and losses attributable to a joint venture	—	—	—	—	6
Tax losses not recognised	156	525	751	162	278
Others	(40)	(80)	—	(4)	51
Tax expense at the Group's effective tax rate of 16.1%, 17.4% and 20.9%, 21.3%, 28.9%	<u>7,005</u>	<u>8,604</u>	<u>9,463</u>	<u>726</u>	<u>1,858</u>

The share of tax attributable to a joint venture amounting to HK\$6,000 for the three months ended 30 September 2015, is included in "Share of profits and losses of a joint venture" in the consolidated statement of profit or loss.

12. LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 30 June 2015 and the three months ended 30 September 2015 included a loss of HK\$7,468,000 and HK\$2,607,000, respectively which has been dealt with in the financial statements of the Company.

13. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividends paid by the subsidiaries to its then shareholders during the Relevant Periods were as follows:

	As at 30 June			Three months ended 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)	HK\$'000
Dividends	<u>24,300</u>	<u>36,800</u>	<u>49,995</u>	—	—

No rate of dividend paid or proposed is presented as such information is not meaningful having regard for the purpose of this report.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented, as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on a merger accounting basis as disclosed note in 2.1 above.

15. PROPERTY, PLANT AND EQUIPMENT

	<u>Computer</u> HK\$'000	<u>Office equipment</u> HK\$'000	<u>Furniture and fixture</u> HK\$'000	<u>Motor vehicles</u> HK\$'000	<u>Leasehold improvement</u> HK\$'000	<u>Total</u> HK\$'000
30 June 2013						
At 1 July 2012:						
Cost	2,856	8,820	1,211	1,488	18,758	33,133
Accumulated depreciation	(1,791)	(4,745)	(976)	(1,488)	(14,252)	(23,252)
Net carrying amount	<u>1,065</u>	<u>4,075</u>	<u>235</u>	<u>—</u>	<u>4,506</u>	<u>9,881</u>
At 1 July 2012, net of accumulated						
depreciation	1,065	4,075	235	—	4,506	9,881
Additions	1,362	2,119	34	665	1,406	5,586
Disposals	(55)	(37)	(3)	—	—	(95)
Depreciation provided during the year ...	(667)	(2,106)	(101)	(69)	(3,212)	(6,155)
At 30 June 2013, net of accumulated						
depreciation	<u>1,705</u>	<u>4,051</u>	<u>165</u>	<u>596</u>	<u>2,700</u>	<u>9,217</u>
At 30 June 2013:						
Cost	3,860	10,737	1,236	2,153	20,164	38,150
Accumulated depreciation	(2,155)	(6,686)	(1,071)	(1,557)	(17,464)	(28,933)
Net carrying amount	<u>1,705</u>	<u>4,051</u>	<u>165</u>	<u>596</u>	<u>2,700</u>	<u>9,217</u>
30 June 2014						
At 1 July 2013:						
Cost	3,860	10,737	1,236	2,153	20,164	38,150
Accumulated depreciation	(2,155)	(6,686)	(1,071)	(1,557)	(17,464)	(28,933)
Net carrying amount	<u>1,705</u>	<u>4,051</u>	<u>165</u>	<u>596</u>	<u>2,700</u>	<u>9,217</u>
At 1 July 2013, net of accumulated						
depreciation	1,705	4,051	165	596	2,700	9,217
Additions	925	2,514	182	—	3,663	7,284
Disposals	(106)	(127)	(92)	—	(724)	(1,049)
Depreciation provided during the year ...	(813)	(2,360)	(104)	(166)	(2,493)	(5,936)
At 30 June 2014, net of accumulated						
depreciation	<u>1,711</u>	<u>4,078</u>	<u>151</u>	<u>430</u>	<u>3,146</u>	<u>9,516</u>
At 30 June 2014:						
Cost	4,593	13,060	1,326	2,153	23,103	44,235
Accumulated depreciation	(2,882)	(8,982)	(1,175)	(1,723)	(19,957)	(34,719)
Net carrying amount	<u>1,711</u>	<u>4,078</u>	<u>151</u>	<u>430</u>	<u>3,146</u>	<u>9,516</u>

	<u>Computer</u> HK\$'000	<u>Office equipment</u> HK\$'000	<u>Furniture and fixture</u> HK\$'000	<u>Motor vehicles</u> HK\$'000	<u>Leasehold improvement</u> HK\$'000	<u>Total</u> HK\$'000
30 June 2015						
At 1 July 2014:						
Cost	4,593	13,060	1,326	2,153	23,103	44,235
Accumulated depreciation	(2,882)	(8,982)	(1,175)	(1,723)	(19,957)	(34,719)
Net carrying amount	<u>1,711</u>	<u>4,078</u>	<u>151</u>	<u>430</u>	<u>3,146</u>	<u>9,516</u>
At 1 July 2014, net of accumulated						
depreciation	1,711	4,078	151	430	3,146	9,516
Additions	753	2,992	470	—	1,467	5,682
Acquisition of subsidiaries	102	1,838	724	—	1,366	4,030
Disposals	(285)	(497)	(56)	—	(172)	(1,010)
Depreciation provided during the year ...	(754)	(2,522)	(504)	(166)	(2,136)	(6,082)
At 30 June 2015, net of accumulated						
depreciation	<u>1,527</u>	<u>5,889</u>	<u>785</u>	<u>264</u>	<u>3,671</u>	<u>12,136</u>
At 30 June 2015:						
Cost	3,670	16,214	4,925	1,718	29,591	56,118
Accumulated depreciation	(2,143)	(10,325)	(4,140)	(1,454)	(25,920)	(43,982)
Net carrying amount	<u>1,527</u>	<u>5,889</u>	<u>785</u>	<u>264</u>	<u>3,671</u>	<u>12,136</u>
30 September 2015						
At 1 July 2015:						
Cost	3,670	16,214	4,925	1,718	29,591	56,118
Accumulated depreciation	(2,143)	(10,325)	(4,140)	(1,454)	(25,920)	(43,982)
Net carrying amount	<u>1,527</u>	<u>5,889</u>	<u>785</u>	<u>264</u>	<u>3,671</u>	<u>12,136</u>
At 1 July 2015, net of accumulated						
depreciation	1,527	5,889	785	264	3,671	12,136
Additions	16	20	7	—	562	605
Acquisition of subsidiaries						
Disposals	—	(3)	—	—	(38)	(41)
Depreciation provided during the period	(194)	(705)	(154)	(42)	(550)	(1,645)
At 30 September 2015, net of accumulated depreciation						
	<u>1,349</u>	<u>5,201</u>	<u>638</u>	<u>222</u>	<u>3,645</u>	<u>11,055</u>
At 30 September 2015:						
Cost	3,663	16,170	4,932	1,718	28,946	55,429
Accumulated depreciation	(2,314)	(10,969)	(4,294)	(1,496)	(25,301)	(44,374)
Net carrying amount	<u>1,349</u>	<u>5,201</u>	<u>638</u>	<u>222</u>	<u>3,645</u>	<u>11,055</u>

16. GOODWILL

	<u>As at 30 June</u>			<u>As at 30 September</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost and net carrying amount				
At 1 July	—	—	—	31,964
Acquisition of subsidiaries (note 32)	—	—	31,964	—
At 30 June / 30 September	<u>—</u>	<u>—</u>	<u>31,964</u>	<u>31,964</u>

Impairment testing of goodwill

The carrying amount of the goodwill acquired through acquisitions of subsidiaries is allocated to the following cash-generating units:

	As at 30 June			As at
	2013	2014	2015	30 September
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
General practice services	—	—	5,897	5,897
Specialties services	—	—	2,774	2,774
Dental services	—	—	23,293	23,293
	—	—	31,964	31,964

General practice services cash-generating unit

The recoverable amount of the general practice services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.8% for the year ended 30 June 2015 and period ended 30 September 2015. The growth rate used to extrapolate the cash flows of the general practice services unit beyond the five-year period is 2%. This growth rate does not exceed the average growth rate of the healthcare industry. Senior management of the general practice services cash-generating unit believes that this growth rate is justified, given the established business model adopted by the Group. The Group has an extensive medical centre network which has enjoyed the economies of scale to obtain optimum operational efficiency.

Specialties services cash-generating unit

The recoverable amount of the specialties services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 16.8% for the year ended 30 June 2015 and period ended 30 September 2015. The growth rate used to extrapolate the cash flows of the specialties medical services unit beyond the five-year period is 2%. This growth rate does not exceed the average growth rate of the healthcare industry. Senior management of the specialist services cash-generating unit believes that this growth rate is justified, given the established business model adopted by the Group. The Group has an extensive medical centre network which has enjoyed the economies of scale to obtain optimum operational efficiency.

Dental services cash-generating unit

The recoverable amount of the dental services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14.7% for the year ended 30 June 2015 and period ended 30 September 2015. The growth rate used to extrapolate the cash flows of the dental services unit beyond the five-year period is 2%. This growth rate does not exceed the average growth rate of the healthcare industry. Senior management of the dental services cash-generating unit believes that this growth rate is justified, given the medical centre network established by the Group.

Sensitivity analysis

In the opinion of the Company's directors, even though no growth rate was projected for the general practice services cash-generating segment and specialties services cash-generating segment, it would not cause the carrying amounts of these two cash-generating units to exceed their recoverable amounts. For dental services

cash-generating segment, a decrease in the growth rate by 1% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately HK\$3.4 million and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

Key assumptions used in value in use calculation

Assumptions were used in the value in use calculation of the general practice services, specialist services and dental cash-generating units for 30 June 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Fees payable to doctors and dentists annual increment — The basis used to determine the value assigned to fees payable to the doctors and dentist increment is the forecast price indices during the budget year for Hong Kong.

Pharmaceutical supplies price inflation — The basis used to determine the value assigned to pharmaceutical supplies price inflation is the forecast price indices during the budget year in Hong Kong from where the pharmaceutical supplies are sourced.

The values assigned to the key assumptions on market development of industrial products and infrastructure industries, discount rates and raw materials price inflation are consistent with external information sources.

17. OTHER INTANGIBLE ASSETS

	<u>Trademark</u>	<u>Customer</u>	<u>Total</u>
	<u>HK\$'000</u>	<u>lists</u>	<u>HK\$'000</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
30 June 2015			
At 1 July 2014	—	—	—
Acquisition of subsidiaries (note 32)	7,600	9,780	17,380
Amortisation	(422)	(300)	(722)
At 30 June 2015, net of accumulated amortisation	<u>7,178</u>	<u>9,480</u>	<u>16,658</u>
At 30 June 2015:			
Cost	7,600	9,780	17,380
Accumulated amortisation	(422)	(300)	(722)
Net carrying amount	<u>7,178</u>	<u>9,480</u>	<u>16,658</u>
30 September 2015			
At 1 July 2015	7,178	9,480	16,658
Amortisation	(158)	(245)	(403)
At 30 September 2015, net of accumulated amortisation	<u>7,020</u>	<u>9,235</u>	<u>16,255</u>
At 30 September 2015:			
Cost	7,600	9,780	17,380
Accumulated amortisation	(580)	(545)	(1,125)
Net carrying amount	<u>7,020</u>	<u>9,235</u>	<u>16,255</u>

18. INVESTMENTS IN SUBSIDIARIES

Company	As at 30 June 2015	As at 30 September 2015
	HKS'000	HKS'000
Unlisted shares, at cost	99	99

The amounts with the subsidiaries are unsecured, interest free and have no fixed terms of repayment.

19. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HKS'000	HKS'000	HKS'000	HKS'000
Listed equity investments, at fair value:	2,798	3,118	—	—

During the years ended 30 June 2013, 2014 and 2015, the gross gain in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to HK\$230,000 HK\$320,000 and HK\$118,000, respectively. Upon the disposal of these investments during the year ended 30 June 2015, HK\$217,000 was reclassified from other comprehensive income to the statement of profit or loss for that year.

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

20. INVESTMENTS IN A JOINT VENTURE

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HKS'000	HKS'000	HKS'000	HKS'000
Share of net assets	—	—	—	3,563

Particular of the Group's joint venture is as follows:

Name	Particulars of registered shares held	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
平安盈健醫療管理 (上海) 有限公司 ("Pingan Yingjian")	RMB1 each	PRC/ Mainland China	50	40*	50	Provision of medical services

Note:

* The Group is entitled to nominate two out of five directors in Pingan Yingjian. A board resolution is passed when two-third of the votes from the directors. Accordingly, none of the joint venture partners could exercise control over Pingan Yingjian.

The following table illustrates the summarised financial information in respect of Pingan Yingjian adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	As at 30 September 2015
	HKS'000
Cash and cash equivalents	15,709
Net assets	15,709
Administrative expenses	(74)
Loss and total comprehensive loss for the period	(74)

As of 30 September 2015, the Group has paid capital investment of RMB2,955,000 (equivalent to HK\$3,563,000). Commitment on further investment in the joint venture is disclosed in note 33 to the financial statements.

21. INVENTORIES

	As at 30 June			As at
	2013	2014	2015	30 September
	HKS'000	HKS'000	HKS'000	2015
				HKS'000
Pharmaceutical supplies	<u>3,667</u>	<u>4,797</u>	<u>7,295</u>	<u>6,729</u>

22. TRADE RECEIVABLES

	As at 30 June			As at
	2013	2014	2015	30 September
	HKS'000	HKS'000	HKS'000	2015
				HKS'000
Trade receivables	<u>21,424</u>	<u>24,841</u>	<u>31,888</u>	<u>30,359</u>

Most of the patients of the medical and dental practices settle in cash. Payments by patients using medical cards or corporate customers will normally be settled within 1 to 6 months. The Group allows an average credit period of 70 days to its trade customers under other business activities. The Group seeks to maintain strict control over its outstanding receivables and has a personnel to minimise credit risk. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 30 June			As at
	2013	2014	2015	30 September
	HKS'000	HKS'000	HKS'000	2015
				HKS'000
Within 2 months	12,325	15,500	20,447	19,023
2 to 4 months	6,279	6,699	7,520	7,692
4 to 6 months	2,784	2,628	3,336	3,345
Over 6 months	36	14	585	299
	<u>21,424</u>	<u>24,841</u>	<u>31,888</u>	<u>30,359</u>

An ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	As at 30 June			As at
	2013	2014	2015	30 September
	HKS'000	HKS'000	HKS'000	2015
				HKS'000
Neither past due nor impaired	19,165	22,153	28,753	25,243
Less than 1 month past due	1,019	1,564	844	716
1 to 3 months past due	1,240	1,124	2,291	4,400
	<u>21,424</u>	<u>24,841</u>	<u>31,888</u>	<u>30,359</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company 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.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Prepayments	612	603	3,714	4,634
Deposits	10,969	11,615	14,053	20,176
Other receivables	251	514	369	205
Less: deposits collectable beyond one year which classified as long term assets	(7,554)	(7,040)	(4,941)	(6,940)
	<u>4,278</u>	<u>5,692</u>	<u>13,195</u>	<u>18,075</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

As at 30 June 2015 and 30 September 2015, included in the prepayments were amounts of HK\$2,456,087 and HK\$3,317,110 respectively represented prepaid listing expenses which will be capitalised as share capital upon public offering.

24. CASH AND CASH EQUIVALENTS

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	69,164	77,216	93,982	90,883
Time deposits with maturity less than three months	19,162	14,200	15,266	5,695
	<u>88,326</u>	<u>91,416</u>	<u>109,248</u>	<u>96,578</u>
Cash and cash equivalents denominated in:				
HK\$	<u>88,326</u>	<u>91,416</u>	<u>109,248</u>	<u>96,578</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

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

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 month	9,109	11,302	17,033	12,305
1 to 3 months	5,156	4,141	7,564	4,903
Over 3 months	2,705	3,625	3,768	4,096
	<u>16,970</u>	<u>19,068</u>	<u>28,365</u>	<u>21,304</u>

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

26. OTHER PAYABLES AND ACCRUALS

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other payables	6,093	6,069	12,014	12,822
Accruals	5,598	6,762	12,201	11,062
	<u>11,691</u>	<u>12,831</u>	<u>24,215</u>	<u>23,884</u>

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

27. BALANCES WITH A CONTROLLING SHAREHOLDER/NON-CONTROLLING SHAREHOLDERS

An analysis of the balances with a director and non-controlling shareholders as follows:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts due to a controlling shareholder				
Mr. Chan Kin Ping	<u>4,455</u>	<u>8,876</u>	<u>—</u>	<u>—</u>
Amounts due to non-controlling shareholders				
Dr. Seto Siu Keung	1,470	1,760	—	—
Dr. Lau Wai Man	<u>1,470</u>	<u>1,760</u>	<u>—</u>	<u>—</u>
	<u>2,940</u>	<u>3,520</u>	<u>—</u>	<u>—</u>

The balances with the controlling shareholder and non-controlling shareholders represented advances to the group companies which were non-trade in nature, unsecured, interest-free and repayable on demand. All of these balances had been waived through shareholders' contribution during the year ended 30 June 2015.

28. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax liabilities

	Accelerated depreciation allowance	Business combination	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 July 2012	111	—	111
Charged to profit or loss during the year (note 11)	<u>21</u>	<u>—</u>	<u>21</u>
At 30 June 2013 and 1 July 2013	132	—	132
Credited to profit or loss during the year (note 11)	<u>(53)</u>	<u>—</u>	<u>(53)</u>
At 30 June 2014 and 1 July 2014	79	—	79
Acquisition of subsidiaries	—	2,868	2,868
Credited to profit or loss during the year (note 11)	<u>(45)</u>	<u>(119)</u>	<u>(164)</u>
At 30 June 2015	34	2,749	2,783
Charged/(Credited) to profit or loss during the period (note 11)	<u>81</u>	<u>(67)</u>	<u>14</u>
At 30 September 2015	<u>115</u>	<u>2,682</u>	<u>2,797</u>

Deferred tax assets

	Depreciation in excess of depreciation allowance	Losses available for offsetting against future taxable profits	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 July 2012	965	—	965
Credited to profit or loss during the year (note 11)	304	—	304
At 30 June 2013 and 1 July 2013	1,269	—	1,269
Credited to profit or loss during the year (note 11)	334	—	334
At 30 June 2014 and 1 July 2014	1,603	—	1,603
Acquisition of subsidiaries	289	—	289
Credited to profit or loss during the year (note 11)	18	—	18
At 30 June 2015	1,910	—	1,910
Credited to profit or loss during the period (note 11)	7	178	185
At 30 September 2015	1,917	178	2,095

The Group has tax losses arising in Hong Kong of HK\$533,000, HK\$3,718,000, HK\$8,267,000 and HK\$9,953,000 as at 30 June 2013, 2014 and 2015 and 30 September 2015 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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.

29. SHARE CAPITAL

	As at 30 June 2015	As at 30 September 2015
	HK\$'000	HK\$'000
Shares		
Issued and fully paid:		
266,000,000 ordinary shares	61,236	61,236

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000
At 1 July 2014		
Issue of shares upon Reorganisation	245,588,000	—
Acquisition of subsidiaries (note 32)	4,600,000	13,800
Acquisition of non-controlling interests (note 31)	15,812,000	47,436
At 30 June 2015, 30 September 2015 and at date of this report	266,000,000	61,236

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

The Company is a limited liability company incorporated in the Cayman Islands on 9 June 2015 with an initial share capital of HK\$100,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.01 each.

As part of the Reorganisation, 245,588,000 of the Company's ordinary shares were issued to the controlling shareholders in exchange with the shares in Human Health International Limited, the then holding company of the companies now comprising the Group.

In addition, as further detailed in the section heading "Share Capital" of this prospectus, an additional 7,320,000 ordinary shares of HK\$0.01 each will be issued to the existing shareholders ranking pari passu at nil consideration pursuant to the capitalisation issue ("Capitalisation Issue"). As the Capitalisation Issue had not been effected at the date of this report, such movement of the Company's share capital is not reflected in this note.

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for each reporting period during the Relevant Periods are presented in the consolidated statements of changes in equity.

(b) Company

	<u>Merger reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	HK\$'000	HK\$'000	HK\$'000
At 9 June 2015 (date of incorporation)	—	—	—
Reorganisation (note 1)	99	—	99
Loss for the year	—	(7,468)	(7,468)
At 30 June 2015 and 1 July 2015	99	(7,468)	(7,369)
Loss for the period	—	(2,607)	(2,607)
At 30 September 2015	99	(10,075)	(9,976)

31. PARTLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	<u>As at 30 June</u>			<u>As at</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>30 September</u>
				<u>2015</u>
Percentage of equity interest held by non-controlling interests:				
Novel Champion Limited and its subsidiaries	10%	10%	—	—
Novel Leader Limited and its subsidiaries	24%	24%	—	—
Poly Dental Services Limited and its subsidiaries	49%	32%	—	—

	<u>Year ended</u>			<u>Period ended</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>30 September</u>
	HK\$'000	HK\$'000	HK\$'000	2015
				HK\$'000
Profit/(loss) for the year and comprehensive income allocated to non-controlling interests:				
Novel Champion Limited and its subsidiaries	2,359	2,171	2,298	—
Novel Leader Limited and its subsidiaries	547	829	1,111	—
Poly Dental Services Limited and its subsidiaries	(348)	(959)	(890)	—
Perfect Life Asia Limited and its subsidiaries*	—	—	(540)	—
	<u>2,558</u>	<u>2,041</u>	<u>1,979</u>	<u>—</u>

* The Group acquired 60% equity interest in Perfect Life Asia Limited on 20 November 2014. Upon acquisition, 40% of non-controlling interest was recognised. On 29 June 2015, the Group acquired the remaining 40% equity interest in Perfect Life Asia Limited, thereafter Perfect Life Asia Limited became a wholly-owned subsidiary of the Group.

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Dividend paid to non-controlling shareholders of:				
Novel Champion Limited	1,380	1,380	—	—

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accumulated balances of non-controlling interests at the reporting dates:				
Novel Champion Limited and its subsidiaries	6,876	7,668	—	—
Novel Leader Limited and its subsidiaries	3,746	4,575	—	—
Poly Dental Services Limited and its subsidiaries	(2,460)	(2,499)	—	—
	<u>8,162</u>	<u>9,744</u>	<u>—</u>	<u>—</u>

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Year ended 30 June 2013

	Novel Champion Limited and its subsidiaries	Novel Leader Limited and its subsidiaries	Poly Dental Services Limited and its subsidiaries
	HK\$'000	HK\$'000	HK\$'000
Revenue	164,460	57,934	9,971
Total expenses	(141,098)	(55,657)	(10,680)
Profit/(loss) for the year	23,362	2,277	(709)
Total comprehensive income for the year	<u>23,593</u>	<u>2,277</u>	<u>(709)</u>
Current assets	74,448	20,502	1,680
Non-current assets	8,528	4,270	460
Current liabilities	(14,209)	(9,163)	(7,162)
Non-current liabilities	—	—	—
Net cash flows from/(used in) operating activities	25,608	2,632	(527)
Net cash flows from/(used in) investing activities	(3,416)	1,258	(17)
Net cash flows used in financing activities	(15,541)	(608)	—
Net increase/(decrease) in cash and cash equivalents	<u>6,651</u>	<u>3,282</u>	<u>(544)</u>

Year ended 30 June 2014

	Novel Champion Limited and its subsidiaries	Novel Leader Limited and its subsidiaries	Poly Dental Services Limited and its subsidiaries
	HK\$'000	HK\$'000	HK\$'000
Revenue	153,807	66,349	12,504
Total expenses	(132,420)	(62,895)	(15,292)
Profit/(loss) for the year	21,387	3,454	(2,788)
Total comprehensive income for the year	<u>21,707</u>	<u>3,454</u>	<u>(2,788)</u>
Current assets	80,792	28,711	2,665
Non-current assets	8,151	3,901	2,961
Current liabilities	(12,269)	(13,549)	(13,435)
Non-current liabilities	<u>—</u>	<u>—</u>	<u>—</u>
Net cash flows from operating activities	20,656	1,988	3,351
Net cash flows from/(used in) investing activities	2,360	(1,390)	(2,294)
Net cash flows from/(used in) financing activities	(14,058)	3,282	—
Net increase in cash and cash equivalents	<u>8,958</u>	<u>3,880</u>	<u>1,057</u>

Year ended 30 June 2015

	Novel Champion Limited and its subsidiaries	Novel Leader Limited and its subsidiaries	Poly Dental Services Limited and its subsidiaries
	HK\$'000	HK\$'000	HK\$'000
Revenue	155,093	88,981	13,901
Total expenses	(131,996)	(84,352)	(16,681)
Profit/(loss) for the year	23,097	4,629	(2,780)
Total comprehensive income for the year	<u>22,979</u>	<u>4,629</u>	<u>(2,780)</u>
Current assets	112,275	44,459	2,166
Non-current assets	3,221	4,569	32,808
Current liabilities	(44,843)	(29,730)	(34,651)
Non-current liabilities	<u>—</u>	<u>—</u>	<u>(871)</u>
Net cash flows from/(used in) operating activities	24,815	5,389	(2,354)
Net cash flows from/(used in) investing activities	(45,130)	(2,257)	923
Net cash flows from financing activities	—	9,989	—
Net increase/(decrease) in cash and cash equivalents	<u>(20,315)</u>	<u>13,121</u>	<u>(1,431)</u>

During the year ended 30 June 2015, as part of the Reorganisation, the Group undertook equity transactions to acquire non-controlling interests (NCI) in its partly owned subsidiaries. The acquisition of NCI was completed on 29 June 2015. The details of which are as follows:

<u>Name of subsidiaries</u>	<u>Respective net carrying value as of acquisition date</u>	<u>Consideration</u>	<u>Difference between the consideration and the respective carrying amount</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Novel Champion Limited	7,065	15,084 ⁽ⁱ⁾	8,019
Novel Leader Limited	5,040	15,312 ⁽ⁱⁱ⁾	10,272
Poly Dental Services Limited	132	960 ⁽ⁱⁱⁱ⁾	828
Perfect Life Asia Limited	5,760	16,080 ^(iv)	10,320
	<u>17,997</u>	<u>47,436</u>	<u>29,439</u>

- (i) The consideration was settled by the issue of an aggregate of 5,028,000 Company's ordinary shares to each of the non-controlling shareholders who are independent third parties, respectively.
- (ii) The consideration was settled by the issue of an aggregate of 5,104,000 Company's ordinary shares to each of the non-controlling shareholders who are independent third parties, respectively.
- (iii) The consideration was settled by the issue of an aggregate 320,000 Company's ordinary shares to two non-controlling shareholders. These two non-controlling shareholders are directors of certain subsidiaries of the Group.
- (iv) On 29 June 2015, the Group entered into a sale and purchase agreement with its non-controlling shareholder, to acquire the remaining 40% equity interest in Perfect Life Asia Limited at an aggregated consideration of HK\$16,080,000, which was settled by the issue of 5,360,000 of the Company's ordinary shares. This non-controlling shareholder is also a director of Perfect Life Asia Limited.

The difference between the consideration for the acquisition of the non-controlling interest and the respective carrying value had been debited to the reserves of the Group.

32. BUSINESS COMBINATION

During the year ended 30 June 2015, the Group undertook various acquisitions in order to broaden the Group's market presence and to provide more synergy to the Group to undertake its integrated services to its customers. The details of the significant acquisitions are set out below:

(1) Acquisition of Perfect Life Asia Limited

On 20 November 2014, the Group entered into a sale and purchase agreement with an independent third party, to acquire 60% equity interest in Perfect Life Asia Limited ("PLA") at an aggregated consideration of HK\$18,600,000. PLA was engaged in provision of general practice and specialties services in Hong Kong. The acquisition was made as part of the Group's strategy to increase the market share in the healthcare service industry in Hong Kong.

The fair values of the identifiable assets and liabilities of PLA and its subsidiaries as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK\$'000
Property, plant and equipment	1,626
Other intangible assets	12,100
Inventories	3,020
Trade receivables	4,303
Prepayments, deposits and other receivables	4,231
Cash and cash equivalents	4,210
Trade payables	(4,054)
Other payables and accruals	(6,329)
Deferred tax liabilities	(1,997)
Tax payable	(562)
Total identifiable net assets at fair value	16,548
Non-controlling interests	(6,619)
	9,929
Goodwill on acquisition	8,671
Satisfied by cash	<u>18,600</u>

An analysis of the cash flows in respect of the acquisition of PLA and its subsidiaries is as follows:

	HK\$'000
Cash paid	18,600
Cash and cash equivalents acquired	(4,210)
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>14,390</u>

Since the acquisition, PLA contributed HK\$ 44,630,000 to the Group's revenue and profit of HK\$ 231,000 to the consolidated profit for the year ended 30 June 2015.

Had the acquisition taken place at the beginning of the year ended 30 June 2015, the revenue and profit of the Group for the year ended 30 June 2015 would have been HK\$458,690,000 and HK\$ 36,655,000, respectively.

(2) Acquisition of Good Standard Limited ("Good Standard")

On 29 June 2015, the Group entered into a sale and purchase agreement with a director of one of the subsidiaries of the Group, to acquire 100% equity interest in Good Standard at an aggregated consideration of HK\$10,800,000. The consideration was satisfied by cash of HK\$5,400,000 and the issue of 1,800,000 of the Company's ordinary shares. Good Standard is engaged in provision of dental services in Hong Kong. The acquisition was made as part of the Group's strategy to increase the market share in dental service industry in Hong Kong.

The fair values of the identifiable assets and liabilities of Good Standard as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK\$'000
Property, plant and equipment	1,114
Other intangible assets	1,240
Trade receivables	54
Prepayments, deposits and other receivables	153
Cash and cash equivalents	123
Trade payables	(38)
Deferred tax liabilities	(204)
Other payables and accruals	(19)
Total identifiable net assets at fair value	<u>2,423</u>
Goodwill on acquisition	<u>8,377</u>
Total consideration	<u>10,800</u>
Satisfied by:	
Cash consideration	5,400
Issue of shares	<u>5,400</u>
	<u>10,800</u>

An analysis of the cash flows in respect of the acquisition of Good Standard is as follows:

	HK\$'000
Cash paid	5,400
Cash and cash equivalents acquired	<u>(123)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>5,277</u>

Since the acquisition, Good Standard did not contribute any amounts to the Group's revenue and consolidated profit for the year ended 30 June 2015.

Had the acquisition taken place at the beginning of the year ended 30 June 2015, the revenue and profit of the Group for the year ended 30 June 2015 would have been HK\$438,269,000 and HK\$ 40,439,000, respectively.

(3) Acquisition of Laserdontics Limited ("Laserdontics")

On 29 June 2015, the Group entered into a sale and purchase agreement with a director of one of the subsidiaries of the Group, to acquire 100% equity interest in Laserdontics at an aggregated consideration of HK\$12,000,000. The consideration was satisfied by cash of HK\$6,000,000 and the issue of 2,000,000 of the Company's ordinary shares (the "Laserdontics Acquisition"). Laserdontics is engaged in provision of dental services in Hong Kong. The acquisition was made as part of the Group's strategy to increase the market share in dental service industry in Hong Kong.

The fair values of the identifiable assets and liabilities of Laserdontics as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK\$'000
Property, plant and equipment	1,285
Other intangible assets	2,160
Other receivables	202
Other payables and accruals	(15)
Deferred tax liabilities	(357)
Total identifiable net assets at fair value	<u>3,275</u>
Goodwill on acquisition	<u>8,725</u>
Total consideration	<u>12,000</u>
Satisfied by:	
Cash consideration	6,000
Issue of shares	<u>6,000</u>
	<u>12,000</u>

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

	HK\$'000
Cash paid	6,000
Cash and cash equivalents acquired	<u>—</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>6,000</u>

Since the acquisition, Laserdontics did not contribute any amounts to the Group's revenue and consolidated profit for the year ended 30 June 2015.

Had the acquisition taken place at the beginning of the year ended 30 June 2015, the revenue and profit of the Group for the year ended 30 June 2015 would have been HK\$437,138,000 and HK\$36,744,000, respectively.

(4) Seto & Wan Dental Clinic Limited ("Seto & Wan")

On 29 June 2015, the Group entered into a sale and purchase agreement with a director of one of the subsidiaries of the Group, to acquire 100% equity interest in Seto & Wan at an aggregated consideration of HK\$8,000,000. The consideration was satisfied by cash of HK\$5,600,000 and the issue of 800,000 of the Company's ordinary shares (the "Seto & Wan Acquisition"). Seto & Wan is engaged in provision of dental services in Hong Kong. The acquisition was made as part of the Group's strategy to increase the market share in dental service industry in Hong Kong.

The fair values of the identifiable assets and liabilities of Seto & Wan as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK\$'000
Property, plant and equipment	5
Other Intangible assets	1,880
Other receivables	242
Cash and cash equivalents	7
Other payables and accruals	(15)
Deferred tax liabilities	(310)
Total identifiable net assets at fair value	1,809
Goodwill on acquisition	6,191
Total consideration	<u>8,000</u>
Satisfied by:	
Cash consideration	5,600
Issue of shares	2,400
	<u>8,000</u>

An analysis of the cash flows in respect of the acquisition of Seto & Wan is as follows:

	HK\$'000
Cash paid	5,600
Cash and cash equivalents acquired	(7)
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>5,593</u>

Since the acquisition, Seto & Wan did not contribute any amounts to the Group's revenue and consolidated profit for the year ended 30 June 2015.

Had the acquisition taken place at the beginning of the year ended 30 June 2015, the revenue and profit of the Group for the year ended 30 June 2015 would have been HK\$438,509,000 and HK\$36,278,000, respectively.

33. OPERATING LEASE ARRANGEMENTS AND CAPITAL COMMITMENT

Operating lease arrangement

As lessee

The Group leases certain of its medical centres and office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the end of each reporting period during the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	34,115	41,503	42,952	35,990
In the second to fifth years, inclusive	26,360	32,550	23,554	17,755
	<u>60,475</u>	<u>74,053</u>	<u>66,506</u>	<u>53,745</u>

Capital commitment

	As at 30 June			As at
	2013	2014	2015	30 September
	HK\$'000	HK\$'000	HK\$'000	2015
Capital commitment	—	—	22,500	17,745

The capital commitment represented capital contribution payable to a joint venture incorporated in the PRC.

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the report, the Group had the following transactions with related parties.

(a) Transactions with related parties

	Relationship	Nature	Year ended 30 June			Three months ended	
			2013	2014	2015	2014	2015
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
							(Unaudited)
Max Health Chinese Medicine Limited (formerly known as Human Health Medicine Limited)	(1)						
Management fee income		(i)	120	120	120	30	30
Rental income		(ii)	—	—	240	60	—
Impact Medical Imaging Centre Company Limited	(2)						
Management fee income		(i)	120	120	837	30	240
Laboratory income		(iii)	520	687	527	192	—
Investigation service income		(iv)	30	30	48	10	2
Laboratory expenses		(v)	(1,188)	(1,962)	(1,767)	(410)	(230)
We Health Medical Diagnostic Limited ...	(2)						
Management fee income		(i)	120	120	534	30	150
Laboratory income		(iii)	689	481	323	120	—
Investigation service income		(iv)	1,015	1,374	1,497	394	164
Laboratory expenses		(v)	(1,636)	(1,987)	(3,425)	(861)	(862)
Maxland Limited	(2)						
Rental expense		(vi)	(2,256)	(2,256)	(2,472)	(618)	(651)
Good Standard Limited (“Good Standard”)	(3)						
Purchase of dental accessories		(vii)	(149)	(80)	(118)	(31)	—
Laserdontics Limited (“Laserdontics”) ...	(4)						
Purchase of dental accessories		(vii)	(51)	(122)	(52)	(13)	—
Seto & Wan Dental Centre Limited (formerly known as Seto & Wan Dental Clinic Limited) (“Seto & Wan”)	(4)						
Medical service income		(viii)	1,243	777	365	135	—
Fees payable to doctors and dentists who are related parties	(5)	(ix)	26,006	26,116	35,607	7,443	11,491
Prime Asia Limited	(6)						
Service fee income		(x)	—	—	10	—	3

Nature of transactions

- (i) The management fee income was received from these related parties for the provision of general administrative and accounting services thereto by the Group. During the year ended 30 June 2013 and 2014, a mutually agreed charge of HK\$10,000 per month was recorded. Since 1 July 2014, the fee has been charged based on an allocation of the headquarter expenses incurred by the Group to these related parties based on a revenue-allocation basis.
- (ii) Rental income was received from this related party for the lease of a medical centre at HK\$20,000 per month during the year ended 30 June 2015 and the three months ended 30 September 2014, which approximated to market rate.
- (iii) The laboratory service income received from these related parties arose from laboratory expenses paid by the Group on behalf of these related parties.
- (iv) The investigation service income received from these related parties arose from services provided by the Group's doctors to these related parties for professional services relating to patients health investigation. These fees were made according to prices agreed by the parties.
- (v) The laboratory expenses paid to these related parties were made according to prices comparable to other suppliers.
- (vi) Rental expense was charged by this related party for the lease of two medical centres at total amount of HK\$188,000 per month during the year ended 30 June 2013 and 2014, at total amount of HK\$206,000 per month during the year ended 30 June 2015, and at total amount of HK\$217,000 per month for the period ended September 2015, on a mutually agreed basis, which approximated to market rates.
- (vii) Purchases of accessories from these related parties were made according to the prices comparable to market prices.
- (viii) The medical service income received from this related party arose from services provided by the Group's dentists to this related party for professional services. These fees were made according to prices agreed by the parties.
- (ix) Fees represented the professional fee payable to these doctors and dentists for their professional services rendered to the Group. The fees were determined based on the terms as set out in the respective service contracts entered into by the parties and at a rate considered by the directors to be the market rate.
- (x) Service fee income received from this related party represented medical services provided to the staff of this related party pursuant a corporate medical agreement entered into between parties. The terms offered to this related party are comparable to the ones offered to other external customers.

Relationship of related parties

- (1) Mr. Chan Kin Ping, a controlling shareholder of the Company, was the beneficial shareholder of this related party.
- (2) Mr. Chan Kin Ping and Dr. Pang Lai Sheung, controller shareholders of the Company, have beneficial interests in these related parties.
- (3) A director of one of the Group's subsidiaries was the beneficial shareholder of this related party.
- (4) Another director of one of the Group's subsidiaries was the beneficial shareholder of these related parties.

(5) These doctors and dentists are also directors of certain subsidiaries of the Group or senior management of the Group.

(6) One of the subsidiaries' director is also the beneficial shareholder of this related party.

(b) Outstanding balances with related parties

	Notes	Year ended 30 June			As at
		2013	2014	2015	30 September
		HK\$'000	HK\$'000	HK\$'000	2015
					HK\$'000
Due from related parties					
Max Health Medicine Limited (formerly known as Human Health Medicine Limited)	(i)	70	243	14	45
Premier Specialist Medical Network Services Limited	(i)	—	3	—	—
Max Health Global Limited (Formerly known as Human Health International Limited)	(i)	30	116	—	—
Maxland Limited		—	—	—	5
Asia China Healthcare Limited	(i)	10	10	—	—
Impact Medical Imaging Centre Company Limited	(i)	237	448	188	568
We Health Medical Diagnostic Limited	(i)	2,866	4,163	960	1,453
We Health International Limited	(i)	—	—	1	—
Seto & Wan Dental Clinic Limited	(ii)	209	94	—	—
Prime Asia Limited	(iii)	—	—	211	211
Perfect Life Specialists Care Limited	(iii)	—	—	356	—
		<u>3,422</u>	<u>5,077</u>	<u>1,730</u>	<u>2,282</u>
Due to related parties					
Max Health Medicine Limited (formerly known as Human Health Medicine Limited)	(i)	—	6	1	1
Max Health Global Limited (Formerly known as Human Health International Limited)	(i)	2	2	—	—
Impact Medical Imaging Centre Company Limited	(i)	236	225	220	445
We Health Medical Diagnostic Limited	(i)	271	476	420	1,203
Dr. Choi Tat Fai Richard	(iv)	—	—	1,361	1,361
Capital Joy Development Limited	(iii)	—	—	303	—
		<u>509</u>	<u>709</u>	<u>2,305</u>	<u>3,010</u>

(i) These related parties are beneficially owned by the controlling shareholders of the Group.

(ii) A director of one of the Group's subsidiaries is the beneficiary shareholder of this related party.

(iii) Another director of one of the Group's subsidiaries. is the beneficial shareholder or has exercised controls of these related parties.

(iv) Dr. Choi Tat Fai Richard is also a director of certain of the Group's subsidiaries.

Balances with these related parties arose from normal courses of business which are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group

	Year ended 30 June			As at 30 September	
	2013	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Salaries, allowances and benefits in kind	5,623	5,785	6,010	1,430	1,539
Pension scheme contributions	60	61	72	18	20
	<u>5,683</u>	<u>5,846</u>	<u>6,082</u>	<u>1,448</u>	<u>1,559</u>

Further details of Directors' and chief executive's emoluments are included in notes 9 and 10 to the Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period during the Relevant Periods are as follows:

Financial assets

As at 30 June 2013

	Loans and receivables	Available- for-sale investments	Total
	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments	—	2,798	2,798
Financial assets included in prepayments, deposits and other receivables	11,220	—	11,220
Trade receivables	21,424	—	21,424
Due from related parties	3,422	—	3,422
Cash and cash equivalents	88,326	—	88,326
	<u>124,392</u>	<u>2,798</u>	<u>127,190</u>

As at 30 June 2014

	Loans and receivables	Available- for-sale investments	Total
	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments	—	3,118	3,118
Financial assets included in prepayments, deposits and other receivables	12,129	—	12,129
Trade receivables	24,841	—	24,841
Due from related parties	5,077	—	5,077
Cash and cash equivalents	91,416	—	91,416
	<u>133,463</u>	<u>3,118</u>	<u>136,581</u>

As at 30 June 2015

	Loans and receivables
	HK\$'000
Financial assets included in prepayments, deposits and other receivables	14,422
Trade receivables	31,888
Due from related parties	1,730
Cash and cash equivalents	109,248
	<u>157,288</u>

As at 30 September 2015

	Loans and receivables
	HK\$'000
Financial assets included in prepayments, deposits and other receivables	20,381
Trade receivables	30,359
Due from related parties	2,282
Cash and cash equivalents	96,578
	<u>149,600</u>

Financial liabilities

	Financial liabilities at amortised cost			As at
	As at 30 June			30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial liabilities included in other payables and accruals	1,124	721	7,232	6,498
Trade payables	16,970	19,068	28,365	21,304
Due to a controlling shareholder	4,455	8,876	—	—
Due to non-controlling shareholders	2,940	3,520	—	—
Due to related parties	509	709	2,305	3,010
	<u>25,998</u>	<u>32,894</u>	<u>37,902</u>	<u>30,812</u>

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

During the Relevant Periods, the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets

As at 30 June 2013

	Carrying amount	Fair value
	HK\$'000	HK\$'000
Deposits, non-current portion	7,554	7,554
Available-for-sale investments	2,798	2,798
	<u>10,352</u>	<u>10,352</u>

As at 30 June 2014

	Carrying amount	Fair value
	HK\$'000	HK\$'000
Deposits, non-current portion	7,040	7,040
Available-for-sale investments	3,118	3,118
	<u>10,158</u>	<u>10,158</u>

As at 30 June 2015

	Carrying amount	Fair value
	HK\$'000	HK\$'000
Deposits, non-current portion	4,941	4,941

As at 30 September 2015

	<u>Carrying amount</u>	<u>Fair value</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
Deposits, non-current portion	6,940	6,940

Management has assessed that the fair values of the prepayments, current portion of deposits, other receivables, trade receivables, amounts due from and to directors, amounts due from and to related parties, cash and cash equivalents, trade payables, other payables, amounts due to a controlling shareholder and amounts due to non-controlling shareholders approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement is categorised within Level 3 of the fair value hierarchy.

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2013

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Available-for-sale investments	2,798	—	—	2,798

As at 30 June 2014

	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices in active markets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>	
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
Available-for-sale investments	3,118	—	—	3,118

As at 30 June 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments	—	—	—	—

As at 30 September 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Available-for-sale investments	—	—	—	—

The Group did not have any financial liabilities measured at fair value as at the end of each reporting period during the Relevant Periods.

During the Relevant Periods, there was no transfer of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3 for both financial assets and financial liabilities.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the Financial Information.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, bills receivable, financial assets included in other receivables, and amounts due from related parties, the Group's exposure to the credit risk arises from the default of the counterparties, with a maximum exposure equal to the carrying amounts of these financial assets in the consolidated statements of financial position.

Liquidity risk

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of each reporting period during the Relevant Periods based on the contractual undiscounted payments is as follows:

	<u>On demand</u>	<u>Less than 3 months</u>	<u>3 to less than 12 months</u>	<u>Total</u>
	HKS'000	HKS'000	HKS'000	HKS'000
As at 30 June 2013				
Financial liabilities included in other payables and accruals	—	1,124	—	1,124
Trade payables	—	14,265	2,705	16,970
Due to a controlling shareholder	4,455	—	—	4,455
Due to non-controlling shareholders	2,940	—	—	2,940
Due to related parties	509	—	—	509
	<u>7,904</u>	<u>15,389</u>	<u>2,705</u>	<u>25,998</u>
As at 30 June 2014				
Financial liabilities included in other payables and accruals	—	721	—	721
Trade payables	—	15,443	3,625	19,068
Due to a controlling shareholder	8,876	—	—	8,876
Due to related parties	709	—	—	709
	<u>9,585</u>	<u>16,164</u>	<u>3,625</u>	<u>29,374</u>
As at 30 June 2015				
Financial liabilities included in other payables and accruals	—	7,232	—	7,232
Trade payables	—	24,640	3,768	28,408
Due to related parties	2,305	—	—	2,305
	<u>2,305</u>	<u>31,872</u>	<u>3,768</u>	<u>37,945</u>
As at 30 September 2015				
Financial liabilities included in other payables and accruals	—	6,498	—	6,498
Trade payables	—	17,208	4,096	21,304
Due to related companies	3,010	—	—	3,010
	<u>3,010</u>	<u>23,706</u>	<u>4,096</u>	<u>30,812</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes trade payables, other payables and accruals, amounts due to the related companies, amounts due to a controlling shareholder, amounts due to non-controlling shareholders and dividend payable, less cash and cash equivalents. Total capital represents equity attributable to the owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 30 June			As at 30 September
	2013	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	16,970	19,068	28,365	21,304
Other payables and accruals	11,691	12,831	24,215	23,884
Dividend payable	4,500	5,000	49,995	45,000
Due to related parties	509	709	2,305	3,010
Due to a controlling shareholder	4,455	8,876	—	—
Due to non-controlling shareholders	2,940	3,520	—	—
Less: Cash and cash equivalents	(88,326)	(91,416)	(109,248)	(96,578)
Net debt	(47,261)	(41,412)	(4,368)	(3,380)
Equity attributable to owners of the parent	85,609	88,304	53,763	58,332
Capital and net debt	38,348	46,892	49,395	54,952
Gearing ratio	(123%)	(88%)	(9%)	(6%)

38. EVENTS AFTER THE RELEVANT PERIODS

The Group has no material events occurred after the Relevant Periods.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2015.

Yours faithfully,
Ernst & Young
Certified Public Accountants
 Hong Kong

The information set out in this appendix was prepared in accordance with paragraph 4.29 of the Listing Rules and is for information purposes only and does not form part of the Accountants' Report prepared by the Reporting Accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus.

The unaudited pro forma financial information should be read in conjunction with the sectioned headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is the unaudited pro forma adjusted consolidated net tangible assets of the Group prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 30 September 2015. This unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as at 30 September 2015 or any future dates. It is prepared based on the consolidated net tangible assets as at 30 September 2015 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of the Company as at 30 September 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)
Based on an Offer Price of HK\$1.32 per Share	71,349	73,918	145,267	0.42
Based on an Offer Price of HK\$1.51 per Share	<u>71,349</u>	<u>88,487</u>	<u>159,836</u>	<u>0.46</u>

Notes:

- (1) The consolidated net tangible assets attributable to the owners of our Company as at 30 September 2015 is arrived at after deducting goodwill and other intangible assets of HK\$31,964,000 and HK\$16,255,000, respectively, from the audited consolidated net assets of HK\$119,568,000 attributable to the owners of the Company as at 30 September 2015, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$1.32 per Share (being the minimum Offer Price) and HK\$1.51 per Share (being the maximum Offer Price) after deduction of the estimated underwriting fees and other listing expenses payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments described in note (2) above and on the basis that 350,000,000 Shares are in issue, assuming that the Capitalisation Issue and Global Offering had been completed on 30 September 2015 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2015.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

22/F, CITIC Tower,
1 Tim Mei Avenue,
Central,
Hong Kong

To the Directors of Human Health Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Human Health Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets of the Group as at 30 September 2015, and related notes as set out in section A of this appendix on page II-1 of the Prospectus of the Company dated 17 March 2016 (the “Prospectus”) issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in section A of this Appendix on page II-1.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group’s financial position as at 30 September 2015 as if the transaction had taken place at 30 September 2015. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for three months ended 30 September 2015, on which an accountants’ report has been published.

Directors’ responsibility for the pro forma financial information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any

reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

17 March 2016

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 9 June 2015 under the Companies Law. The Memorandum of Association (the “**Memorandum**”) and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles of Association were conditionally adopted on 17 February 2016, with effect from listing. The following is a summary of certain provisions of the Articles of Association:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles of Association) and the Memorandum and Articles of Association, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles of Association and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles of Association) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND
CAYMAN ISLANDS COMPANY LAW**

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles of Association relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles of Association or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles of Association, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors.

(v) Financial assistance to purchase shares of the Company or its subsidiaries

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles of Association) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company. There is no provision in the Articles of Association that prohibits the Company from giving financial assistance for the purchase shares of its subsidiaries.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles of Association, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles of Association. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles of Association, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles of Association, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles of Association) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles of Association.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles of Association in general, can be varied with the sanction of a special resolution of the Company.

(x) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(xi) Register of Directors and Officers

The Companies Law and the Articles of Association provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles of Association may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles of Association state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles of Association or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles of Association relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles of Association, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles of Association (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles of Association, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles of Association), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles of Association (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles of Association, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles of Association)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles of Association; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles of Association), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles of Association. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than to such members as, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles of Association) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles of Association) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles of Association), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles of Association).

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles of Association relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles of Association) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles of Association provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles of Association and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles of Association the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles of Association), unless the register is closed in accordance with the Articles of Association.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles of Association the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles of Association relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(t) Untraceable members

Pursuant to the Articles of Association, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles of Association) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles of Association), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles of Association) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles of Association provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles of Association includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company’s articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company’s assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 30 June 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles of Association.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND
CAYMAN ISLANDS COMPANY LAW**

unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection — Documents Available for Inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 9 June 2015. Our Company has established its principal place of business in Hong Kong at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 25 August 2015. Our Company has appointed Mr. Chan of Flat D, 56th Floor, Tower 1, Sorrento, 1 Austin Road West, Tsimshatsui, Kowloon and Ms. Sat of Flat B, 5th Floor, Block 3, Villa Carlton, 369 Tai Po Road, Sham Shui Po, Kowloon, Hong Kong as the authorised representatives of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising the Memorandum and the Articles of Association. A summary of various provisions of our Company's constitution and certain relevant aspects of the Companies Law is set out in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

2. Changes in Share Capital of our Company

As at the date of incorporation of our Company, its authorised share capital was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. At the time of its incorporation, one share of par value of HK\$0.01 was allotted and issued to Sharon Pierson, the initial subscriber fully paid, and transferred to Treasure Group on the same day.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- (a) On 29 June 2015, our Company allotted and issued a further 245,587,999 Shares, all credited as fully paid, to Treasure Group;
- (b) On 29 June 2015, our Company allotted and issued 1,568,000 Shares, 1,176,000 Shares, 980,000 Shares, 980,000 Shares and 400,000 Shares, all credited as fully paid, to Dr. Chan Wai Hong, Dr. Hui, Dr. Yuen, Dr. Chan Tat Ming and Dr. Sun, respectively;
- (c) On 29 June 2015, our Company allotted and issued 2,514,000 Shares and 2,514,000 Shares, all credited as fully paid, to Dr. Lau Wai Hong and Dr. Chu, respectively;
- (d) On 29 June 2015, our Company allotted and issued 5,360,000 Shares, all credited as fully paid, to Dr. Choi; and
- (e) On 29 June 2015, our Company allotted and issued 1,960,000 Shares, 2,560,000 Shares and 400,000 Shares, all credited as fully paid, to Dr. Lau Wai Man, Dr. Seto and Dr. Wan, respectively.

Assuming that the Global Offering becomes unconditional and the issue of the Shares pursuant to the Global Offering and the Capitalisation Issue mentioned herein are made, but not taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any share options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$3,500,000 divided into 350,000,000 Shares fully paid or credited as fully paid. Other than pursuant to any share options which may be granted under the Share Option Scheme, the exercise of the Over-Allotment Option or the exercise of the general mandate to issue shares referred to in the section headed "Statutory and General Information — A. Further Information about our Company and its Subsidiaries — 3. Written Resolutions of all the Shareholders" in Appendix IV to this prospectus, there is no present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein and under the section headed “Statutory and General Information — A. Further information about our Company and its Subsidiaries — 4. Corporate Reorganisation and Acquisitions” in Appendix IV to this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

3. Written Resolutions of all the Shareholders

On 17 February 2016, written resolutions of all the Shareholders were passed pursuant to which, among others:

- (a) our Company approved and adopted the Articles of Association conditional upon Listing;
- (b) conditional on (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein (including any Shares which may be issued pursuant to the Global Offering, the Capitalisation Issue, the Over-allotment Option and the Share Option Scheme); and (B) the entering into of the agreement on the Offer Price between the Sole Global Coordinator and our Company; and (C) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator, on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreement or otherwise, in each case on or before the date determined in accordance with the terms of the Underwriting Agreements:
 - (i) the Global Offering was approved and our Directors were authorised to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering;
 - (ii) the Over-allotment Option was approved and our Directors were authorised to allot and issue any Shares which may be required to be issued if the Over-allotment Option is exercised;
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the section headed “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus, were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares issued pursuant thereunder and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme and to vote on any matter connected therewith notwithstanding that they or any of them may be interested in the same; and
 - (iv) conditional upon the share premium amount of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise the amount of HK\$73,200 from the amount standing to the credit of the share premium account of our Company to pay up in full at par 7,320,000 Shares for allotment and issue to the person(s) whose name(s) appears on the register of members of our Company on 17 February 2016 (or as our Directors may direct), on a pro rata basis;
- (c) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to allot, issue and deal in (otherwise than by way of rights issue or an issue of Shares upon the exercise of the Over-allotment Option or any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares or pursuant to the exercise of any share options which may be granted under the Share Option Scheme, or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of its subsidiaries or any other person of share or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in general meeting) any unissued Shares with a total nominal value not exceeding 20% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares that may be allotted and issued upon exercise of the Over-allotment Option or any Shares to be issued upon the exercise of share options which may be granted under the Share

Option Scheme) and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into Shares) which might require the exercise of such power to issue Shares either during or after the end of the Relevant Period (as defined below), such mandate to remain in effect during the period (the “**Relevant Period**”) until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (d) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed, and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares with a total nominal value not exceeding 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares that may be allotted and issued upon exercise of the Over-allotment Option Shares and any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (e) the general unconditional mandate mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares that may be issued upon exercise of the Over-allotment Option Shares or any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme).

4. Corporate Reorganisation and Acquisitions

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation and Acquisitions to rationalise the corporate structure of our Group. For further details, please refer to the sections headed “History, Reorganisation and Group Structure — Reorganisation” and “History, Reorganisation and Group Structure — New Acquisitions” in this prospectus.

5. Changes in Share Capital of Subsidiaries

Save as disclosed in the section headed “History, Reorganisation and Group Structure — Reorganisation” and “History, Reorganisation and Group Structure — New Acquisitions” in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this prospectus.

6. Particulars of Our Subsidiaries

Particulars of our subsidiaries are set forth in the Accountants' Report in Appendix I to this prospectus.

7. Repurchase of our own securities

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' Approval

All proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

Pursuant to the written resolutions of all the Shareholders passed on 17 February 2016, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorising any repurchase by our Company of Shares as described above in the section headed "A. Further information about our Company and its subsidiaries — 3. Written resolutions of all the Shareholders".

(ii) Source of Funds

Any repurchases must be financed out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association and the applicable laws and regulations of the Cayman Islands.

(b) Funding of Purchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles of Association and the applicable laws and regulations of the Cayman Islands. Pursuant to the Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilised in this connection, including profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles of Association and subject to the Companies Law, out of capital of our Company. Our Company may not repurchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(c) Reasons for Repurchases

Repurchases of Shares will only be made when it is believed that such a repurchase will benefit our Company and our Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value of our Company and/or its earnings per Share.

(d) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 350,000,000 Shares in issue immediately after completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may

be allotted and issued upon the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme), could accordingly result in up to 35,000,000 Shares being repurchased by our Company during the course of the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association and the applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of our Shareholders in general meeting.

If the Over-allotment Option is exercised in full, the exercise in full of the Repurchase Mandate on the basis of 361,502,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue could result in 36,150,200 Shares being repurchased by our Company during the aforementioned period.

(e) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles of Association and all the applicable laws and regulations of the Cayman Islands.

There might be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate is exercised in full. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Codes on Takeovers and Mergers and Share Buy-backs (the "**Takeovers Code**"). Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made after the Listing. Save as aforesaid, our Directors are not aware of any other consequence under the Takeovers Code as a result of a repurchase of Shares made immediately after the Listing.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he has a present intention to sell any Shares to our Company or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts in the ordinary course of business of our Group) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:







- (a) a joint venture agreement dated 23 January 2015 entered into between Human Health (Greater China) and Ping An Health;

- (b) a share swap agreement dated 29 June 2015 entered into between Mr. Chan and Dr. Pang (as the transferors) and the Company (as the transferee), in relation to the transfer of the entire shareholding interest in Human Health International (BVI) for allotment and issue of 245,587,999 Shares to Treasure Group;
- (c) the Deed of Non-competition;
- (d) the Deed of Indemnity;
- (e) the Hong Kong Underwriting Agreement; and
- (f) the cornerstone placing agreement dated 13 March 2016 entered into between the Company, Capital Healthcare International Limited and the Sole Global Coordinator, on the terms more particularly set out in the section headed “Cornerstone Investor” in this prospectus.







2. Intellectual Property of our Group

(a) Trademarks


As at the Latest Practicable Date, our Group was the registered owner of, or had been licensed to use, the following trademarks which are material to our Group’s business and registered in the PRC:

<u>Trademark</u>	<u>Registration No.</u>	<u>Registered Owner</u>	<u>Class</u>	<u>Effective Date</u>	<u>Expiry Date</u>
	3402238	Human Health	5	14 November 2004	13 November 2024
盈健	3402239	Human Health	5	14 November 2004	13 November 2024
盈健	3402264	Human Health	44	7 November 2004	6 November 2024
	3402265	Human Health	44	7 November 2004	6 November 2024
盈健	14049157	Human Health	10	21 April 2015	20 April 2025
盈健	14049182	Human Health	35	7 July 2015	6 July 2025
	14049239	Human Health	10	21 April 2015	20 April 2025
	14049255	Human Health	35	28 March 2015	27 March 2025
	14049279	Human Health	44	21 April 2015	20 April 2025
健汇	14049372	Human Health	44	21 April 2015	20 April 2025
健滙	14049363	Human Health	44	21 April 2015	20 April 2025
	14049341	Human Health	44	21 April 2015	20 April 2025
	14049440	Human Health	44	21 April 2015	20 April 2025

As at the Latest Practicable Date, our Group was the registered owner of, or had been licensed to use, the following trademarks which are material to our Group's business and registered in Hong Kong:

Trademark	Registration No.	Registered Owner	Class	Effective Date	Expiry Date
A 	301442880	Human Health	44	5 October 2009	4 October 2019
B 					
	302785654	Human Health	5,44	31 October 2013	30 October 2023
	2003B11510AA	Human Health	5,42	22 October 2002	22 October 2019
	2003B11508AA	Human Health	5,42	22 October 2002	22 October 2019
A 	300861958	Perfect Life	44	30 April 2007	29 April 2017
B 					

As at the Latest Practicable Date, our Group had applied for registration of the following trademark which is material to our Group's business, the registration of which had not yet been granted.

Trademark	Class	Application Number	Application Date	Place of Application	Applicant
	10,41	303375180AA	16 April 2015	Hong Kong	Human Health
	42	303375180AB	16 April 2015	Hong Kong	Human Health

(b) Domain Names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names:

Registrant	Domain Name	Date of Registration	Expiry Date
Healthvision	healthvision.com.hk 領健.公司.香港	20 January 2006	27 January 2017
Healthvision	healthvision.hk 領健.香港	31 May 2011	10 June 2019
Human Health	humanhealth.hk 盈健.香港	16 March 2004	2 April 2017
Human Health	盈健.com	11 March 2009	11 March 2017
Human Health	盈健醫務中心.com	11 March 2009	11 March 2017
Human Health	盈健醫療.com	11 March 2009	11 March 2017
Human Health Associate	humanhealth.com.hk 盈健.公司.HK / .香港	21 January 2002	18 October 2018

<u>Registrant</u>	<u>Domain Name</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
Be Health	polyhealth.com.hk 健滙專科.公司.香港	13 August 2009	28 August 2017
Be Health	健滙專科.HK / .香港	4 November 2010	10 November 2020
Poly Dental	PolyDental.com.hk 健滙牙科.公司.香港	26 September 2013	26 September 2018
Human Health	humanhealth.com.cn	30 November 2010	30 November 2020
Human Health	盈健.中国	27 August 2008	27 August 2018
Human Health	盈健医务中心.中国	27 August 2008	27 August 2018
Human Health	盈健医疗.中国	27 August 2008	27 August 2018
Be Health	polyhealth.com.cn	16 March 2011	16 March 2021
Be Health	humanhealth.cn	16 March 2011	16 March 2021
Be Health	polyhealth.cn	16 March 2011	16 March 2021
Laserdentics	laserdentics.com.hk	17 October 2007	18 October 2020
Perfect Life	perfectlifeasia.com.hk	4 August 2005	5 August 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Interests and Short Positions of Directors and Chief Executives in the Share Capital of our Company

Interests in our Company

Immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-Allotment Option and any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executives in the share capital, underlying shares and debentures of our Company which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which, once the Shares are listed, will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares⁽¹⁾</u>	<u>Approximate percentage of shareholding</u>
Mr. Chan	Interest in a controlled corporation ⁽³⁾	252,346,286 (L)	72.10%
Dr. Pang ⁽²⁾	Interest in a controlled corporation ⁽³⁾	252,346,286 (L)	72.10%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) Dr. Pang is the wife of Mr. Chan.

(3) Mr. Chan, Dr. Pang and Treasure Group are our Controlling Shareholders. Treasure Group is owned as to 50% by Mr. Chan and 50% by Dr. Pang.

2. Interests and Short Positions of Substantial Shareholders in the Share Capital of our Company

Interests in our Company

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme), in addition to the interests disclosed under the section headed “C. Further Information about our Directors, Management, Staff, Substantial Shareholders and Experts — Interests and Short Positions of Directors and Chief Executives in the Share Capital of our Company” above, the persons (not being a director or chief executive of our Company) who will have interests or short positions in the Shares and underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO are as follows:

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares⁽¹⁾</u>	<u>Approximate percentage of shareholding</u>
Treasure Group	Beneficial owner ⁽¹⁾	252,346,286 (L)	72.10%

Note:

(1) The letter “L” denotes the person’s long position in the Shares.

(2) Mr. Chan, Dr. Pang and Treasure Group are our Controlling Shareholders. Treasure Group is owned as to 50% by Mr. Chan and 50% by Dr. Pang.

Save as disclosed herein but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of share options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a director or chief executive of our Company) who will immediately following completion of the Global Offering have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will immediately following completion of the Global Offering be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital in any associated corporations of our Company carrying rights to vote in all circumstances at general meetings of our Company.

3. Directors’ Service Contracts and Remuneration

(a) Directors’ Service Contracts

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

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

(b) Directors’ remuneration

For details of Directors’ remuneration, please refer to the section headed “Directors, Senior Management and Staff — Remuneration of Directors and Senior Management and Remuneration of Five Highest Paid Individuals” in this prospectus.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors nor any of the persons whose names are listed in the section headed “Statutory and General Information — E. Other Information — 7. Consents of Experts” in Appendix IV to this prospectus have any direct or indirect interest in the promotion of, or in any assets which have been,

within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (b) none of our Directors nor any of the persons whose names are listed in the section headed “Statutory and General Information — E. Other Information — 7. Consents of Experts” in Appendix IV to this prospectus are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (c) none of our Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors or their associates (as defined in the Listing Rules) or existing shareholders of our Company (who, to the knowledge of our Directors, own more than 5% of our issued share capital) have any interest in any of the five largest customers of our Company; and
- (e) none of our Directors or their associates (as defined in the Listing Rules) or existing shareholders of our Company (who, to the knowledge of our Directors, own more than 5% of our issued share capital) have any interest in any of the five largest suppliers of our Company.

D. SHARE OPTION SCHEME

Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by the written resolutions of the Shareholders dated 17 February 2016. Our Directors confirm that the terms of the Share Option Scheme comply with the requirements under Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to Eligible Persons (as defined in paragraph (b) below) for their contribution to, and continuing efforts to promote the interests of, our Group and for such other purposes as the Board may approve from time to time.

(b) Who may join

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

(c) Maximum number of Shares

- (i) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company, must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of our Company if this will result in such limit being exceeded.
- (ii) Subject to paragraphs (c)(i), (iv) and (v), at the time of adoption by our Company of the Share Option Scheme or any new share option scheme (the “**New Scheme**”), the aggregate number of Shares to be issued upon exercise of all share options to be granted under the Share Option Scheme, the New Scheme and all schemes existing at such time (the “**Existing Schemes**”) of our Company must not in aggregate exceed 10% of the total number of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”).

- (iii) For the purposes of calculating the Scheme Mandate Limit under paragraph (c)(ii), Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted.
- (iv) The Scheme Mandate Limit may be refreshed by ordinary resolution of the Shareholders in general meeting, provided that:
- the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of issued Shares as at the date of Shareholders' approval of the refreshment of the Scheme Mandate Limit;
 - options previously granted under any Existing Schemes (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and
 - a circular regarding the proposed refreshment of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.
- (v) Our Company may seek separate approval from the Shareholders in the general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that:
- the grant is to Eligible Persons specifically identified by our Company before the approval is sought; and
 - a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules.

(d) Maximum number of options to any one individual

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

- such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by ordinary resolution of the Shareholders in general meeting, at which the Relevant Eligible Person and his associates abstained from voting;
- a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and
- the number and terms (including the Subscription Price) of such options are fixed before the general meeting of our Company at which the same are approved.

(e) Price of Shares

The subscription price for a Share in respect of any particular share option granted under the Share Option Scheme (which shall be payable upon exercise of the share option) shall be a price solely determined by the Board and notified to the Eligible Person and shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant option (the

“Offer Date”), which must be a business day; (ii) the average of the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Offer Date (provided that the new issue price shall be used as the closing price for any business day falling within the period before the listing Shares where our Company has been listed for less than five business days as at the Offer Date); and (iii) the nominal value of the Share. A consideration of HK\$1.00 is payable on acceptance of the offer of an option or options.

(f) Granting options to connected persons

Any grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of their respective close associates is required to be approved by our independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the options). If our Company proposes to grant options to a Substantial Shareholder or an independent non-executive Director of our Company or any their respective associates which will result in the number and value of Shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant in aggregate exceeding: (i) 0.1% of the Shares in issue at the relevant time of grant; and (ii) HK\$5 million, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange at the date of each grant, such grant shall not be valid unless: (A) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including in particular, a recommendation from our independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee) to the independent Shareholders as to voting); and (B) the grant has been approved by the Shareholders in general meeting (taken on a poll), at which all core connected persons abstained from voting in favour at such meeting.

(g) Restrictions on the time of grant of options

No offer to grant option shall be made after an event involved inside information has occurred or a matter involved inside information has been the subject of a decision or after inside information has come to the Company’s knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be offered to be granted during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified by our Company to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of actual publication of the results announcement. The period which no option may be granted will cover any period of delay in the publication of results announcement.

(h) Rights are personal to grantee

An option is personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

(i) Time of exercise of option

Subject to the provisions of the Listing Rules and the Listing Rules, the Board may in its absolute discretion when offering the grant of an option impose any conditions in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the offer letter) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, achievement of performance targets by our Group and/or the grantee period before the right to

exercise the option in respect of all or any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme and the Listing Rules. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the option can be exercised.

The date of grant of any particular option is the date on which the offer relating to such option is duly accepted by the grantee in accordance with the Share Option Scheme. An option may be exercised according to the terms of the Share Option Scheme and the offer in whole or in part by the grantee (or his personal representatives) before its expiry by giving notice in writing to our Company stating that the option is to be exercised and the number of Shares in respect of which it is exercised provided that the number of Shares shall be equal to the size of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. Such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which period no further options shall be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Listing Rules, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

(j) Performance target

The Board may from time to time require a particular grantee to achieve certain performance targets specified at the time of grant before any share option granted under the Share Option Scheme can be exercised. There are no specific performance targets stipulated under the terms of the Share Option Scheme and the Board is currently unable to determine such restriction on the exercise of the share options granted under the Share Option Scheme.

(k) Rights on ceasing to be an Eligible Person

In the event of the grantee ceasing to be an Eligible Person for any reason other than ceasing (1) by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty or (2) by death or permanent disability, the option may be exercised within one month after the date of such cessation, which date shall be (i) if he is an employee or director of our Company or any subsidiary, his last actual working day with our Company or any subsidiary whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of our Company or any subsidiary, the date on which the relationship constituting him an Eligible Person ceases.

(l) Rights on death or permanent disability

In the event that the grantee of an outstanding option dies or becomes permanently disabled before exercising the option in full or at all, the option may be exercised up to the entitlement of such grantee or, if appropriate, in the circumstances described in paragraphs (n), (o) and (q), an election made by his personal representatives within twelve months after the date of his death or permanent disability.

(m) Lapse of option on misconduct, bankruptcy or dismissal etc.

If a grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or the breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been

convicted of any criminal offence involving his integrity or honesty, the right to exercise the option (to the extent not already exercised) shall terminate immediately.

(n) Rights on a general offer by way of a take-over

If a general offer by way of a take-over is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, our Company shall forthwith notify all the grantees and any grantee (or his personal representatives) may by notice in writing to our Company within 21 days after such offer becoming or being declared unconditional exercise the option to its full extent or to the extent specified in such notice.

(o) Rights on a general offer by way of a scheme of arrangement

If a general offer by way of a scheme of arrangement is made to all the Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify the grantees and any grantee (or his personal representatives) may thereafter (but before such time as shall be notified by our Company) by notice in writing to our Company exercise the option to its full extent or to the extent specified in such notice.

(p) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the grantee (together with a notice of the existence of the provisions of this paragraph) on the same date or soon after it dispatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of two months thereafter and the date on which such compromise or arrangement is sanctioned by the court of competent jurisdiction, exercise any of his options whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Upon such compromise or arrangement become effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his personal representatives) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(q) Rights on winding-up

In the event a notice is given by our Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company other than for the purpose of a reconstruction, amalgamation or scheme of arrangement, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than one business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(r) Lapse of the options

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the periods referred to in paragraph (k), (l) or (n);
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (o);
- (iv) subject to the compromise or arrangement referred to in paragraph (p);
- (v) the date on which the grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;
- (vi) subject to paragraph (q), the date of the commencement of the winding-up of our Company;
- (vii) the date on which the grantee commits a breach of paragraph (h);
- (viii) the date on which the option is cancelled by the Board as provided in paragraph (v); or
- (ix) the non-fulfillment of any condition referred to in paragraph (x) on or before the date specified therein.

Our Company shall owe no liability to any grantee for the lapse of any option under this paragraph (r).

(s) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to our Company's Memorandum and Articles of Association and the laws of the Cayman Islands for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the date of allotment and issue.

(t) Effect of alterations to share capital

In the event of any alteration to the capital structure of our Company arising from capitalisation of profits or reserves, rights issue, consolidation, redenomination, subdivision or reduction of the share capital of our Company in accordance with the legal requirements or requirements of the Stock Exchange other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party. Adjustment (if any) shall be made to (a) the number or nominal amount of Shares subject to the option so far as unexercised; and/or (b) the subscription price for the Shares subject to the option so far as unexercised; and/or (c) the number of option to which the grantee is entitled; and/or (d) the number of Shares to which the option relates; and/or (e) the method of exercise of option (if applicable); and/or any combination thereof as the auditors or the independent financial advisers to our Company (acting as expert not arbitrator) shall at the request of our Company certify in writing to the Board either generally or as regards any particular grantee that the adjustments are in compliance with

Rule 17.03(13) of the Listing Rules and the notes thereto. Any such alterations must give a grantee the same proportion of the equity capital of our Company as to which that grantee was previously entitled, and any adjustments so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the supplementary guidance attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to share option scheme) but no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the independent financial advisers to our Company in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or the independent financial advisers to our Company shall be borne by our Company. Notice of such adjustment shall be given to the Grantees by our Company.

(u) Alteration of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Share Option Scheme as to:

- (i) the definitions of “Eligible Person”, “option period” and “grantee” in the Share Option Scheme; and
- (ii) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules which shall not be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders in general meeting (with participants and their respective associates abstained from voting). No such alterations shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such majority of the grantees as would be required of the Shareholders under the Articles of Association for a variation of the rights attached to the Shares. Any change to the authority of the Board in relation to any alterations to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting. Any alterations to the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing provisions of the Share Option Scheme. The amended terms of the Share Option Scheme or the options must comply with Chapter 17 of the Listing Rules.

(v) Cancellation of options granted

The Board may cancel an option granted but not exercised with the approval of the grantee of such option. No options may be granted to an Eligible Person in place of his cancelled options unless there are available unissued options (excluding the cancelled options) within the limit set out in paragraph (c) above from time to time.

(w) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or the Board may at any time terminates the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

- (i) the Listing Committee granting approval of the listing of, and permission to deal in, a maximum of 35,000,000 Shares which may fall to be issued pursuant to the exercise of any options granted thereunder;

- (ii) the passing of the resolutions by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Board to grant options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any options; and
 - (iii) the commencement of dealings in the Shares on the Stock Exchange.
- (v) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, subscription price, option period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

E. OTHER INFORMATION

1. Estate Duty, Tax and Other Indemnity

Our Controlling Shareholders (the “**Indemnifiers**”) have pursuant to the Deed of Indemnity, given indemnities on a joint and several basis in favour of our Company (for itself and as trustee as its subsidiaries) in connection with, among others, (a) any depletion or diminution in the value of the assets of our Company and our subsidiaries as a direct or indirect consequence of, and in respect of any amount which our Company and our subsidiaries may hereafter become liable to pay, resulting from any taxation under sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (“**Estate Duty Ordinance**”) or legislation similar thereto in any part of the world; (b) any taxation which might be payable by our Company and our subsidiaries in respect of any income, profits or gains earned, accrued or received or alleged to have been earned, accrued or received; and (c) any penalties, claims, actions, demands, proceedings, suits, judgments, losses, payments, liabilities, damages, settlement payments, costs, administrative or other charges, fees, expenses and fines of whatever nature which may be imposed on or suffered by or incurred by our Company and/or our subsidiaries as a result of directly or indirectly or in connection with any litigation, arbitrations, claims, complaints, demands and/or legal proceedings instituted by or against our Company and/or our subsidiaries on or before the date on which the Global Offering becomes unconditional (the “**Effective Date**”).

The Indemnifiers will however, not be liable under the Deed of Indemnity for taxation where:

- (a) to the extent (if any) to which provision, reserve or allowance has been made for such taxation liabilities and claims in the audited consolidated accounts of our Company for the Track Record Period as set out in the Accountants’ Report in Appendix I to this prospectus (the “**Accounts**”);
- (b) to the extent such taxation liabilities and claims falling on our Company and our subsidiaries in respect of their current accounting periods or any accounting period commencing on or after the Effective Date would not have arisen but for some act or omission of, or transaction voluntarily effected by, our Company and our subsidiaries (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement or acquiescence of the Indemnifiers other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Effective Date; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent of any provision, reserve or allowance made for such taxation liabilities in the Accounts which is finally established to be an over-provision or an excessive reserve or allowance, in which case the Indemnifiers’ liability (if any) in respect of such taxation liabilities shall be reduced by an amount not exceeding such provision, reserve or allowance, provided that the amount of any such provision, reserve or allowance applied pursuant to this paragraph to reduce the Indemnifiers’ liability in respect of such taxation liabilities shall not be available in respect of any such liability arising thereafter and for the avoidance of doubt, such over-provision or excess provision, reserve or allowance shall only be

applied to reduce the liability of the Indemnifiers under the Deed of Indemnity and none of our Company and our subsidiaries shall in any circumstances be liable to pay the Indemnifiers any such excess; or

- (d) to the extent that any taxation liabilities and claims arises or is incurred as a result of the imposition of such taxation liabilities as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC or any other relevant authority (whether in Hong Kong, the BVI, the Cayman Islands or any other part of the world) coming into force after the Effective Date or to the extent that such taxation liabilities and claims arise or is increased by an increase in rates of such taxation liabilities after the Effective Date with retrospective effect.

2. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein (including any Shares falling to be allotted and issued pursuant to the exercise of the Over-allotment Option and any Shares to be issued upon the exercise of any share options which may be granted under the Share Option Scheme).

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The total amount of fees payable to the Sole Sponsor by our Company for sponsoring the listing of the Shares on the Stock Exchange is HK\$3.8 million.

4. Preliminary Expenses

Our preliminary expenses are estimated to be approximately HK\$42,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed above, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given to any promoters in connection with the Global Offering or the related transactions described in this prospectus.

6. Qualifications of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
BOCOM International (Asia) Limited	Licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Ernst & Young	Certified Public Accountants
Euromonitor International Limited	Independent industry consultant
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
King & Wood Mallesons	PRC legal advisers to our Company
James Y.K. Tze, Esq.	Barrister-at-law in Hong Kong
Colliers International (Hong Kong) Limited	Independent property valuer

7. Consents of Experts

Each of the experts named in paragraph 6 above has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or summary of valuations and/or opinions and/or data (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named in paragraph 6 above have any shareholding interests in our Group or any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of our Group.

8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance insofar as applicable.

9. Agency fees or commission received

The Underwriters will receive an underwriting commission as referred to under the section headed “Underwriting — Underwriting Arrangements and Expenses — Total commissions and expenses” in this prospectus.

10. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
 - (iv) no founders, management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.
- (b) Since 30 September 2015, being the date of our latest audited consolidated financial results as set out in the Accountants’ Report in Appendix I to this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.
- (c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) Subject to the provisions of the Companies Law, the register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register

of members of the Company will be maintained in Hong Kong by our Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

- (e) No Company within our Group is presently listed on any stock exchange or traded on any trading system.
- (f) There are no arrangements in existence under which future dividends are to be or agreed to be waived.
- (g) Our Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE, YELLOW, GREEN, BLUE** and **PINK** Application Forms, the written consents referred to in the section headed “Statutory and General Information — E. Other Information — 7. Consents of Experts” in Appendix IV to this prospectus, and copies of the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of DLA Piper Hong Kong at 17/F, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours from 9:00 a.m. to 1:00 p.m. and 2:00 p.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus.

1. the Memorandum of Association and Articles of Association of our Company;
2. the accountants’ report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
3. the report prepared by Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
4. the audited financial statements of our companies comprising the Group for FY2013, FY2014, FY2015 and the three months ended 30 September 2015 (or for the period since their respective dates of incorporation where they are shorter);
5. the PRC legal opinion issued by King & Wood Mallesons, our PRC legal advisers, in relation to the PRC law;
6. the letter of advice prepared by Conyers Dill & Pearman, our Cayman Islands legal advisers, summarising certain aspects of the Companies Law as referred to in Appendix III to this prospectus;
7. the legal opinion of Counsel, James Y.K. Tze, Esq in relation to the compliance of our medical practitioners with various professional codes of conducts and legal opinion in relation to, *inter alia*, compliance and structure of our Group with the Medical Clinics Ordinance (Chapter 343 of the Laws of Hong Kong) and other applicable laws, regulations and codes in Hong Kong;
8. the Euromonitor Report prepared by Euromonitor International Limited, in relation to industry information;
9. the valuation letter issued by Colliers International (Hong Kong) Limited confirming, among other things, the fairness of the rental payable under the Tenancy Agreements in relation to the Properties as referred to in the section headed “Connected Transactions — I. Exempt Continuing Connected Transactions — 1. Tenancy Agreements between our subsidiaries and Maxland”;
10. the material contracts referred to in the section headed “Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts” in Appendix IV to this prospectus;
11. the rules of the Share Option Scheme;
12. the service contracts referred to in the section headed “Statutory and General Information — C. Further Information about our Directors, Management, Staff, Substantial Shareholders and Experts — 3. Directors’ Service Contracts and Remuneration” in Appendix IV to this prospectus;
13. The Companies Law; and
14. The consents of experts referred to in the section headed “Statutory and General Information — E. Other Information — 7. Consents of Experts” in Appendix IV to this prospectus.

