



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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1419

Annual Report 2016



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

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chan Kin Ping
(Chairman and Chief Executive Officer)
Dr. Pang Lai Sheung
Ms. Sat Chui Wan
Mr. Poon Chun Pong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

AUDIT COMMITTEE

Mr. Sin Kar Tim *(Chairman)*
Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael

REMUNERATION COMMITTEE

Dr. Lui Sun Wing *(Chairman)*
Mr. Chan Kin Ping
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

NOMINATION COMMITTEE

Mr. Chan Yue Kwong Michael *(Chairman)*
Dr. Lui Sun Wing
Mr. Chan Kin Ping
Mr. Sin Kar Tim

COMPANY SECRETARY

Ms. Sat Chui Wan, *HKICPA, FCCA*

AUTHORISED REPRESENTATIVES

Mr. Chan Kin Ping
Ms. Sat Chui Wan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F., TAL Building
45-53 Austin Road
Tsim Sha Tsui
Kowloon, Hong Kong

LEGAL ADVISER TO THE COMPANY AS TO HONG KONG LAW

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

COMPLIANCE ADVISER

BOCOM International (Asia) Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Central, Hong Kong

AUDITOR

Ernst & Young, Certified Public Accountants
22/F., CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. 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

PRINCIPAL BANKER

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

WEBSITE

www.humanhealth.com.hk

SHARE INFORMATION

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

CHAIRMAN'S STATEMENT



Mr. Chan Kin Ping
Chairman and CEO



Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Human Health Holdings Limited (“**Human Health**” or the “**Company**”) and its subsidiaries (collectively the “**Group**”, “**we**” or “**our**”), I am pleased to present the first annual report of the Group since the successful listing of the shares of the Company (the “**Shares**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 1 April 2016 (the “**Listing**”).

The Listing has marked the beginning of a new era for the Group. Not only has the Listing propelled us into the limelight as a household name of an integrated medical services provider in the Hong Kong market, the funds raised through the Listing have also given us the necessary capital to expand and develop our market both in terms of quantity and quality so as to accomplish our business goals.

DEDICATION TO EXCELLENCE THROUGHOUT THE YEARS

The seeds we have sown in Hong Kong back in 1997 have sprouted as we have flourished as one of the largest patient-centric and quality-focused private healthcare service providers in Hong Kong. Nurturing these seeds through 19 years of hard work, Human Health has borne fruit in our 65 medical centres that span across easily-accessible locations in all 18 districts in Hong Kong. We have cultivated a stable and excellent professional team of 124 members work exclusively with the Group that have proven to be both productive and committed.

Human Health is committed to safeguarding the health of Hong Kong people. As the population ages, incidents of chronic diseases rise, and threats of global pandemics grow, Hong Kong people have become more and more conscious of the need for good health and prevention from infection. To cater for the keen demand of locals for medical and health services, the Group has been building a complete and strategic medical centre network over the years, serving as an integrated medical service platform that can provide fast, convenient and comprehensive medical services (including general practice services, specialties services, dental services and physiotherapy) to patients. All of which our patients have benefited from and appreciated, as evident in the increase in the number of our patients and patient visits for the financial year ended 30 June 2016 (“**FY2016**”).

SOLID FOUNDATION YIELDS STEADY GROWTH

In addition to recognising the healthcare needs of the Hong Kong community, we also understand the imperative of accommodating Hong Kong people's demand for efficient and convenient services. Accordingly, we have made it our priority to provide healthcare services seven days a week at a majority of our medical centres and late night services in strategic locations. We have effectively achieved an increase in revenue from approximately HK\$429.5 million for the financial year ended 30 June 2015 ("FY2015") to approximately HK\$480.3 million in FY2016. The improvement is primarily attributable to the increase in total revenue from general practice services, which traditionally has contributed more than 70% of the total revenue and this is due to the increase in average spending per visit. Profit for FY2016 was approximately HK\$27.8 million (FY2015: approximately HK\$35.7 million) and the decrease is due to a non-recurring expenses related to the Listing of approximately HK\$15.2 million (FY2015: approximately HK\$7.4 million) that was recognised during FY2016. Excluding the expenses related to the Listing, the pro forma profit attributable to the owners of the Company was approximately HK\$43.0 million, increased by approximately 4.6% as compared to approximately HK\$41.1 million in FY2015. The Group will continue to develop its general practice services, with an aim to provide comprehensive and quality medical services to its patients.

In view of the huge growth potential of specialties medical services, the Group focused on expanding its specialties services during the year. Revenue from specialties services has also increased during FY2016 because of the increase in average spending per visit. To capture the immense opportunities in the private healthcare service industry in Hong Kong and specialties services which are experiencing increasing demand, the Group will further strengthen its specialties services segment to realise business growth.

During the year, the Group strived to develop high-end dental services. Revenue from dental services has also increased due to increase in average spending per visit and increase in number of patient visits. The Group will continue to optimise its dental services to meet the different needs of Hong Kong people.

CONTINUING EXPANSION IN HONG KONG AND TAPPING THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC") MARKET FOR SUSTAINED GROWTH

We believe in ploughing back the revenue earned into investing in our integrated healthcare platform so as to secure our market leader position for now and continue to excel in providing quality services for the community.

Going forward, in order to accommodate the growing base of individual patients and corporate customers and maintain their confidence in Human Health, the Group will continue to expand its network of general practice and specialist medical centres in Hong Kong. We are striving to build an all-round integrated medical service network and will continue looking for suitable locations to open medical centres in Hong Kong, such as in major residential areas and key public transportation hubs to offer more convenient and comprehensive medical services in the city. We will also utilise our past successful acquisition experiences to identify suitable investment targets to further expand our market share in Hong Kong.

As for the China market, Pingan Yingjian Medical Management (Shanghai) Limited* (平安盈健醫療管理(上海)有限公司) ("Pingan Yingjian") – established between our Group and Pingan Health Internet Holdings Limited* (平安健康互聯網股份有限公司) ("Ping An Health"), an indirect subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) (stock code: 2318), has made significant progress in tapping the China market. The first medical centre in Shanghai is scheduled to be opened in November 2016, marking a major milestone for the Group's development in the country. We can leverage on the well-established user base of our partner Ping An Hao Yi Sheng's (平安好醫生) online platform exceeding 100 million users to refer users to the medical centres to be opened by the joint venture company. Through this advantage, coupled with the successful business model we have built in Hong Kong and our professional management team, we are confident that we can replicate our success to the China market and capture the huge opportunities in the country.

Through our successful business model, strong brand recognition and prudent expansion strategies, we believe that Human Health will continue to thrive and achieve long-term sustainable growth and thus bring the best returns to our shareholders (the "Shareholders").

CHAIRMAN'S STATEMENT

DIVIDENDS

To thank our Shareholders for their loyal support, the Board has recommended the payment of a final dividend of HK3 cents per ordinary Share for FY2016, subject to the approval of the Shareholders in the forthcoming annual general meeting of the Company ("**AGM**") to be held on 29 November 2016.

APPRECIATION

We attribute our prominent market position to our experienced and stable professional management team. In this regard, I express my gratitude to all of our Directors, senior management, professional team and employees for their diligence and dedication over the past year. I also wish to take this opportunity to express my appreciation on behalf of Human Health to our business partners and Shareholders for their commitment and support.

We also thank our customers for trusting our medical services because without our customers, we would not be where we are today. Going forward, we will continue to utilise our competitive edge to expedite Human Health's development into one of the top private comprehensive healthcare services operators in Hong Kong and the PRC.

Chan Kin Ping
Chairman and Chief Executive Officer

Hong Kong, 27 September 2016

* *for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

LISTING IN APRIL 2016

The Shares have been listed on the Main Board of the Stock Exchange since 1 April 2016 (the “Listing Date”) and it is a great pleasure for the Board to present the first annual report of the Group for FY2016.

OVERALL FINANCIAL PERFORMANCE FOR FY2016

Revenue

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

	2016 HK\$'000	2015 HK\$'000	% of change
General practice services	336,957	324,668	3.8%
Specialties services	97,270	90,995	6.9%
Dental services	46,031	13,875	231.8%
	480,258	429,538	11.8%

In FY2016, our Group recorded revenue amounted to approximately HK\$480.3 million, representing a growth of approximately 11.8% as compared with FY2015.

Our revenue from general practice services increased by approximately HK\$12.3 million or 3.8% from FY2015 to approximately HK\$337.0 million for FY2016. The increase was mainly attributed to increase in average spending per visit from HK\$279 for FY2015 to HK\$293 for FY2016.

Our revenue from specialties services increased by approximately HK\$6.3 million or 6.9% from FY2015 to approximately HK\$97.3 million for FY2016. The increase was mainly attributed to increase in average spending per visit from HK\$1,889 for FY2015 to HK\$1,991 for FY2016.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue (Continued)

Our revenue from dental services increased by approximately HK\$32.2 million or 231.8% from FY2015 to approximately HK\$46.0 million for FY2016. The increase was mainly attributed to (i) increase in average spending per visit from HK\$634 for FY2015 to HK\$1,031 for FY2016 and (ii) increase in number of patient visits from approximately 22,000 times for FY2015 to approximately 44,000 times for FY2016 due to the addition of dental centres from the acquisitions of Good Standard Limited, Laserdodontics Limited and Seto & Wan Dental Centre Limited on 29 June 2015.

Cost of Services Rendered

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

	2016 HK\$'000	2015 HK\$'000	% of change
Fees payable to doctors and dentists	210,560	191,658	9.9%
Cost of pharmaceutical supplies	41,525	38,581	7.6%
Written-down of inventories to net realisable value	125	54	131.5%
	252,210	230,293	9.5%

Our cost of services rendered increased by approximately HK\$21.9 million or 9.5% from FY2015 to approximately HK\$252.2 million for FY2016. This increase was mainly due to an increase in fees payable to doctors and dentists and cost of pharmaceutical supplies which were in line with the increase in our revenue for FY2016.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately HK\$28.8 million or 14.5% from FY2015 to approximately HK\$228.0 million for FY2016 as a result of increased revenue from the increase in average spending per visit. Our gross profit margin increased to approximately 47.5% for FY2016 from approximately 46.4% for FY2015 which was mainly due to increase in gross profit margin from general practice services.

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

	Year ended 30 June			
	2016	2015		
	HK\$'000	Gross profit margin %	HK\$'000	Gross profit margin %
General practice services	174,497	51.8%	159,009	49.0%
Specialties services	35,198	36.2%	33,890	37.2%
Dental services	18,353	39.9%	6,346	45.7%
	228,048	47.5%	199,245	46.4%

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin (Continued)

Our gross profit margin for general practice services increased from approximately 49.0% for FY2015 to approximately 51.8% for FY2016 mainly as a result of lower fees payable to general practitioners during FY2016 as their remuneration packages were different based on their experiences and length of services with us.

Our gross profit margin for specialties services decreased from approximately 37.2% for FY2015 to approximately 36.2% for FY2016 mainly as a result of higher fees payable to specialists during FY2016 as their remuneration packages were different based on their specialties, experiences and length of services with us.

Our gross profit margin for dental services decreased from approximately 45.7% for FY2015 to approximately 39.9% for FY2016 mainly due to higher fees payable to dentists and higher cost of pharmaceutical supplies and dental materials.

Other Income and Gains

Our other income and gains increased by approximately HK\$1.1 million or 57.9% from FY2015 to approximately HK\$2.9 million for FY2016 which was mainly due to the (i) increase in management fee income of approximately HK\$0.3 million from our related parties for sharing certain administrative expenses; and (ii) compensation received from doctors of approximately HK\$0.7 million pursuant to the relevant clauses of cooperation agreements.

Administrative Expenses

Our administrative expenses increased by approximately HK\$25.5 million or 17.2% to approximately HK\$174.0 million for FY2016 from approximately HK\$148.5 million for FY2015 as a result of (i) an increase in salaries and welfare expenses and Directors' remuneration of approximately HK\$14.6 million mainly due to the inflation in salaries and increase in number of higher calibre managerial staff; (ii) an increase in rental expenses of approximately HK\$6.3 million due to the average number of medical centres in FY2016 was higher than that of FY2015; and (iii) an increase in donation of approximately HK\$1.0 million.

Income Tax Expense

Income tax expense increased by approximately HK\$2.8 million or 30.0% to approximately HK\$12.3 million for FY2016 from approximately HK\$9.5 million for FY2015. The increase was mainly due to an increase in assessable income as a result of increase in revenue. Our effective tax rate increased from approximately 20.9% for FY2015 to approximately 30.7% for FY2016 as a result of (i) non-tax deductible expense of approximately HK\$18.3 million such as expenses related to the Listing; and (ii) tax losses not recognised of certain subsidiaries, of approximately HK\$1.9 million where no taxable profits will be available against which the losses could be utilised.

Profit for The Year

As a result of the foregoing, profit for the year decreased by approximately HK\$7.9 million or 22.1% to approximately HK\$27.8 million for FY2016 from approximately HK\$35.7 million for FY2015. Our net profit margin also decreased to approximately 5.8% for FY2016 from approximately 8.3% for FY2015.



MANAGEMENT DISCUSSION AND ANALYSIS

Profit Attributable to Owners of the Company, Adjusted Profit Attributable to Owners of the Company, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”), Adjusted EBITDA

During FY2016, the Company incurred one-off transaction cost in connection with the expenses related to the Listing, which is not indicative of the operating performance of the business of the year. Therefore, the Company arrives at an adjusted profit attributable to owners of the Company (“**Adjusted profit attributable to owners of the Company**”)* and an adjusted EBITDA (“**Adjusted EBITDA**”)* by eliminating the impact of expenses related to the Listing to present a more meaningful picture of our financial performance.

* Adjusted profit attributable to owners of the Company and the Adjusted EBITDA are not measures of performance under HKFRSs. Each of the measures does not represent and should not be used as a substitute for, gross profit or profit for the year as determined in accordance with HKFRSs. In addition, the Group’s definition of adjusted profit may not be comparable to other similarly titled measures used by other companies.

	For the year ended June 30	
	2016 HK\$’000	2015 HK\$’000
Profit attributable to owners of the Company and Adjusted profit attributable to owners of the Company		
Profit attributable to owners of the Company	27,809	33,727
Expenses related to the Listing	15,159	7,368
Adjusted profit attributable to owners of the Company	42,968	41,095
EBITDA and Adjusted EBITDA		
Net profit for the year	27,809	35,718
Tax	12,306	9,463
Depreciation	6,467	6,082
Amortisation of intangible assets	1,611	722
Interest income	(96)	(79)
EBITDA	48,097	51,906
Expenses related to the Listing	15,159	7,368
Adjusted EBITDA	63,256	59,274

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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. We operate our network of medical centres under the following brand names:



Human Health Integrated Medical Centre

18 medical centres which provide comprehensive medical services covering general practice services and/or specialties services and/or dental services

Human Health Medical Centre

29 medical centres which provide general practice services



Perfect Life

8 medical centres which mainly provide general practice services



Polyhealth Specialists

5 medical centres which provide specialties services



Poly Dental

1 medical centre which provides dental services and we also operate 4 dental centres which provide dental services under "Laserdontics " or the name of the respective dentist(s)

As at 30 June 2016, we operated 65 medical centres across all 18 districts in Hong Kong, out of which 12 medical centres are located on Hong Kong Island, 22 medical centres in Kowloon and 31 medical centres in the New Territories (including Lantau Island). Most of them are located at or near MTR stations, prime locations near public transportation hubs, shopping plazas or residential areas. Among our medical centres, we have 117 service points providing healthcare services covering multiple disciplines, which include 56 general practice service points, 44 specialties service points and 17 dental service points. Our comprehensive healthcare services include general practice services, specialties services encompassing 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 dental services covering general dentistry, specialties dentistry and cosmetic dentistry, as well as our physiotherapy services. This wide range of services enables us to position ourselves as an integrated healthcare service provider.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review (Continued)

We attribute our prominent market position to our experienced and stable professional team which comprises general practitioners, specialists, dentists, physiotherapists, registered nurses, pharmacist and dental hygienist. Set forth below is the number of members in our professional team who work exclusively with our Group as at 30 June 2016:

General practitioners	74
Specialists	22
Dentists	16
Physiotherapists	3
Registered nurses	7
Pharmacist	1
Dental hygienist	1
<hr/>	
Total	124

In addition to the professional team above, 22 general practitioners, 16 specialists and 2 dentists work with us on a non-exclusive basis as at 30 June 2016.

Our customers comprise individual customers and corporate customers which include medical scheme management companies, insurance companies and corporations. For FY2016, revenue generated from individual customers and corporate customers represented approximately 79.6% and 20.4% of our total revenue, respectively. Moreover, the number of our patients grew from approximately 1.69 million as at 30 June 2015 to approximately 1.83 million as at 30 June 2016, whereas our patient visits during FY2016 were approximately 1.24 million times as compared to approximately 1.23 million times during FY2015.

Our suppliers include general practitioners, specialists, dentists, pharmaceutical drugs distributors and manufacturers as well as laboratories and imaging centres. For FY2016, cost incurred with our five largest suppliers accounted for approximately 15.3% of our total cost of services rendered compared to approximately 14.3% for FY2015. For FY2016, cost incurred with our largest supplier accounted for approximately 4.3% of our total cost of services rendered, as compared to approximately 3.3% for FY2015.

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 believe our commitment in providing quality healthcare services will result in enduring doctor-patient relationships whilst we build upon our success in establishing and operating new medical centres across different regions in Hong Kong.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Outlook

We intend to strengthen our market position and to build upon our experience and successful track record of providing integrated healthcare services through our continued dedication to a patient-centric corporate culture while leveraging our infrastructure, management expertise, know-how and customer base. In continuing our business 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 issues, or those inter-related to such specialty areas. We also intend to expand our services to major first-tier cities in the PRC by replicating our business model in order to capture the potential opportunities made available from the rapid growth of the healthcare service industry in the PRC.

Our expansion plan in Hong Kong is to establish six new specialist medical centres and six new general practice medical centres by 2017. We will also review potential acquisition opportunities of established medical centres in Hong Kong which would increase our market share and hence our revenue base.

Moreover, with the goal to actively roll out our healthcare network expansion into the PRC, we plan to set up three integrated medical centres in Shanghai by 2017, through our joint venture with Ping An Health, a subsidiary of Ping An Financial Technology Consulting Co., Ltd.* (深圳平安金融科技諮詢有限公司), which is in turn approximately 92.4% held by Ping An Insurance (Group) Company of China, Ltd., a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 2318). In addition to setting up integrated medical centres in Shanghai through our joint venture company Pingan Yingjian, we intend to set up four integrated medical centres (or make equity investment in local company(ies)) in other first-tier cities in the PRC in 2018, which provide general practice services, specialties services and dental services to our customers.

Coherent to our mission of endeavoring to provide the best services to our customers, we will continue to enhance existing medical centres in our healthcare network to provide better customer service experience.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Outlook *(Continued)*

Our expansion plans in the near future are further elaborated below:

Expansion on Integrated Medical Services

To broaden our healthcare network, one new integrated medical centre providing general practice services, specialties services and dental services is expected to be established in November 2016.

Expansion on Specialties Services

As part of our expansion strategy in leveraging our existing customer base, four new specialist medical centres, two of which provide paediatrics and obstetrics & gynaecology specialties services respectively and the third of which provides multi-discipline specialties services are expected to commence operation in October 2016; the fourth one that provides gastroenterology & hepatology specialties service is expected to commence operation by the end of 2016.

New Services

We pursue to extend our scope of services from time to time to meet the arising health needs by the patients. A medical aesthetic and laser centre is expected to be launched in October 2016 as well as mental health related services provided by psychiatrist and clinical psychologist are expected to be offered in October 2016.

Expansion in the PRC

To implement our expansion into the PRC market, the establishment of the first medical centre in Shanghai providing healthcare services to mid-to-high-end customers is expected to be completed in November 2016. We would enhance our IT infrastructure to facilitate patient referrals from Ping An Health's clients and its well-established online platform "Ping An Hao Yi Sheng" (平安好醫生). In addition, we expect that such interface will further strengthen our edge as a leading healthcare service provider in Hong Kong by connecting Hong Kong medical services to the PRC customers.

We believe that through our expansion strategies we can devise and provide healthcare services that are in line with prevailing market needs which will help us develop our business with higher growth potential and profitability.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a good financial position during FY2016. As at 30 June 2016, the Group had net current assets of approximately HK\$163.6 million (as at 30 June 2015: approximately HK\$50.2 million) and cash and cash equivalents and pledged deposit of approximately HK\$169.7 million (as at 30 June 2015: approximately HK\$109.2 million).

CAPITAL STRUCTURE

On the Listing Date, 84,000,000 new Shares of HK\$0.01 each were allotted and issued by the Company. On 21 April 2016, pursuant to the full exercise of the over-allotment option, 11,502,000 new Shares of HK\$0.01 each were allotted and issued by the Company. There has been no change in the capital structure of the Company since then. The capital of the Company comprises ordinary Shares and other reserves.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON GROUP ASSETS

As at 30 June 2016, fixed deposits of approximately HK\$1.0 million has been pledged to a bank to secure overdrafts of the Group. In addition, approximately HK\$1.0 million has been pledged to a bank as collateral security for banking facilities granted to the extent of HK\$1.0 million.

FOREIGN EXCHANGE EXPOSURE

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

SIGNIFICANT ACQUISITION AND DISPOSAL OF ASSETS

There were no significant acquisition and disposal of assets during FY2016 and up to the date of this annual report.

CAPITAL COMMITMENTS

	As at 30 June	
	2016	2015
	HK\$000	HK\$'000
Contracted, but not provided for:		
Capital contributions payable to a joint venture	–	22,500
IT equipment	629	–

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES

As at 30 June 2016, the Group had 414 full-time employees (as at 30 June 2015: 411) and 79 part-time employees (as at 30 June 2015: 86).

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 packages based on their position. Generally, we pay basic salary and incentives (based on years of service) to all of our employees. To enhance the quality of our services, we adopt prudent assessment criteria when selecting our Group's professional team members including physiotherapists, pharmacist, registered nurses and dental hygienist, and take into account a number of factors such as experience, skills and competencies. We assess their credentials and suitability through interviews and aptitude tests as appropriate. We also provide regular training for our employees in the operations department.

USE OF NET PROCEEDS FROM THE LISTING

Net proceeds from the Listing amounted to approximately HK\$84.8 million (including the net proceeds from the full exercise of the over-allotment option which took place on 21 April 2016), and such proceeds are intended to be applied in the manner consistent with that set out in the prospectus of the Company dated 17 March 2016 (the "**Prospectus**"). For the period from the Listing Date to 30 June 2016 (the "**Relevant Period**"), a total of HK\$10.3 million had been applied to the Company's expansion in the PRC market.

* *for identification purpose only*

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHAN Kin Ping (陳健平) (“Mr. Chan”), aged 52, is the chairman of the Board, chief executive officer of our Group and an executive Director. Mr. Chan is also one of the co-founders of our Group and has since then been leading our Group for over 19 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 currently also holds directorship in each of the subsidiaries of the Company except Yingjian Qiye Management Consultancy (Shanghai) Limited* (盈健企業管理諮詢(上海)有限公司) (“Yingjian Qiye”).

Mr. Chan obtained a degree of Master of Business Administration from the University of South Australia in August 2008.

In September 2016, Mr. Chan was appointed as the chairman cum director of Hong Kong Kowloon City Industry and Commerce Association. Mr. Chan is currently serving as the Vice Chairman of Kowloon West Youth Care Committee and a director 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 since June 2013. Moreover, Mr. Chan has been a director 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 Lai Sheung, the chief medical officer of our Group and an executive Director, and the uncle of Mr. Poon Chun Pong, the chief operating officer of our Group and an executive Director.

Dr. PANG Lai Sheung (彭麗嫦) (“Dr. Pang”), aged 49, 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 currently also holds directorship in a number of subsidiaries of the Company, namely Actmax Limited, A-Link Limited, Human Health Associate Limited, Human Health International Limited, Human Health Limited, Human Health Medical Services Limited, Human Health (H.K.) Limited, Novel Champion Limited, Novel Wiser Limited, Solid Success Global Limited.

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 Chun Pong, the chief operating officer of our Group and an executive Director.

Ms. SAT Chui Wan (薩翠雲) (“Ms. Sat”), aged 48, 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 (the “**Company Secretary**”). She is mainly responsible for overseeing the financial, risk and human resources management of our Group.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS *(Continued)*

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.

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) (“Mr. Poon”), 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 currently also holds directorship in a number of subsidiaries of the Company, namely Be Health Specialist Limited, Perfect Life Asia Limited, Yingjian Qiye and Pingan Yingjian.

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 13 years of experience in information technology in the medical field and over nine years of management experience as he began his career as a senior technical analyst of Human Health Associate Limited in June 2003. He was later appointed as an assistant director of Actmax Limited 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) (“Dr. Lui”), aged 66, 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.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

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:

Company	Stock Code	Position	Term
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	From July 2011 to July 2013
		Non-executive director	From July 2013 to July 2014

Mr. CHAN Yue Kwong Michael (陳裕光) ("Mr. Michael Chan"), 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.

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.

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:

Company	Stock Code	Position	Term
Cafe 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

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Company	Stock Code	Position	Term
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) (“**Mr. Sin**”), aged 60, 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.

SENIOR MANAGEMENT

Dr. KWONG Kin Hung (龔健鴻) (“**Dr. Kwong**”), aged 43, 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. 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 President of Mount Cameron Lions Clubs, Lions Clubs International District 303 in Hong Kong, Macau and China in 2016 - 17.

Dr. LEE Huen (李煊) (“**Dr. Lee**”), 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. 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.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT *(Continued)*

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) (“Dr. Hui”), aged 44, 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.

Dr. YUEN Ka Sing Michael (袁嘉聲) (“Dr. Yuen”), 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 49, 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 Tat Ming 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.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT *(Continued)*

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) (“Dr. Seto”), aged 50, 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 currently holds directorship in a number of subsidiaries of the Company, namely Poly Dental Services Limited, Laserdantics Limited, Seto & Wan Dental Centre Limited and Good Standard Limited. 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) (“Dr. Lau”), aged 50, 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 currently holds directorship in a number of subsidiaries of the Company, namely Poly Dental Services Limited, Laserdantics Limited, Seto & Wan Dental Centre Limited and Good Standard Limited. 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.

COMPANY SECRETARY

Ms. Sat Chui Wan (薩翠雲), aged 48, an executive Director, is also the Company Secretary. Her biographical details are set out in the paragraph headed “EXECUTIVE DIRECTORS” in this section.

* *for identification purpose only*

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own corporate governance framework.

The Board has reviewed the Company’s corporate governance practices to ensure its continuous compliance with the CG Code. Save for the deviations from code provision A.2.1 as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code during the Relevant Period.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Chan as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership with the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

THE BOARD OF DIRECTORS

Responsibilities

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 amended and restated articles of association of the Company which became effective on the Listing Date (the “**Articles**”). Each of the executive Directors who is also the chief executive officer, chief medical officer, chief financial officer and chief operating officer, respectively together with our senior management and heads of departments have been delegated with the responsibilities to handle the day-to-day operations of the Group. The Company has adopted a formal schedule of matters specifically reserved for the Board, including but not limited to the following:

- approval for the Company’s strategic plans and objectives;
- approval for significant transactions, investments and major financial matters;
- approval of announcements, circulars and reports;
- approval of connected transactions;
- approval of any matters that are recommended by the Board committee pursuant to their terms of reference.

The Board will give clear directions to management on the matters that must be approved by it before decisions are made. The Board will review those arrangements periodically to ensure that they remain appropriate to the Group’s needs.

CORPORATE GOVERNANCE REPORT

Responsibilities *(Continued)*

Specifically in relation to the corporate governance function, the Board is responsible for performing, among others, the following corporate governance duties:

1. developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
2. reviewing and monitoring the training and continuous professional development of Directors and senior management;
3. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
4. developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to our employees and Directors; and
5. reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Board has delegated part of the above duties to the Company's Board committees, and their duties are set out in the terms of reference of the respective Board committee.

All Directors have full and timely access to all relevant information in relation to the Group as well as the advice from and services provided by the Company Secretary, if and when required, with a view to ensure that all applicable rules and regulations are followed.

There are established procedures for Directors, upon reasonable request, to seek independent advice in appropriate circumstances for them to discharge their duties and responsibilities, at the Company's expenses.

The Company has arranged appropriate liability insurance for the Directors and officers of the Group to indemnify their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Composition

The Board currently consists of seven Directors comprising four executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Chan Kin Ping (*Chairman and Chief Executive Officer*)
Dr. Pang Lai Sheung
Ms. Sat Chui Wan
Mr. Poon Chun Pong

Independent Non-executive Directors

Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

The biographical details of each Director are set out in the "Directors and Senior Management" section in this annual report.

Chairman of the Board and Chief Executive Officer

Mr. Chan acts as the chairman of the Board and chief executive officer of the Group.

The key role of the chairman of the Board is to provide leadership to the Board. In performing his duties, the chairman of the Board shall ensure that the Board functions effectively when discharging its responsibilities by encouraging Directors to make active contribution to the Board's affairs. The chairman of the Board also ensures that good corporate governance practices and procedures are established and the Board acts in the best interest of the Company.

The key role of chief executive officer is to be responsible for the day-to-day management and operations of the business of the Group. The duties of chief executive officer mainly include, but not limited to, providing leadership and supervising the effective management of the Group; monitoring and controlling the financial and operational performance of various divisions; and implementing the objectives and strategies approved by the Board and policies adopted by the Group.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive Directors, of whom Mr. Sin has appropriate professional qualifications and related experiences in financial matters.

The Company has received written confirmation from each of the independent non-executive Directors confirming his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by the Shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Pursuant to Article 83(3) of the Articles, 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 by the board 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 by the board 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.

Pursuant to Articles 84(1) and 84(2) of the Articles, notwithstanding any other provisions in the Articles, at each annual general meeting one third of the directors for the time being (or, if their number is not a multiple of three (3), 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. A retiring director shall be eligible for re-election and shall continue to act as a director throughout the meeting at which he retires. The directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any director appointed by the board pursuant to Article 83(3) shall not be taken into account in determining which particular directors or the number of directors who are to retire by rotation.

Accordingly all executive Directors and independent non-executive Directors will retire as required by the Articles and the Listing Rules and, being eligible, offer themselves for re-election at the AGM.

CORPORATE GOVERNANCE REPORT

Induction and Continuous Professional Development for Directors

Each newly appointed Director will receive comprehensive induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary. The Directors are regularly briefed on relevant legal and regulatory developments, business and market changes in order to discharge their responsibilities. During the year, the Company has arranged in-house trainings in respect of the Listing Rules and other applicable legal and regulatory requirements to the Directors and reading material on relevant topics have been provided to the Directors for refreshing and developing their professional knowledge.

Upon the Listing Date, all Directors are provided with regular updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

All Directors have provided their training records to the Company.

BOARD AND BOARD COMMITTEES MEETINGS

Number of Meetings and Directors' Attendance

Regular Board meetings are scheduled to facilitate maximum attendance by the Directors and to be held at least 4 times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Group.

Notices of regular Board meetings are served to all Directors at least 14 days before such meetings while reasonable notice is generally given for other Board meetings.

For Board committee meetings, notices are served in accordance with the required notice period stated in the relevant terms of reference.

Agenda and accompanying papers together with all appropriate, complete and reliable information are sent to Directors or Board committee members at least 3 days before each Board or Board committee meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. Directors are given the opportunity to include matters in the agenda for Board or Board committee meetings. The Board and each Director also have separate and independent access to the management of the Group whenever necessary.

Apart from the regular Board meetings, the Board will meet on other occasions from time to time when a board-level decision on a particular matter is required.

Minutes of all Board meetings and Board committee meetings, recording sufficient details of matters considered and decisions reached, are kept by the Company Secretary, and are opened for inspection by the Directors. Draft and final versions of minutes are sent to all Directors for comments within a reasonable time after the meetings.

During the Relevant Period, one Board meeting was held when the following key issues were, among others, reviewed and considered:

- the formal schedule of corporate matters reserved to the Board for approval;
- the meeting schedule for the year ending 30 June 2017;
- the budget plan for the year ending 30 June 2017; and
- the policy and procedure for handling price sensitive information of the Group.

CORPORATE GOVERNANCE REPORT

Number of Meetings and Directors' Attendance (Continued)

Attendance records of the Directors are set out below:

Director Name	Attendance of Board meeting
Executive Directors	
Mr. Chan Kin Ping	1/1
Dr. Pang Lai Sheung	1/1
Ms. Sat Chui Wan	1/1
Mr. Poon Chun Pong	1/1
Independent Non-executive Directors	
Dr. Lui Sun Wing	1/1
Mr. Chan Yue Kwong Michael	1/1
Mr. Sin Kar Tim	1/1

Board Committees

The Board has established three committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") for overseeing particular aspects of the Group's affairs. All Board committees of the Company are established with defined written terms of reference which are posted on the Company's and the Stock Exchange's websites.

The majority of the members of each Board committee are independent non-executive Directors. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely:

Mr. Sin Kar Tim (*Chairman*)
Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael

None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include, among others, the following:

- (a) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (b) monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them;

CORPORATE GOVERNANCE REPORT

Audit Committee *(Continued)*

- (c) reviewing the Company's financial controls, risk management and internal control systems;
- (d) reporting to the Board on the matters in relation to the corporate governance functions;
- (e) reviewing continuing connected transactions of the Company and ensuring compliance with the Listing Rules;
- (f) ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function.

During the Relevant Period, one meeting of the Audit Committee was held when, among others, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the nature and scope of the audit by reference to the audit plan presented by the auditor;
- the independence of the auditor and the adoption of the policy on engaging auditors to provide non-audit services;
- the effectiveness of internal control system and the establishment of an internal audit function of the Group;
- the continuing connected transactions of the Group; and
- the adoption of whistleblowing policy of the Group for employees to raise concerns.

Attendance records of the members of Audit Committee are set out below:

Director Name	Attendance
Mr. Sin Kar Tim <i>(Chairman)</i>	1/1
Dr. Lui Sun Wing	1/1
Mr. Chan Yue Kwong Michael	1/1

Remuneration Committee

The Remuneration Committee comprises the Chairman of the Board and three independent non-executive Directors, namely:

Dr. Lui Sun Wing *(Chairman)*
Mr. Chan Kin Ping
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

CORPORATE GOVERNANCE REPORT

Remuneration Committee *(Continued)*

The main duties of the Remuneration Committee include, among others, the following:

- (a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration;
- (b) reviewing and approving management's remuneration proposals with reference to the Board's corporate goals and objectives resolved by the Board from time to time;
- (c) making recommendations to the Board on the remuneration packages of individual Directors and senior management;
- (d) reviewing, recommending and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment; and
- (e) establishing transparent procedures for developing remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, whose remuneration shall be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

During the Relevant Period, one meeting of the Remuneration Committee was held when, among others, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the remuneration policy of Directors and senior management; and
- the bonus structure of the executive Directors.

Attendance records of the members of Remuneration Committee are set out below:

Director Name	Attendance
Dr. Lui Sun Wing (<i>Chairman</i>)	1/1
Mr. Chan Kin Ping	1/1
Mr. Chan Yue Kwong Michael	1/1
Mr. Sin Kar Tim	1/1

Nomination Committee

The Nomination Committee comprises the Chairman of the Board and three independent non-executive Directors, namely:

Mr. Chan Yue Kwong Michael (*Chairman*)
Dr. Lui Sun Wing
Mr. Chan Kin Ping
Mr. Sin Kar Tim

CORPORATE GOVERNANCE REPORT

Nomination Committee *(Continued)*

The main duties of the Nomination Committee include, among others the following:

- (a) formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy;
- (b) reviewing the Board diversity policy and the progress on achieving the objectives set for implementing the said policy;
- (c) reviewing the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (d) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- (e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Group; and
- (f) assessing the independence of independent non-executive Directors.

A policy on Board diversity has been adopted on 28 January 2016 which sets out the approach to achieve the diversity of the Board. With a view to achieving a sustainable and balanced development, the Company views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. Selection of candidates as the Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee considers that the Board's composition is balanced and diverse as the Board members involve different age groups, genders, professional experience, skills and length of service and ensure the effectiveness of the policy on Board diversity.

During the Relevant Period, one meeting of the Nomination Committee was held when, among others, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the nomination policy for the Nomination Committee;
- the structure, size and composition of the Board;
- the independence of independent non-executive Directors; and
- the rotation and re-election of Directors in the forthcoming annual general meeting.

CORPORATE GOVERNANCE REPORT

Nomination Committee *(Continued)*

Attendance records of the members of Nomination Committee are set out below:

Director Name	Attendance
Mr. Chan Yue Kwong Michael (<i>Chairman</i>)	1/1
Dr. Lui Sun Wing	1/1
Mr. Chan Kin Ping	1/1
Mr. Sin Kar Tim	1/1

MODEL CODE ON SECURITIES TRANSACTION BY DIRECTORS

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

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

DIRECTORS’ RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the Group’s financial statements. The financial statements for FY2016 have been prepared in accordance with Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standards and applicable Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and other applicable regulatory requirements.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquires, they are not aware of any material uncertainty relating to events of conditions that may cast significant doubt upon the Group’s ability to continue as a going concern.

AUDITOR’S REMUNERATION

The responsibilities of the external auditor, Ernst & Young, are set out in the Independent Auditors’ Report on pages 52 to 53 in this annual report.

The Audit Committee has been notified of the nature and service charges of the non-audit services performed by Ernst & Young and considered that such services have no adverse effect on the independence of their audit works.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION *(Continued)*

An analysis of the remuneration payable to Ernst & Young, in respect of audit and non-audit services for FY2016 are set out below:

Nature of services	Amount HK\$'000
Audit services	1,800
Non-audit services	1,107

INTERNAL CONTROL AND RISK MANAGEMENT

The Board, recognising its overall responsibility in ensuring the risk management and internal control systems of the Group and in reviewing its effectiveness, is committed to implementing a sound risk management and internal control system to safeguard the interests of the Shareholders and the assets of the Group. Policies and procedures have been designed to safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with applicable law, rules and regulations. The policies and procedures provide a reasonable assurance that material misstatements or losses are prevented, potential interruption of the Group's management system is detected, and risks existing in the course of arriving at the Group's objectives are properly managed.

During the Relevant Period and up to the date of this annual report, an internal audit function had been established with adequate resources and responsible to carry out an independent review of the adequacy and effectiveness of the Group's internal control systems. The review covers major controls over financial, operational and compliance, and the internal control review report have been assessed by the Audit Committee. The Audit Committee has also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's internal audit, accounting and financial reporting function. The Board considers that the existing internal control system is reasonably effective and adequate.

COMPANY SECRETARY

Ms. Sat is the Company Secretary. The Company Secretary is responsible for reporting to the Board on day-to-day duties and responsibilities and for advising the Board on governance matters and also facilitates the induction and professional development of Directors. All Directors have access to the advice and service of the Company Secretary to ensure that all applicable rules and regulations are followed. The Company Secretary also keeps proper records of all Board and Board Committee meetings which are made available for inspection by the Directors at all reasonable times. Ms. Sat is also the executive Director and her biographical details are set out in the paragraph headed "Executive Directors" in the "Directors and Senior Management" section in this annual report. Ms. Sat had complied with the professional training requirement under the Listing Rules during the Relevant Period.

SHAREHOLDERS' RIGHTS

Article 58 of the Articles states that any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a director of the Company, please refer to the "Procedures for Shareholders to Propose a Person for Election as a Director" which is posted on the Company's website at www.humanhealth.com.hk.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises the importance of continuing communications with the Shareholders and investors, and maintains ongoing dialogues with them through various channels. The primary communication channel between the Company and the Shareholders is through the publication of the Company's interim and annual reports.

The Company's Hong Kong branch share registrar, Tricor Investor Services Limited serves the Shareholders with respect to all share registration matters.

The Company's annual general meeting provides a useful forum for the Shareholders to exchange views with the Board. Board members and the auditor are available to answer Shareholders' questions and explain the procedures for demanding and conducting a poll, if necessary. Any relevant information and documents on proposed resolutions are sent to all Shareholders at least twenty clear business days before the annual general meeting pursuant to the Listing Rules.

All Shareholders' communications, including interim and annual reports, announcements and press releases as well as the Shareholders communication policy are available on the Company's website at www.humanhealth.com.hk. The latest business developments and core strategies of the Company can also be found on the Company's website, keeping the communications with Shareholders open and transparent.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Company keeps on promoting investor relations and enhancing communication with the Shareholders and potential investors. The Company welcomes the Shareholders, investors, stakeholders and the public to send their enquiries to our Company Secretary by addressing them to the Company's address at 11/F., TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Hong Kong or by email at ir@humanhealth.com.hk or by phone at (852) 3971 8274 during normal business hours or by fax at (852) 2312 2772.

During the Relevant Period, the Company did not make any changes to the memorandum of association and the Articles and the current version of which are available on the websites of the Stock Exchange and the Company.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Mr. Chan, Dr. Pang and Treasure Group Global Limited (collectively, the "**Controlling Shareholders**") entered into a deed of non-competition in favor of the Company (and as trustee for its subsidiaries) dated 15 March 2016 (the "**Deed of Non-Competition**") as set out in section headed "Relationship with Controlling Shareholders – Non-Competition Undertaking" in the Prospectus. The Controlling Shareholders confirmed their compliance with all the undertakings provided under the Deed of Non-Competition. The independent non-executive Directors, based on the confirmation from the Controlling Shareholders, consider that, during the Relevant Period, the terms of the Deed of Non-Competition have been complied with by the Controlling Shareholders.

DIRECTORS' REPORT

The Directors present this annual report and the audited financial statements for FY2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in operating medical centres for the provision of integrated healthcare services in Hong Kong. The activities and other particulars of its principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

A review of the business of the Group during FY2016 and its future development are set out in the "Management Discussion and Analysis" on pages 7 to 16 of this annual report.

There is no significant subsequent event undertaken by the Group after 30 June 2016.

PRINCIPAL RISKS AND UNCERTAINTIES

The operations and business of the Group may be affected by various risks and uncertainties and the principal risks and uncertainties are set out below.

Operational Risk

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. In particular, our business model relies on contractual arrangements with the professional team and their sole proprietorships ("**Managed Practices**"). In case any practitioner cannot accept this arrangement, we may not be able to procure them to provide medical and dental services at our medical centres.

In addition, we operate all of our medical centres on leased properties. Any non-renewal of leases or substantial increase in rent may affect our business and financial performance.

Reputational Risk

We rely on our reputation within the healthcare service industry and our brand's image which may be adversely affected by negative publicity. Moreover, the limitation in promoting the business of our Group may affect our ability to further enhance our brand recognition or secure new business opportunity in the future.

Legal Risk

Our general practitioners, specialists and dentists are required 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. 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.

Details about the Group's financial risk management are set out in note 36 to the financial statements on pages 115 to 117.

DIRECTORS' REPORT

FINANCIAL RESULTS AND PERFORMANCE

The Group's profit for FY2016 and the Group's financial position at 30 June 2016 are set out in the financial statements on pages 54 to 57.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK3 cents per ordinary Share (2015: Nil) for FY2016 (the "**Final Dividend**"). The payment of the Final Dividend is subject to approval by the Shareholders at the forthcoming AGM to be held on Tuesday, 29 November 2016. Upon obtaining the Shareholders' approval, the Final Dividend is expected to be paid on or around Tuesday, 20 December 2016 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 6 December 2016.

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 25 November 2016 to Tuesday, 29 November 2016, both days inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 November 2016.

For the purpose of ascertaining the Shareholders' entitlement to receive the Final Dividend, the register of members of the Company will be closed from Monday, 5 December 2016 to Tuesday, 6 December 2016, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for receiving the Final Dividend, all duly completed transfer forms accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 December 2016.

Details of dividends for FY2016 are set out in note 10 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 25 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2016 amounted to approximately HK\$178.4 million of which approximately HK\$10.8 million has been proposed as a final dividend for the year.

DONATIONS

Donations made by the Group during FY2016 amounted to approximately HK\$1.06 million in which HK\$1.0 million was donated to The Community Chest of Hong Kong.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets, liabilities and non-controlling interest of the Group for the past five financial years is set out on page 120 of this annual report. This summary does not form part of the audited financial statements.

USE OF NET PROCEEDS FROM THE LISTING

Net proceeds from the Listing amounted to approximately HK\$84.8 million (including the net proceeds from the full exercise of the over-allotment option which took place on 21 April 2016), and such proceeds are intended to be applied in the manner consistent with that set out in the Prospectus. During the Relevant Period, a total of approximately HK\$10.3 million had been applied to the Company's expansion in the PRC market.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

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.

We have implemented internal policy to dispose of clinical waste and radioactive substances. Our policy aims to ensure safe disposal of hazardous substances and waste. We have engaged 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. Our Group's total costs of compliance with applicable environmental laws and regulations were approximately HK\$117,000 and approximately HK\$95,000 for FY2016 and FY2015, respectively.

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

Our Group is subject to the workplace 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. We have not experienced any material accidents in the course of our business operations.

With the increasing importance of environmental, social and governance ("ESG") issues nowadays, the Board is aware of the climate change as well as its commitment to the environmental sustainability. The Board will refer to the new reporting guidelines of the Stock Exchange, develop a long-term ESG strategy and implementation plan and report its ESG performance for the coming financial year.

DIRECTORS' REPORT

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We embrace our employees as the most valuable assets of the Group, the objective of the Group's human resources management is to reward and recognise outstanding employees by providing competitive remuneration packages with basic salary and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group by providing adequate training and opportunities.

Customers

Our customers comprise individual customers and corporate customers which include medical scheme management companies, insurance companies and corporations. By following our motto "From Our Heart • For Your Health" (仁心 • 稱心), we can provide patient-centric and quality focused services to our customers and will result in a lasting relationship with our customers.

Suppliers

Our suppliers include general practitioners, specialists, dentists, pharmaceutical drugs distributors and manufacturers as well as laboratories and imaging centres.

We enter into cooperation agreements with our professional team and their Managed Practices. Our general practitioners, specialists and dentists (through their Managed Practices) provide healthcare services to our patients at our medical centres operated by our Group and our Group provides a variety of management and administrative services and grants the Managed Practices licences to use, among others, the proprietary names and proprietary rights of our Group. We recruit new doctors and dentists based on their qualifications, experience, reputation, specialized area of study or practice, level of dedication, previous compliance records and whether they will fit into our corporate culture. We also place great emphasis on training and retaining of our professional team. 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.

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 our Group places purchase orders with the pharmaceutical drug manufacturers. We do not enter into long term supply agreements with the suppliers but fixed term supply contract to guarantee the supply of vaccines for one year and the supply contract is renegotiated each year. 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 suppliers' reputation in the industry.

In addition, 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 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 professional team.

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

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

DIRECTORS

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

Executive Directors

Mr. Chan Kin Ping (*Chairman and Chief Executive Officer*)

Dr. Pang Lai Sheung

Ms. Sat Chui Wan

Mr. Poon Chun Pong

Independent Non-executive Directors

Dr. Lui Sun Wing

Mr. Chan Yue Kwong Michael

Mr. Sin Kar Tim

In accordance with Article 83(3) of the Articles and the Listing Rules, all the above seven Directors shall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 17 to 20 of this annual report.

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 the independent non-executive Directors has entered into a letter of appointment with the 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.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the section headed "Continuing Connected Transactions" below and note 32 "Related Party Transactions" to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed in the section headed "Relationship with Controlling Shareholders – Other Businesses Owned by our Controlling Shareholders" in the Prospectus, none of the Directors have any interest in a business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS', SENIOR MANAGEMENT'S AND EMPLOYEES' EMOLUMENTS

The Group's remuneration policy aims to provide a fair market remuneration to attract, retain and motivate high quality talent, having regard to the Group's and individual's performance and comparable market trends. At the same time, such awards must be aligned with the Shareholders' interests.

Particulars of Directors' remuneration, five highest paid individuals' emoluments and staff costs are set out in notes 7 and 8 to the financial statements.

The amount or value of fees and bonus (including doctors' or dentists' professional fees and remuneration as members of our doctor advisory board (as the case may be) of the members of the senior management who are not the Group's employees by bands for FY2016 is set out below:

Fees by bands	Number of Individuals
Nil to HK\$3,000,000	2
HK\$3,000,001 to HK\$6,000,000	4
HK\$6,000,001 to HK\$9,000,000	2

No director waived any emolument during the Relevant Period.

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

As at 30 June 2016, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register (the "Register") referred to therein, or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares or underlying Shares

Name of Director	Capacity in which the Shares are held	Number of Shares held	Approximate percentage of total issued Shares ⁽ⁱⁱ⁾
Mr. Chan Kin Ping	Interest in a controlled corporation ⁽ⁱ⁾	252,346,286	69.80%
Dr. Pang Lai Sheung	Interest in a controlled corporation ⁽ⁱ⁾	252,346,286	69.80%

Notes:

- (i) Mr. Chan, Dr. Pang and Treasure Group Global Limited ("Treasure Group") are our controlling shareholders (as defined in the Listing Rules). Treasure Group is owned as to 50% by Mr. Chan and 50% by Dr. Pang.
- (ii) The percentages are calculated based on the total number of issued Shares as at 30 June 2016.

Interests in shares of Treasure Group Global Limited (the "Associated Corporation")

Name of Director	Capacity in which the shares are held	Number of shares held	Approximate percentage of total issued shares
Mr. Chan Kin Ping	Beneficial owner	1	50.00% ⁽ⁱ⁾
Dr. Pang Lai Sheung	Beneficial owner	1	50.00% ⁽ⁱ⁾

Note:

- (i) The shares are beneficially owned as to 50% by Mr. Chan and 50% by Dr. Pang. The percentages are calculated based on the total number of issued shares of Treasure Group as at 30 June 2016.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

All the above interests in the Shares and underlying Shares and the shares of the Associated Corporation were long positions.

Save as disclosed above, as at 30 June 2016, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or the Associated Corporation, which were required to be notified to the Company and the Stock Exchange or recorded in the Register as aforesaid.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme conditionally approved and adopted by the written resolutions of the Shareholders on 17 February 2016 (the "**Share Option Scheme**"), at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 30 June 2016, so far as it is known by or otherwise notified by any Director or the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares as recorded in the Register required to be kept under section 336 of the SFO:

Name of substantial Shareholder	Capacity in which the Shares are held	Number of Shares held	Approximate percentage of total issued Shares ⁽ⁱⁱⁱ⁾
Treasure Group	Beneficial owner ⁽ⁱ⁾	252,346,286	69.80%
Capital Healthcare International Limited	Beneficial owner ⁽ⁱⁱ⁾	25,362,000	7.02%
Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司)	Interest of controlled corporation ⁽ⁱⁱ⁾	25,362,000	7.02%
Beijing State-owned Assets Management Co., Ltd.* (北京市國有資產經營有限責任公司)	Interest of controlled corporation ⁽ⁱⁱ⁾	25,362,000	7.02%
The People's Government of Beijing Municipality	Interest of controlled corporation ⁽ⁱⁱ⁾	25,362,000	7.02%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

- (i) The Shares are beneficially owned by Treasure Group, a company which is owned as to 50% by Mr. Chan and 50% by Dr. Pang. Therefore, Mr. Chan and Dr. Pang are deemed to be interested in such Shares pursuant to Part XV of the SFO. Mr. Chan is the sole director of Treasure Group.
- (ii) The Shares are beneficially owned by Capital Healthcare International Limited, which is wholly owned by Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司) Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司) is held as to 73.13% by Beijing State-owned Assets Management Co., Ltd.* (北京市國有資產經營有限責任公司), which is wholly owned by The People's Government of Beijing Municipality. Therefore, Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司), Beijing State-owned Assets Management Co., Ltd.* (北京市國有資產經營有限責任公司) and The People's Government of Beijing Municipality are deemed to be interested in such Shares pursuant to Part XV of the SFO.
- (iii) The percentages are calculated based on the total number of issued Shares as at 30 June 2016.

All the above interests in the Shares and underlying Shares were long positions.

Save as disclosed above, the Directors are not aware of any other corporations or person who, as at 30 June 2016, had any interests or short positions in the Shares or underlying Shares as recorded in the Register required to be kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during FY2016 are set out in note 32 to the financial statements. Such transactions were either (i) fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules, details of such exempt continuing connected transactions are set out in the section headed "Connected Transactions – Exempt Continuing Connected Transactions" in the Prospectus; or (ii) non-exempt continuing connected transactions as set out in the section headed "Non-Exempt Continuing Connected Transactions" in this annual report; or (iii) did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules (for the cooperation agreements with related parties and their Managed Practices). 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. The Company confirms that the related party transactions (as the case may be) comply with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Laboratory Service Agreements Between Our Subsidiaries and Each of Impact Medical Imaging Centre Company Limited ("IMI") and We Health Medical Diagnostic Limited ("WEH")

Each of Actmax Limited ("**Actmax**"), Be Health Specialist Limited ("**Be Health**"), Human Health Associate Limited ("**Human Health Associate**") and Perfect Life Asia Limited ("**Perfect Life**") which are the subsidiaries of the Company 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).

DIRECTORS' REPORT

Laboratory Service Agreements Between Our Subsidiaries and Each of Impact Medical Imaging Centre Company Limited ("IMI") and We Health Medical Diagnostic Limited ("WEH") (Continued)

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.

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. For FY2016, the aggregate laboratory service fee paid by Actmax, Be Health, Human Health Associate and Perfect Life to IMI and WEH amounted to approximately HK\$5,596,000 and did not exceed the annual cap for the year.

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.

Dr. Choi Tat Fai, Richard's Cooperation Agreement (The "Cooperation Agreement")

Dr. Choi Tat Fai, Richard ("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
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 at our medical centres generated by Dr. Choi (through his Managed Practice), less relevant direct costs such as drugs costs 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.

Dr. Choi Tat Fai, Richard's Cooperation Agreement (The "Cooperation Agreement") (Continued)

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. For FY2016, the fees paid by Be Health to Dr. Choi amounted to approximately HK\$4,183,000 and did not exceed the annual cap for the year.

Given that Dr. Choi is a director of each of Perfect Life and Win Talent Management Limited 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.

Dr. Seto Siu Keung's Cooperation Agreement

Dr. Seto entered into the Cooperation Agreement with Poly Dental Services Limited ("**Poly Dental**", the subsidiary of the Company) 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 at our medical centres generated by Dr. Seto (through his Managed Practice), less relevant direct costs such as drugs costs 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.

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. For FY2016, the fees paid by Poly Dental to Dr. Seto amounted to approximately HK\$4,777,000 and did not exceed the annual cap for the year.

Given that Dr. Seto is a director of each of Poly Dental, Good Standard Limited ("**Good Standard**"), Laserdantics Limited ("**Laserdantics**") and Seto & Wan Dental Centre Limited ("**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.

DIRECTORS' REPORT

Dr. Lau Wai Man's Cooperation Agreement

Dr. Lau 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's Cooperation Agreement:

1. Dr. Lau'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'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'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 (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 at our medical centres generated by Dr. Lau (through his Managed Practice), less relevant direct costs such as drugs costs 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.

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 (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. For FY2016, the fees paid by Poly Dental to Dr. Lau amounted to approximately HK\$5,630,000 and did not exceed the annual cap for the year.

Given that Dr. Lau is a director of each of Poly Dental, Good Standard, Laserdentics and Seto & Wan and that Dr. Lau's Cooperation Agreement was entered into by Poly Dental, and Dr. Lau and his Managed Practice, the transactions under Dr. Lau's Cooperation Agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

Dr. Chan Siu Yu's Cooperation Agreement

Dr. Chan Siu Yu entered into the Cooperation Agreement with Human Health Medical Services Limited ("**Human Health Medical Services**", the subsidiary of the Company) 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;

Dr. Chan Siu Yu's Cooperation Agreement (Continued)

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 at our medical centres generated by Dr. Chan Siu Yu (through his Managed Practice), less relevant direct costs such as drugs costs 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.

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. For FY2016, the fees paid by Human Health Medical Services to Dr. Chan Siu Yu amounted to approximately HK\$2,870,000 and did not exceed the annual cap for the year.

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.

Details of the abovementioned non-exempt continuing connected transactions are set out in the section headed "Connected Transactions – Non-Exempt Continuing Connected Transactions" in the Prospectus.

Opinion from The Independent Non-executive Directors and Auditor on The Continuing Connected Transaction

The Company's auditor was engaged to report on the Group's non-exempt continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above and confirmed that nothing has come to its attention that causes it to believe the continuing connected transactions abovementioned:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (d) have exceeded the annual cap as set by the Company.

DIRECTORS' REPORT

Opinion from The Independent Non-executive Directors and Auditor on The Continuing Connected Transaction *(Continued)*

The independent non-executive Directors have reviewed these transactions and confirmed that the non-exempt continuing connected transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors confirm that the Company has complied with the requirements of Chapter 14A of the Listing Rules in respect of all of its continuing connected transactions.

MANAGEMENT CONTRACTS

No contracts, other than the service contracts with the Directors or employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 14.8% and the largest customer accounted for approximately 4.3% of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 15.3% and the largest supplier accounted for approximately 4.3% of the Group's total purchases for the year.

None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the issued Shares) had an interest in the five largest suppliers or customers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules at any time during the Relevant Period and up to the date of this annual report.

PRE-EMPTIVE RIGHTS

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

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below in this annual report, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the Share Option Schemes as set out below in this annual report, the Company had no outstanding convertible securities, options, warrants or similar rights as at 30 June 2016. There has been no issue or exercise of any convertible securities, options, warrants or similar rights during the year.

SHARE OPTION SCHEME

Summary of Terms

The following is a summary of the principal terms of the Share Option Scheme. 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) **Participants**
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**") share options to subscribe for such number of Shares in accordance with the terms of the Share Option Scheme.
- (c) **Total number of Shares available for issue under the Share Option Scheme**
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.

The total number of Shares to be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed 35,000,000 Shares, representing 10% of the total number of the Shares in issue as at the Listing Date and approximately 9.68% of the total number of the Shares in issue as at the date of this annual report unless further Shareholders' approval has been obtained pursuant to the requirements set out in the Share Option Scheme and the Listing Rules.

- (d) **Maximum entitlement of each participant**
Subject to the requirements set out in the Share Option Scheme and the Listing Rules, 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.

DIRECTORS' REPORT

Summary of Terms (Continued)

- (e) Basis of determining the exercise price
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; and (iii) the nominal value of the Share.
- (f) Time for acceptance and the amount payable on acceptance of the option
An offer for the grant of the share option must be accepted within 28 days from the Offer Date with a consideration of HK\$1.00 is payable on acceptance of the offer.
- (g) Time of exercise of option
Subject to the provisions of the Share Option Scheme 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, 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 exercise period shall commence after a vetting period (if any) and expire in any event not later than the last day of the 10 years period after the date on which the option is duly accepted by the grantee in accordance with the terms of the Share Option Scheme.
- (h) Life of the Share Option Scheme
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.

During the Relevant Period, no share option had been granted under the Share Option Scheme.

PENSION SCHEME ARRANGEMENTS

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.

A subsidiary and a joint venture entity operating in the PRC are required to participate in defined contribution retirement schemes organised by the relevant local government authorities since incorporation.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, Directors shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Controlling Shareholders' compliance of the deed of non-competition entered into with the Company on 15 March 2016 is set out in the "Corporate Governance Report" on pages 23 to 34 of this annual report.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" on pages 23 to 34 of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written confirmation from each of the independent non-executive Directors confirming his independence and the Company considers that all independent non-executive Directors are independent.

COMPLIANCE WITH LAWS AND REGULATIONS

Except as disclosed in the section headed "Business – Compliance with Laws and Regulations" under the Prospectus, during the Relevant Period and up to the date of this annual report, 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 and regulations applicable to our Group that would have a material adverse effect on its business and financial position taken as a whole.

AUDITOR

Ernst & Young will retire and a resolution for their reappointment will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Kin Ping

Chairman

Hong Kong, 27 September 2016

* *for identification purpose only*

INDEPENDENT AUDITORS' REPORT



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Independent auditors' report

To the shareholders of Human Health Holdings Limited

(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Human Health Holdings Limited (the "Company") and its subsidiaries set out on pages 54 to 119, which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

INDEPENDENT AUDITORS' REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Certified Public Accountants
Hong Kong

27 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
REVENUE	5	480,258	429,538
Cost of services rendered		(252,210)	(230,293)
Gross profit		228,048	199,245
Other income and gains	5	2,865	1,815
Administrative expenses		(174,035)	(148,511)
Other expenses	6	(15,159)	(7,368)
Share of losses of a joint venture		(1,604)	–
PROFIT BEFORE TAX	6	40,115	45,181
Income tax expense	9	(12,306)	(9,463)
PROFIT FOR THE YEAR		27,809	35,718
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		–	99
Reclassification adjustments for gains included in the consolidated statement of profit or loss and other comprehensive income			
– Gain on disposal		–	(217)
Exchange differences on translation of foreign operations		– (763)	(118) –
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(763)	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(763)	(118)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,046	35,600

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
Profit attributable to:			
Owners of the Company		27,809	33,727
Non-controlling interests		–	1,991
		27,809	35,718
Total comprehensive income attributable to:			
Owners of the Company		27,046	33,621
Non-controlling interests		–	1,979
		27,046	35,600
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	11	HK9.4 cents	HK13.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	8,317	12,136
Goodwill	13	31,964	31,964
Other intangible assets	14	15,047	16,658
Investment in a joint venture	15	18,886	–
Deposits	18	16,209	4,941
Deferred tax assets	24	1,439	1,910
Total non-current assets		91,862	67,609
CURRENT ASSETS			
Inventories	16	6,944	7,295
Tax recoverable		4,115	955
Trade receivables	17	31,996	31,888
Prepayments, deposits and other receivables	18	7,407	13,195
Due from related parties	32(b)	1,614	1,730
Due from a joint venture	15	314	–
Pledged deposits	19	2,037	–
Cash and cash equivalents	19	167,656	109,248
Total current assets		222,083	164,311
CURRENT LIABILITIES			
Trade payables	20	26,196	28,365
Other payables and accruals	21	17,603	24,215
Dividend payable		–	49,995
Due to related parties	32(b)	1,305	2,305
Tax payables		13,403	9,258
Total current liabilities		58,507	114,138
NET CURRENT ASSETS		163,576	50,173
TOTAL ASSETS LESS CURRENT LIABILITIES		255,438	117,782

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
NON-CURRENT LIABILITIES			
Other long term payable	21	3,372	–
Deferred tax liabilities	24	2,691	2,783
Total non-current liabilities		6,063	2,783
Net assets		249,375	114,999
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	3,615	2,660
Reserves	27	245,760	112,339
Total equity		249,375	114,999

Mr. Chan Kin Ping
Director

Dr. Pang Lai Sheung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2016

	Notes	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Share premium*	Other reserve*	Available-	Exchange fluctuation	Retained profits*	Subtotal		
					for-sale investment revaluation reserve*					
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 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 and other comprehensive income		-	-	-	(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	10	-	-	-	-	-	(45,820)	(45,820)	(4,175)	(49,995)
Reorganisation and acquisition of subsidiaries	25, 29	2,502	11,298	-	-	-	-	13,800	6,619	20,419
Waiver of shareholders' loans	23	-	-	7,480	-	-	-	7,480	3,520	11,000
Acquisition of non-controlling interests		-	-	(383)	-	-	-	(383)	(290)	(673)
Acquisition of non-controlling interests upon group reorganisation	33	158	47,278	(29,439)	-	-	-	17,997	(17,997)	-
At 30 June 2015 and 1 July 2015		2,660	58,576	(15,126)	-	-	68,889	114,999	-	114,999
Profit for the year		-	-	-	-	-	27,809	27,809	-	27,809
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		-	-	-	-	(763)	-	(763)	-	(763)
Total comprehensive income for the year		-	-	-	-	(763)	27,809	27,046	-	27,046
Proceeds from initial public offerings	25	882	120,810	-	-	-	-	121,692	-	121,692
Capitalisation issue	25	73	(73)	-	-	-	-	-	-	-
Capitalisation of listing fee	25	-	(14,362)	-	-	-	-	(14,362)	-	(14,362)
At 30 June 2016		3,615	164,951	(15,126)	-	(763)	96,698	249,375	-	249,375

* These reserve accounts comprise the consolidated reserves of HK\$245,760,000 (2015: HK\$112,339,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		40,115	45,181
Adjustments for:			
Depreciation	6	6,467	6,082
Gain on disposal of available-for-sale investments	5	–	(217)
Amortisation of other intangible assets	6	1,611	722
Write-down of inventories to net realisable value	6	125	54
Share of losses of a joint venture		1,604	–
Loss on disposal of items of property, plant and equipment	6	98	179
Underprovision of reinstatement costs	22	260	–
Bank interest income	5	(96)	–
Write-back of other payable	5	(304)	–
		49,880	52,001
Decrease in inventories		226	468
Increase in trade receivables		(108)	(2,690)
Increase in prepayments, deposits and other receivables	28	(7,690)	(576)
Movement in balances with related parties		(884)	4,943
Increase in an amount due from a joint venture		(314)	–
Increase/(decrease) in trade payables		(2,169)	7,356
Increase/(decrease) in other payables and accruals		(2,792)	3,282
Decrease in amounts due to a controlling shareholder		–	(1,396)
Cash generated from operations		36,149	63,388
Interest received		96	–
Hong Kong profit tax paid		(10,942)	(8,153)
Net cash flows from operating activities		25,303	55,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		–	831
Proceeds from disposal of available-for-sale investments		–	3,217
Acquisition of subsidiaries	29	–	(31,260)
Increase/(decrease) in deposits for property, plant and equipment		(246)	991
Capital investment in a joint venture	15	(21,196)	–
Purchase of items of property, plant and equipment	12, 28	(2,459)	(5,682)
Settlement of provision	22	(689)	–
Increase in time deposits with maturity of more than three months when acquired		(31,004)	–
Net cash flows used in investing activities		(55,594)	(31,903)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2016

	Notes	2016 HK\$'000	2015 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares	25	121,692	–
Share issuance expenses	25, 28	(11,906)	–
Acquisition of non-controlling interests		–	(1,100)
Contribution from a non-controlling shareholder		–	600
Dividends paid		(49,995)	(5,000)
Net cash flows from/(used in) financing activities		59,791	(5,500)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		109,248	91,416
Effect of foreign exchange rate changes, net		(59)	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		138,689	109,248
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	114,084	93,982
Non-pledged time deposits	19	53,572	15,266
Cash and cash equivalents as stated in the consolidated statement of financial position		167,656	109,248
Pledged time deposits with maturity of less than three months when acquired		1,033	–
Non-pledged time deposits with maturity of more than three months when acquired		(30,000)	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		138,689	109,248

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Human Health Holdings Limited is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 11th Floor, TAL Building, 45-53 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. During the year, the Group was principally engaged in operating medical centres for the provision of integrated healthcare services in Hong Kong.

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

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1 April 2016 (the "Listing").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Actmax Limited	Hong Kong	HK\$2	–	100	Provision of general practice services
Actwise Limited	Hong Kong	HK\$1	–	100	Dormant
A-Link Limited	Hong Kong	HK\$2	–	100	Management of tenancy agreements
Be Health Specialist Limited	Hong Kong	HK\$5,000,100	–	100	Provision of specialties services
Champion Line Limited	Hong Kong	HK\$100	–	100	Deregistered on 26 August 2016
Good Standard Limited	Hong Kong	HK\$10,000	–	100	Provision of dental services
Healthvision (Asia) Limited	Hong Kong	HK\$1	–	100	Marketing management
Human Health Limited	Hong Kong	HK\$2	–	100	Holding trademarks
Human Health Associate Limited	Hong Kong	HK\$2	–	100	Provision of general practice services
Human Health (Greater China) Limited	Hong Kong	HK\$2	–	100	Investment holding
Human Health (H.K.) Limited	Hong Kong	HK\$2	–	100	Head office management

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Company name	Place of incorporation/ registration/ and business	Issued ordinary share capital/ paid up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Human Health Medical Network Services Limited	Hong Kong	HK\$1	–	100	Management of global insurance agreements
Human Health Medical Services Limited	Hong Kong	HK\$2	–	100	Management of cooperation agreements with doctors and dentists
Human Health International Limited *	The British Virgin Islands (the "BVI")	HK\$2	100	–	Investment holding
Keen Will Aesthetics Limited ^Δ	Hong Kong	HK\$2	–	82	Provision of medical aesthetic services
Laserdentics Limited	Hong Kong	HK\$1	–	100	Provision of dental services
Novel Champion Limited *	the BVI	US\$200	–	100	Investment holding
Novel Leader Limited *	the BVI	US\$15,000	–	100	Investment holding
Novel Wiser Limited *	the BVI	US\$2	–	100	Investment holding
Perfect Life Asia Limited	Hong Kong	HK\$1,800	–	100	Provision of general practice services
Poly Dental Services Limited	Hong Kong	HK\$100	–	100	Provision of dental services
Rosy Face Limited [^]	the BVI	US\$100	–	82	Investment holding
Rank Best Group Limited *	the BVI	US\$1	–	100	Investment holding
Seto & Wan Dental Centre Limited	Hong Kong	HK\$2	–	100	Provision of dental services
Solid Success Global Limited *	the BVI	US\$2	–	100	Investment holding
Win Talent Management Limited	Hong Kong	HK\$10,000	–	100	Under deregistration
盈健企業管理諮詢(上海)有限公司("Yingjian Qiye") #	People's Republic of China ("PRC")/ Mainland China	Registered capital of HK\$22,500,000	–	100	Investment holding

* 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.

^Δ Incorporated on 19 August 2016.

[^] Incorporated on 13 June 2016.

Wholly-foreign-owned enterprise under PRC law.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2016. 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 statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

If the Group loses control over a subsidiary, it derecognises (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.

NOTES TO THE FINANCIAL STATEMENTS

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

There have been no new or revised HKFRSs issued by the HKICPA that became effective for the first time in the current year.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	<i>Financial Instruments</i> ³
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ³
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁶
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> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKFRS 15	<i>Clarification to HKFRS 15</i> ³
HKFRS 16	<i>Leases</i> ⁴
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 7	<i>Disclosure Initiative</i> ²
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ²
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>	<i>Amendments to a number of HKFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

⁴ Effective for annual periods beginning on or after 1 January 2019

⁵ 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

⁶ No mandatory effective date yet determined but are available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

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 is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

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 previous mandatory effective date of the amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA and a mandatory effective date will be determined at a future date.

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.

NOTES TO THE FINANCIAL STATEMENTS

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 15 establishes a new five-step model to account for 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. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. 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. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. The Group expects to adopt the amendments from 1 July 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group is yet to assess the full impact of the standard on its financial position and results of operations. The Group expects to adopt HKFRS 16 on 1 July 2019.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in a joint venture

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 investment in a joint venture is 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.

The Group's share of the post-acquisition results and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of 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 joint venture are eliminated to the extent of the Group's investment in a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of a joint venture is included as part of the Group's investment in a joint venture.

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 a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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 acquiree and the equity interests issued by the Group in exchange for control of acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in 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 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 of 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.

NOTES TO THE FINANCIAL STATEMENTS

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in 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 30 June. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, financial assets, investment properties and non-current assets/ a disposal group classified as held for sale), the assets recoverable amount is estimated. An assets recoverable amount is the higher of the assets or cash-generating unit 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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);
 - (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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

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

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

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

Computer	25%
Office equipment	25%
Furniture and fixtures	25%
Motor vehicles	25%
Leasehold improvements	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 is amortised on the straight-line basis over its estimated useful life 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating 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 lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to 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 financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

Subsequent measurement

The subsequent measurement of loans and receivables is 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 profit or loss. The loss arising from impairment is recognised in profit or loss and in other expenses for receivables.

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.

NOTES TO THE FINANCIAL STATEMENTS

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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

Financial assets carried at amortised cost

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial liabilities included in other payables and accruals, dividend payable and amounts due to related companies.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

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

For the purpose of the consolidated statement 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.

Provision

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 the 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.

Provision for reinstatement costs is recognised based on past experience of the actual costs incurred.

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the 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 the 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 and a joint venture, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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 and a joint venture, 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 the 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 and management services, when the services are rendered; and
- (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.

NOTES TO THE FINANCIAL STATEMENTS

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF" Scheme) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. 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.

Foreign currencies

These financial statements are 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currencies of a overseas subsidiary and a joint venture 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 and other comprehensive income 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 profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of a subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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. Judgement is required in determining the amount of the provision for tax as there are transactions and calculations for 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, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

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. As at 30 June 2016, the carrying amounts of property, plant and equipment and other intangible assets were HK\$8,317,000 (2015: HK\$12,136,000) and HK\$15,047,000 (2015: HK\$16,658,000), respectively.

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 as at 30 June 2016 was HK\$31,964,000 (2015: HK\$31,964,000). Further details are given in note 13.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of trade receivables

The Group estimates the impairment 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. As at 30 June 2016, the carrying amount of trade receivables were HK\$31,996,000 (2015: HK\$31,888,000). Further details are included in note 17 to the financial statements.

Provision of obsolete inventories and write-down of inventories to net realisable value

The Group reviews an ageing analysis of its inventories at the end of each reporting period, and makes allowances 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 allowances if there are expired inventory items identified. The estimated net realisable value of the Group's inventories is based primarily on the latest selling prices and current market conditions. As at 30 June 2016, the carrying amount of inventories were HK\$6,944,000 (2015: HK\$7,295,000). Further details are included in note 16 to the financial statements.

4. SEGMENT INFORMATION

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION *(Continued)*

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

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

	General practice services		Specialties services		Dental services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Revenue from external customers	336,957	324,668	97,270	90,995	46,031	13,875	480,258	429,538
Intersegment sales	3,536	3,464	363	1,154	12	26	3,911	4,644
							484,169	434,182
<i>Reconciliation:</i>								
Elimination of intersegment sales							(3,911)	(4,644)
							480,258	429,538
Segment results	82,716	67,697	15,322	16,927	1,756	(2,799)	99,794	81,825
Interest income							96	79
Management fee income from related parties							1,745	1,491
Corporate and unallocated income							10	21
Corporate and unallocated expenses							(59,926)	(38,235)
Share of losses of a joint venture							(1,604)	-
Profit before tax							40,115	45,181
Income tax expense	(10,550)	(8,530)	(648)	(933)	(1,108)	-	(12,306)	(9,463)
Profit for the year							27,809	35,718

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

	General practice services		Specialties services		Dental services		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	208,721	178,623	40,253	49,028	42,079	34,974	291,053	262,625
Elimination of intersegment receivables							(138,685)	(66,780)
Corporate and other unallocated assets							161,577	36,075
Total assets							313,945	231,920
Segment liabilities	89,730	105,409	17,671	29,729	42,495	3,762	149,896	138,900
Elimination of intersegment payables							(138,563)	(66,780)
Corporate and other unallocated liabilities							53,237	44,801
Total liabilities							64,570	116,921
Other segment information:								
Depreciation	1,651	2,393	2,026	2,049	2,249	1,098	5,926	5,540
Amortisation of other intangible assets	737	722	346	-	528	-	1,611	722
Capital expenditure*	298	2,821	417	3,977	1,166	3,008	1,881	9,806

* 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 principally 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 years ended 30 June 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the value of integrated healthcare services rendered.

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

	2016 HK\$'000	2015 HK\$'000
Revenue		
Integrated healthcare services income	480,258	429,538
Other income and gains		
Bank interest income	96	79
Management fee income	1,745	1,491
Compensation received	685	–
Write-back of other payable	304	–
Others	35	28
	2,865	1,598
Gain on disposal of available-for-sale investments	–	217
	2,865	1,815

NOTES TO THE FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	2016 HK\$'000	2015 HK\$'000
Cost of pharmaceutical supplies		41,525	38,581
Fees payable to doctors and dentists		210,560	191,658
Depreciation	12	6,467	6,082
Amortisation of other intangible assets*	14	1,611	722
Loss on disposal of items of property, plant and equipment		98	179
Minimum lease payments under operating leases:			
Land and buildings		56,065	49,767
Auditors' remuneration		1,800	1,305
Expenses related to the Listing**		15,159	7,368
Employee benefit expense (excluding directors' remuneration (note 7)):			
Wages and salaries		76,996	66,967
Pension scheme contributions		3,510	3,045
		80,506	70,012
Write-down of inventories to net realisable value#		125	54

* The amortisation of other intangible assets for the year is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

** Recorded as other expenses as presented in the consolidated statement of profit or loss and other comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2016 HK\$'000	2015 HK\$'000
Fees	135	–
Other emoluments:		
Salaries, allowances and benefits in kind	6,535	3,600
Discretionary performance-related bonuses	980	–
Pension scheme contributions	72	36
	7,587	3,636
	7,722	3,636

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2016 HK\$'000	2015 HK\$'000
Dr. Lui Sun Wing	45	–
Mr. Chan Yue Kwong Michael	45	–
Mr. Sin Kar Tim	45	–
	135	–

There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

7. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary performance- related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2016					
Executive directors:					
Mr. Chan Kin Ping *	–	1,890	–	18	1,908
Dr. Pang Lai Sheung	–	1,890	–	18	1,908
Ms. Sat Chui Wan	–	1,560	600	18	2,178
Mr. Poon Chun Pong	–	1,195	380	18	1,593
	–	6,535	980	72	7,587
2015					
Executive directors:					
Mr. Chan Kin Ping	–	1,800	–	18	1,818
Dr. Pang Lai Sheung	–	1,800	–	18	1,818
	–	3,600	–	36	3,636

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2015: Nil).

* Mr. Chan Kin Ping was also the chief executive of the Company during the year.

NOTES TO THE FINANCIAL STATEMENTS

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2015: two) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining one (2015: three) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	856	2,835
Discretionary performance-related bonuses	168	282
Pension scheme contributions	18	54
	1,042	3,171

The number of non-director and non-chief executive highest paid employee whose remuneration fell within the following bands is as follows:

	Number of employees	
	2016	2015
Nil to HK\$1,000,000	–	1
HK\$1,000,001 to HK\$2,000,000	1	2
	1	3

9. 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 made at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for PRC corporate income tax has been made as the Group's PRC subsidiary had no estimated assessable profits for the year (2015: Nil).

	2016 HK\$'000	2015 HK\$'000
Current		
Charge for the year	10,744	9,645
Underprovision in prior years	1,183	–
Deferred (note 24)	379	(182)
Total tax charge for the year	12,306	9,463

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

	2016 HK\$'000	2015 HK\$'000
Profit before tax	40,115	45,181
Tax at the statutory tax rate of 16.5%	6,619	7,455
Adjustments in respect of current tax of previous periods	1,183	–
Income not subject to tax	(17)	(6)
Expenses not deductible for tax	3,020	1,263
Tax losses not recognised	306	751
Tax losses utilised from previous periods	(81)	–
Losses attributable to a joint venture	265	–
Others	1,011	–
Tax charge at the Group's effective rate of 30.7% (2015: 20.9%)	12,306	9,463

10. DIVIDENDS

	2016 HK\$'000	2015 HK\$'000
Proposed final – HK3 cents (2015: Nil) per ordinary share	10,845	–

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

The Company was incorporated on 9 June 2015, no dividends were declared and paid in the year ended 30 June 2015. The dividends paid by the Company's subsidiaries to its then shareholders during the year ended 30 June 2015 were HK\$49,995,000.

NOTES TO THE FINANCIAL STATEMENTS

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$27,809,000 (2015: HK\$33,727,000), and the weighted average number of ordinary shares of 294,616,508 (2015: 252,963,923) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 30 June 2016 and 2015.

12. PROPERTY, PLANT AND EQUIPMENT

	Computer HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
30 June 2016						
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	1,527	5,889	785	264	3,671	12,136
At 1 July 2015, net of accumulated depreciation	1,527	5,889	785	264	3,671	12,136
Additions	749	418	40	-	1,539	2,746
Disposals	(4)	(18)	(4)	-	(72)	(98)
Depreciation provided during the year	(804)	(2,477)	(376)	(166)	(2,644)	(6,467)
At 30 June 2016, net of accumulated depreciation	1,468	3,812	445	98	2,494	8,317
At 30 June 2016:						
Cost	4,301	16,442	4,469	1,718	28,016	54,946
Accumulated depreciation	(2,833)	(12,630)	(4,024)	(1,620)	(25,522)	(46,629)
Net carrying amount	1,468	3,812	445	98	2,494	8,317

NOTES TO THE FINANCIAL STATEMENTS

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

	Computer HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Total 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	1,711	4,078	151	430	3,146	9,516
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 (note 29)	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	1,527	5,889	785	264	3,671	12,136
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	1,527	5,889	785	264	3,671	12,136

NOTES TO THE FINANCIAL STATEMENTS

13. GOODWILL

	HK\$'000
At 1 July 2014	
Cost	–
Accumulated impairment	–
Net carrying amount	–
Cost at 1 July 2014, net of accumulated impairment	–
Acquisition of subsidiaries (note 29)	31,964
Cost and net carrying amount at 30 June 2015, 1 July 2015 and 30 June 2016	31,964
At 30 June 2015, 1 July 2015 and 30 June 2016	
Cost	31,964
Accumulated impairment	–
Net carrying amount	31,964

Impairment testing of goodwill

The carrying amount of the goodwill acquired through acquisitions of subsidiaries is allocated to the following cash-generating units:

	2016 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

NOTES TO THE FINANCIAL STATEMENTS

13. GOODWILL (Continued)

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 four-year period approved by senior management. The discount rate applied to the cash flow projections is 16.8% (2015: 16.8%) for the year ended 30 June 2016. The growth rate used to extrapolate the cash flows of the general practice services cash-generating unit beyond the four-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 four-year period approved by senior management. The discount rate applied to the cash flow projections is 16.8% (2015: 16.8%) for the year ended 30 June 2016. The growth rate used to extrapolate the cash flows of the specialties medical services unit beyond the four-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 four-year period approved by senior management. The discount rate applied to the cash flow projections is 14.7% (2015: 14.7%) for the year ended 30 June 2016. The growth rate used to extrapolate the cash flows of the dental services cash-generating unit beyond the four-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.

Assumptions were used in the value in use calculation of the general practice services, specialties services and dental services cash-generating units for 30 June 2016. 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.

The values assigned to the key assumptions on market development of industries and discount rates are consistent with external information sources.

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER INTANGIBLE ASSETS

	Trademark HK\$'000	Customer lists HK\$'000	Total HK\$'000
30 June 2016			
Cost at 1 July 2015, net of accumulated amortisation	7,178	9,480	16,658
Amortisation provided during the year	(633)	(978)	(1,611)
At 30 June 2016, net of accumulated amortisation	6,545	8,502	15,047
At 30 June 2016:			
Cost	7,600	9,780	17,380
Accumulated amortisation	(1,055)	(1,278)	(2,333)
Net carrying amount	6,545	8,502	15,047
30 June 2015			
Cost at 1 July 2014, net of accumulated amortisation	–	–	–
Acquisition of subsidiaries (note 29)	7,600	9,780	17,380
Amortisation provided during the year	(422)	(300)	(722)
At 30 June 2015, net of accumulated amortisation	7,178	9,480	16,658
At 30 June 2015:			
Cost	7,600	9,780	17,380
Accumulated amortisation	(422)	(300)	(722)
Net carrying amount	7,178	9,480	16,658

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN A JOINT VENTURE

	2016 HK\$'000	2015 HK\$'000
Share of net assets	18,886	–

The amount due from a joint venture included in the Group's current assets of HK\$314,000 (2015: nil) is unsecured, interest-free and repayable on demand.

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"), which acts as the Group's medical services provider in Mainland China. Pingan Yingjian was effectively owned as to 50% by the Group and 50% by Ping An Health, and is accounted as a joint venture of the Group.

Particulars of the Group's joint venture are as follows:

Name	Particulars of registered capital	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")	Renminbi("RMB") 35,000,000	PRC/Mainland China	50	40*	50	Provision of medical services

* The Group is entitled to nominate two out of five directors in Pingan Yingjian. A board resolution is passed when there are two-thirds of the votes from the directors. Accordingly, none of the joint venture partner could exercise control over Pingan Yingjian.

During the year, the Group has paid capital investment of RMB17,500,000 (equivalent to HK\$21,196,000) (2015: Nil). Pingan Yingjian, which is considered a material joint venture of the Group, is accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN A JOINT VENTURE *(Continued)*

The following table illustrates the summarised financial information in respect of Pingan Yingjian adjusted for any difference in accounting policies and reconciled to the carrying amount in the financial statements:

	2016 HK\$'000	2015 HK\$'000
Cash and cash equivalents	28,006	–
Other current assets	9,681	–
Current assets	37,687	–
Non-current assets	1,971	–
Financial liabilities and current liabilities	(1,886)	–
Net assets	37,772	–
	2016 HK\$'000	2015 HK\$'000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	–
Carrying amount of the investment	18,886	–
Interest income	56	–
Loss and total comprehensive income for the year	(3,207)	–

16. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Pharmaceutical supplies	6,944	7,295

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Trade receivables	31,996	31,888

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 monitor the implementation of measures to minimise the 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 the reporting period, based on the invoice date is as follows:

	2016 HK\$'000	2015 HK\$'000
Within 2 months	23,070	20,447
2 to 4 months	6,119	7,520
4 to 6 months	2,605	3,336
Over 6 months	202	585
	31,996	31,888

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE RECEIVABLES *(Continued)*

An aging analysis of trade receivables that are neither individually nor collectively to be impaired is as follows:

	2016 HK\$'000	2015 HK\$'000
Neither past due nor impaired	17,941	28,753
Less than 1 month past due	6,030	844
1 to 3 months past due	4,286	2,291
Over 3 months	3,739	–
	31,996	31,888

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 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.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 HK\$'000	2015 HK\$'000
Prepayments	1,614	3,714
Deposits	21,658	14,053
Other receivables	344	369
	23,616	18,136
Less: Non-current portion	(16,209)	(4,941)
	7,407	13,195

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

NOTES TO THE FINANCIAL STATEMENTS

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2016 HK\$'000	2015 HK\$'000
Cash and bank balances	114,084	93,982
Time deposits	55,609	15,266
	169,693	109,248
Less: Pledged time deposits for credit facilities	(2,037)	–
	167,656	109,248

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK\$1,245,000 (2015: Nil). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rate. Short term time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

20. TRADE PAYABLES

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

	2016 HK\$'000	2015 HK\$'000
Within 1 month	22,852	17,033
1 to 3 months	3,142	7,564
Over 3 months	202	3,768
	26,196	28,365

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

NOTES TO THE FINANCIAL STATEMENTS

21. OTHER PAYABLES AND ACCRUALS

	2016 HK\$'000	2015 HK\$'000
Other payables	11,906	12,014
Accruals	5,115	8,105
Provision for reinstatement costs (note 22)	3,954	4,096
	20,975	24,215
Less: Non-current portion	(3,372)	–
	17,603	24,215

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

22. PROVISIONS

	Reinstatement costs HK\$'000
At 1 July 2015	4,096
Additional provision	287
Underprovision in prior years	260
Amounts utilised during the year	(689)
At 30 June 2016	3,954

The Group provides for reinstatement costs for its medical centres, as estimated based on past experience of the actual costs incurred. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

23. BALANCES WITH A CONTROLLING SHAREHOLDER/NON-CONTROLLING SHAREHOLDERS

Amount due to a controlling shareholder, Mr. Chan King Ping, of HK\$7,480,000 and amount due to non-controlling shareholders, Dr. Seto Siu Keung and Dr. Lau Wai Man, of HK\$3,520,000 in aggregate with HK\$1,760,000 each had been waived through shareholders' contribution during the year ended 30 June 2015.

24. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Accelerated depreciation allowance HK\$'000	Business combination HK\$'000	Total HK\$'000
At 1 July 2014	79	–	79
Acquisition of subsidiaries (note 29)	–	2,868	2,868
Deferred tax credited to profit or loss during the year (note 9)	(45)	(119)	(164)
At 30 June 2015 and 1 July 2015	34	2,749	2,783
Deferred tax charged/(credited) to profit or loss during the year (note 9)	174	(266)	(92)
At 30 June 2016	208	2,483	2,691

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX *(Continued)*

Deferred tax assets

	Depreciation in excess of depreciation allowance HK\$'000
At 1 July 2014	1,603
Acquisition of subsidiaries	289
Deferred tax credited to profit or loss during the year (note 9)	18
At 30 June 2015 and 1 July 2015	1,910
Deferred tax charged to profit or loss during the year (note 9)	(471)
At 30 June 2016	1,439

The Group has tax losses arising in Hong Kong of HK\$9,631,000 (2015: HK\$8,267,000) 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.

There are no income tax consequences attaching to the payment of dividends by the Company to the shareholders.

25. SHARE CAPITAL

Shares

	2016 HK\$'000	2015 HK\$'000
Issued and fully paid: 361,502,000 (2015: 266,000,000) ordinary shares of HK\$0.01 each	3,615	2,660

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

NOTES TO THE FINANCIAL STATEMENTS

25. SHARE CAPITAL (Continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 July 2014				
Reorganisation and acquisition of subsidiaries (note a)	250,188,000	2,502	11,298	13,800
Acquisition of non-controlling interests (note 33)	15,812,000	158	47,278	47,436
At 30 June 2015 and 1 July 2015	266,000,000	2,660	58,576	61,236
Issue of shares upon listing (note b)	76,680,000	767	105,052	105,819
Capitalisation upon listing (note c)	7,320,000	73	(73)	–
Shares issued under the over-allotment option (note d)	11,502,000	115	15,758	15,873
Capitalisation of listing fee	–	–	(14,362)	(14,362)
At 30 June 2016	361,502,000	3,615	164,951	168,566

Notes:

- (a) 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") for the purpose of the Listing, the Company became the holding company of the subsidiaries comprising the Group on 29 June 2015.

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 and an aggregate of 4,600,000 of the Company's ordinary shares were issued for the acquisition of subsidiaries as detailed in note 29 to the financial statements.

- (b) On 1 April 2016 (the "Listing Date"), 76,680,000 new shares of HK\$0.01 each were issued at a price of HK\$1.38 per share in connection with the Company's initial public offering on the Stock Exchange. The proceeds of HK\$767,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK\$105,052,000 (before deduction of share issue expenses) were credited to the share premium account.
- (c) Pursuant to a written resolution of the shareholders of the Company passed on 17 February 2016, a total of 7,320,000 shares of HK\$0.01 each were allotted and issued at par value to the shareholders as of the date immediately before the Listing Date on a pro rata basis by way of capitalisation of HK\$73,000 from the Company's share premium account on the Listing Date.
- (d) On 21 April 2016, 11,502,000 shares of HK\$0.01 each under the over-allotment option were exercised at a price of HK\$1.38 per share. The proceeds of HK\$115,000 representing the par value, were credited to the Company's share capital. The remaining proceeds of HK\$15,758,000 (before deduction of share issue expenses) were credited to the share premium account.

26. SHARE OPTION SCHEME

Pursuant to the written resolution of the shareholders of the Company on 17 February 2016, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of the Group. Eligible participants of the Scheme include any director, employee (whether full time or part time), executive, officer, consultant, adviser, supplier, customer or agent of the Group or such other persons who in the sole opinion of the Company's board of directors have contributed to and/or will contribute to the Group. The Scheme became effective on 1 April 2016, the date of the Listing, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares which may be issued upon exercise of all share option to be granted under the Scheme shall not in aggregate exceed 10% of the shares of the total number of shares of the Company in issue at the Listing Date. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period shall not exceed to 1% of the shares of the Company in issue up to the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is a proposed grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at the date of grant or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period (if any) and ends on a date not later than the last day of the 10 year period after the date on which the option is duly accepted by the grantee in accordance with the terms of the Scheme.

The exercise price of share options is determinable by the directors, but shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share options have been granted since the adoption of the Scheme and up to the end of the reporting period and there were no outstanding share options at the end of the reporting period.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 58 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

28. NOTES TO THE STATEMENT OF CASH FLOWS

Major non-cash transactions

- (a) During the year, the acquisition of property, plant and equipment included the provision of reinstatement cost of HK\$287,000 (2015: Nil) in other payables and accruals; and
- (b) During the year, share issue expenses of HK\$2,456,000 (2015: Nil) were transferred from prepayments, deposits, and other receivables.

29. 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 were set out below:

(1) Acquisition of Perfect Life Asia Limited ("PLA")

On 20 November 2014, the Group entered into a sale and purchase agreement with an independent third party to acquire a 60% equity interest in PLA at an aggregate consideration of HK\$18,600,000. PLA was engaged in the provision of general practice and specialities 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
	18,600
Satisfied by cash	18,600

NOTES TO THE FINANCIAL STATEMENTS

29. BUSINESS COMBINATION *(Continued)*

(1) Acquisition of Perfect Life Asia Limited ("PLA") *(Continued)*

An analysis of the cash flows in respect of the acquisition of PLA and its subsidiaries was 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	(14,390)

Since the acquisition, PLA contributed HK\$44,630,000 to the Group' revenue and profit of HK\$231,000 to the consolidated profit for the 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 ("GSD")

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 a 100% equity interest in GSD at an aggregate 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 ordinary shares of the Company. GSD was engaged in the provision of dental services in Hong Kong. The acquisition was made as part of the Group's strategy to increase the market share in the dental service industry in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

29. BUSINESS COMBINATION *(Continued)*

(2) Acquisition of Good Standard Limited ("GSD") *(Continued)*

The fair values of the identifiable assets and liabilities of GSD 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)
Other payables and accruals	(19)
Deferred tax liabilities	(204)
Total identifiable net assets at fair value	2,423
Goodwill on acquisition	8,377
Total consideration	10,800
Satisfied by:	
Cash consideration	5,400
Issue of shares	5,400
	10,800

An analysis of the cash flows in respect of the acquisition of GSD was as follows:

	HK\$'000
Cash paid	(5,400)
Cash and cash equivalents acquired	123
Net outflow of cash and cash equivalents included in cash flows from investing activities	(5,277)

Since the acquisition, GSD 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.

NOTES TO THE FINANCIAL STATEMENTS

29. BUSINESS COMBINATION *(Continued)*

(3) Acquisition of Laserdontics Limited ("LSD")

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 a 100% equity interest in LSD at an aggregate consideration of HK\$12,000,000. The consideration was satisfied by cash of HK\$6,000,000 and the issue of 2,000,000 ordinary shares of the Company. LSD was engaged in the provision of dental services in Hong Kong. The acquisition was made as part of the Group's strategy to increase the market share in the dental service industry in Hong Kong.

The fair values of the identifiable assets and liabilities of LSD 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	3,275
Goodwill on acquisition	8,725
Total consideration	12,000
Satisfied by:	
Cash consideration	6,000
Issue of shares	6,000
	12,000

An analysis of the cash flows in respect of the acquisition of LSD was as follows:

	HK\$'000
Cash paid	(6,000)
Cash and cash equivalents acquired	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,000)

Since the acquisition, LSD 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.

NOTES TO THE FINANCIAL STATEMENTS

29. BUSINESS COMBINATION *(Continued)*

(4) Acquisition of Seto & Wan Dental Centre Limited (“SWD”)

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 a 100% equity interest in SWD at an aggregate consideration of HK\$8,000,000. The consideration was satisfied by cash of HK\$5,600,000 and the issue of 800,000 ordinary shares of the Company. SWD was 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 the dental service industry in Hong Kong.

The fair values of the identifiable assets and liabilities of SWD 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	8,000
Satisfied by:	
Cash consideration	5,600
Issue of shares	2,400
	8,000

NOTES TO THE FINANCIAL STATEMENTS

29. BUSINESS COMBINATION *(Continued)*

(4) Acquisition of Seto & Wan Dental Centre Limited (“SWD”) *(Continued)*

An analysis of the cash flows in respect of the acquisition of SWD was 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	(5,593)

Since the acquisition, SWD 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.

30. OPERATING LEASE ARRANGEMENTS

As lessee

The Group has leases certain of its medical centres and office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 30 June 2016, the Group had total minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 HK\$'000	2015 HK\$'000
Within one year	47,897	42,952
In the second to fifth years, inclusive	45,795	23,554
	93,692	66,506

NOTES TO THE FINANCIAL STATEMENTS

31. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments.

	2016 HK\$'000	2015 HK\$'000
Contracted, but not provided for:		
IT equipment	629	–
Capital contributions payable to a joint venture	–	22,500

32. RELATED PARTY TRANSACTIONS

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

	Relationship	Nature	2016 HK\$'000	2015 HK\$'000
Max Health Chinese Medicine Limited	(1)			
Management fee income		(i)	120	120
Rental income		(ii)	–	240
Impact Medical Imaging Centre Company Limited	(2)			
Management fee income		(i)	1,132	837
Laboratory service income		(iii)	–	527
Investigation service income		(iv)	63	48
Laboratory service fee		(v)	(2,809)	(1,767)
We Health Medical Diagnostic Limited	(2)			
Management fee income		(i)	493	534
Laboratory service income		(iii)	–	323
Investigation service income		(iv)	1,132	1,497
Laboratory service fee		(v)	(2,787)	(3,425)
Maxland Limited	(2)			
Rental expenses		(vi)	2,604	(2,472)
GSD	(3)			
Purchase of dental accessories		(vii)	–	(118)
LSD	(4)			
Purchase of dental accessories		(vii)	–	(52)

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY TRANSACTIONS *(Continued)*

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

	Relationship	Nature	2016 HK\$'000	2015 HK\$'000
SWD Medical service income	(4)	(viii)	-	365
Fees payable to doctors and dentists who are related parties	(5)	(ix)	46,846	35,607
Prime Asia Limited Service fee income	(6)	(x)	15	10

Nature of transactions

- (i) The management fee income was received from these parties for the provision of general administrative and accounting services thereto by the Group. The fee has been charged based on an allocation of the headquarter's expenses incurred by the Group to these related parties based on a revenue-allocation basis.
- (ii) In prior year, the rental income was received from this related party for the lease of a medical centre at HK\$20,000 per month, which approximated to the 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) The rental expenses was charged by this related party for the lease of two medical centres at a total amount of HK\$217,000 (2015: HK\$206,000) per month, on a mutually agreed basis, which approximated to market rates.
- (vii) In the prior year, purchases of accessories from these related parties were made according to the prices comparable to market prices.
- (viii) In the prior year, the medical service income received from this related party arose from professional services provided by the Group's dentists to this related party. These fees were made according to prices agreed by the parties.

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY TRANSACTIONS *(Continued)*

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

Nature of transactions *(continued)*

- (ix) The fees represented the professional fees 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) The 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 the parties. The terms offered to this related party are comparable to those offered to other external customers.

Relationship of related parties

- (1) Mr. Chan Kin Ping, a controlling shareholder of the Company, is the beneficial shareholder of this related party.
- (2) Mr. Chan Kin Ping and Dr. Pang Lai Sheung, controlling shareholders of the Company, have beneficial interests in these related parties.
- (3) A director of one of the Group's subsidiaries is the beneficial shareholder of this related party.
- (4) Another director of one of the Group's subsidiaries is 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) A director of one of the Group's subsidiaries is also the beneficial shareholder of this related party.

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

	Notes	2016 HK\$'000	2015 HK\$'000
Due from related parties			
Max Health Chinese Medicine Limited	(i)	20	14
Impact Medical Imaging Centre Company Limited	(i)	358	188
We Health Medical Diagnostic Limited	(i)	1,234	960
We Health International Limited	(i)	–	1
Prime Asia Limited	(ii)	2	211
Perfect Life Specialists Care Limited	(ii)	–	356
		1,614	1,730
Due to related parties			
Max Health Chinese Medicine Limited	(i)	–	1
Impact Medical Imaging Centre Company Limited	(i)	1,153	220
We Health Medical Diagnostic Limited	(i)	152	420
Dr. Choi Tat Fai Richard	(iii)	–	1,361
Capital Joy Development Limited	(ii)	–	303
		1,305	2,305

- (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 beneficial shareholder or has exercised controls over these related parties.
- (iii) Dr. Choi Tat Fai Richard is also a director of certain of the Group's subsidiaries.

Balances with these related parties arose from the normal course of business and these balances unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel of the Group

	2016 HK\$'000	2015 HK\$'000
Salaries, allowances and benefits in kind	7,515	6,010
Pension scheme contributions	72	72
	7,587	6,082

Further details of directors' emoluments are included in note 7 to the financial statements.

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

33. ACQUISITION OF NON-CONTROLLING INTERESTS UPON GROUP REORGANISATION

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 the acquisition are as follows:

Name of subsidiaries	Respective net carrying value as of acquisition date HK\$'000	Consideration HK\$'000	Difference between the consideration and the respective carrying amount HK\$'000
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
	17,997	47,436	29,439

- (i) The consideration was settled by the issue of an aggregate of 5,028,000 ordinary shares of the Company to each of the non-controlling shareholders who are independent third parties.

NOTES TO THE FINANCIAL STATEMENTS

33. ACQUISITION OF NON-CONTROLLING INTERESTS UPON GROUP REORGANISATION *(Continued)*

- (ii) The consideration was settled by the issue of an aggregate of 5,104,000 ordinary shares of the Company to the non-controlling shareholders who are independent third parties.
- (iii) The consideration was settled by the issue of an aggregate of 320,000 ordinary shares of the Company to two non-controlling shareholders. These two non-controlling shareholders are directors of certain subsidiaries of the Group.
- (iv) The consideration was settled by the issue of an aggregate of 5,360,000 ordinary shares of the Company to a non-controlling shareholder. This non-controlling shareholder is also a director of Perfect Life Asia Limited.

The difference between the consideration for the acquisition of the NCI and the respective carrying value had been debited to the reserves of the Group.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Loans and receivables	
	2016 HK\$'000	2015 HK\$'000
Financial assets included in prepayments, deposits and other receivables	22,002	14,422
Trade receivables	31,996	31,888
Due from a joint venture	314	–
Due from related parties	1,614	1,730
Pledge deposits	2,037	–
Cash and cash equivalents	167,656	109,248
	225,619	157,288

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost	
	2016 HK\$'000	2015 HK\$'000
Financial liabilities included in other payables and accruals	3,261	7,232
Trade payables	26,196	28,365
Due to related parties	1,305	2,305
Dividend payable	–	49,995
	30,762	87,897

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At the end of the reporting period, the carrying amounts and fair value 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 2016

	Carrying amounts HK\$'000	Fair value HK\$'000
Deposits, non-current portion	16,209	16,209

As at 30 June 2015

	Carrying amount HK\$'000	Fair value HK\$'000
Deposits, non-current portion	4,941	4,941

Management has assessed that the fair value of the current portion of deposits, other receivables, trade receivables, amount due from a joint venture, amounts due from and to related parties, cash and cash equivalents, trade payables and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

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 the 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, which approximate to their company amounts.

The Group did not have any financial assets and liabilities measured at fair value as at 30 June 2016 and 30 June 2015.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from 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 17 to the financial statements.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, 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 statement 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 a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

NOTES TO THE FINANCIAL STATEMENTS

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

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as the end of the reporting period based on the contractual undiscounted payments is as follows:

	On demand HK\$'000	Less than 3 months HK\$'000	3 to less than 12 months HK\$'000	Total HK\$'000
As at 30 June 2016				
Financial liabilities included in other payables and accruals	–	3,261	–	3,261
Trade payables	–	26,196	–	26,196
Due to related parties	1,305	–	–	1,305
	1,305	29,457	–	30,762
As at 30 June 2015				
Financial liabilities included in other payables and accruals	–	7,232	–	7,232
Trade payables	–	24,597	3,768	28,365
Due to related parties	2,305	–	–	2,305
Dividend payable	–	49,995	–	49,995
	2,305	81,824	3,768	87,897

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 make 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 years ended 30 June 2016 and 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS

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

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, accruals, dividend payable, amounts due to related parties, less cash and cash equivalents and pledged deposits. Total capital represents equity attributable to the owners of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2016 HK\$'000	2015 HK\$'000
Trade payables	26,196	28,365
Other payables and accruals	17,603	24,215
Dividend payable	–	49,995
Due to related parties	1,305	2,305
Less: Cash and cash equivalents and pledged deposits	(169,693)	(109,248)
Net cash	(124,589)	(4,368)
Equity attributable to owners of the Company	249,375	114,999
Capital and net debt	124,786	110,631
Gearing ratio	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 HK\$'000	2015 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	99	99
CURRENT ASSETS		
Prepayments, deposits and other receivables	667	2,467
Amounts due from subsidiaries	64,621	61,236
Dividend receivable from a subsidiary	40,000	–
Cash and cash equivalents	77,847	–
Total current assets	183,135	63,703
CURRENT LIABILITIES		
Other payables and accruals	879	4,609
Amount due to a subsidiary	280	5,326
Total current liabilities	1,159	9,935
NET CURRENT ASSETS	181,976	53,768
Net assets	182,075	53,867
EQUITY		
Share capital	3,615	2,660
Reserves (note)	178,460	51,207
Total equity	182,075	53,867

Mr. Chan Kin Ping
Director

Dr. Pang Lai Sheng
Director

NOTES TO THE FINANCIAL STATEMENTS

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Other reserve HK\$'000	Retained profit/ (accumulated losses) HK\$'000	Total HK\$'000
At 9 June 2015 (date of incorporation)	-	-	-	-
Loss for the period	-	-	(7,468)	(7,468)
Acquisition of subsidiaries	11,298	99	-	11,397
Acquisition of non-controlling interests upon reorganisation	47,278	-	-	47,278
At 30 June 2015 and 1 July 2015	58,576	99	(7,468)	51,207
Profit and total comprehensive income for the year	-	-	20,878	20,878
Issue of share upon listing	105,052	-	-	105,052
Shares issued under the over-allotment option	15,758	-	-	15,758
Capitalisation of listing fee	(14,362)	-	-	(14,362)
Capitalisation issue	(73)	-	-	(73)
At 30 June 2016	164,951	99	13,410	178,460

Details of the movements in the share premium are included in note 25 to the financial statements.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 September 2016.

FIVE YEARS' FINANCIAL SUMMARY

	Year ended 30 June				2016 HK\$'000
	2012 HK\$'000 (unaudited)	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	
Revenue	315,462	333,933	365,246	429,538	480,258
Net profits attributable to					
Owners of the Company	28,052	34,093	38,748	33,727	28,207
Non-controlling interest	1,827	2,535	2,009	1,991	-
	29,879	36,628	40,757	35,718	28,207

	As at 30 June				2016 HK\$'000
	2012 HK\$'000 (unaudited)	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	
Total assets	124,576	142,267	154,130	231,920	313,945
Total liabilities	(43,365)	(48,496)	(56,082)	(116,921)	(64,570)
Non-controlling interests	(6,984)	(8,162)	(9,744)	-	-
	74,227	85,609	88,304	114,999	249,375

Notes:

1. The consolidated results of the Group for each of the year ended 30 June 2015 and 2016 and the consolidated assets and liabilities of the Group as at 30 June 2015 and 2016 are set out on pages 54 to 57 of this annual report.
2. The consolidated results of the Group for each of the two year ended 30 June 2013 and 2014 and of the consolidated assets and liabilities as at 30 June 2013 and 2014 have been extracted from the prospectus of the Company dated 17 March 2016.
3. The consolidated results of the Group for the year ended 30 June 2012 and of the assets and liabilities as at 30 June 2012 were unaudited and were prepared by the management.
4. The above summary was prepared as if the current structure of the Group had been in existence throughout these financial years.