盈健醫療
HUMAN HEALTH

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

2019
ANNUAL REPORT

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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, JP
(Chairman and Chief Executive Officer)
Dr. Pang Lai Sheung
Dr. Sat Chui Wan
Mr. Poon Chun Pong

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. Man Ching Yan, *CFA ACIS ACS*

AUTHORISED REPRESENTATIVES

Dr. Sat Chui Wan
Ms. Man Ching Yan

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

Howse Williams
27th Floor
Alexandra House
18 Chater Road
Central, Hong Kong

AUDITOR

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, 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, JP
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 annual report of the Group for the year ended 30 June 2019 ("**FY2019**").

CLEAR AND PROGRESSIVE BUSINESS STRATEGIES

High demand for healthcare services has always been a challenge faced by Hong Kong, compounded by the aging population and Hong Kong people being increasingly health conscious. The Hong Kong government kicked off the Voluntary Health Insurance Scheme ("**VHIS**") in April 2019, an attempt to provide the public with higher flexibility of using private healthcare services through medical insurance, reducing the waiting time for medical services, hence helping to alleviate the pressure on the public healthcare system in the long run. In addition to allowing Hong Kong citizens to receive quality medical care with insurance coverage, VHIS is also expected to benefit the private healthcare sector, presenting it with ample development opportunities in the future. As a leading private integrated healthcare service provider in Hong Kong, Human Health has strived to enhance its strategic network that affords long service hours at different locations and a wide range of services by its professional team to meet the strong demand of local residents.

To continue with our clear and progressive business strategies, Human Health made several investments in FY2019, allowing us to adopt and apply advanced technology in operating business and introduce more detection and prevention services to cater for different customer needs, thus raising customer satisfaction. We will never stop exploring possibilities to improve our services, increase our competitiveness and achieve sustainable growth, and ultimately maximise returns for our shareholders (the "**Shareholders**").

Chairman's Statement

ELEVATE YOUR HEALTH VALUE

We are stepping into an age in which health is assuming ever growing importance in our lives. By coming to appreciate the value of health to us and elevating it continually, we will be able to take charge of our health and life.

This is what Human Health's new vision "Elevate Your Health Value, Elevate Your Life" (昇華健康價值，共創豐盛人生) advocates. Our new vision comprises four core values, "Empathic" (仁心) – Cure with Care, "Earnest" (稱心) – Serve with Sincerity, "Evolutionary" (創新) – Innovate with Intelligence and "Ethical" (求真) – Practice with Probity, which our new logo unveiled this year, standing for professional, trustworthy, healthy, approachable and energetic, echoes loud and clear. Holding fast to these values, we will continue to enhance our medical solutions and keep introducing innovative technologies and equipment to help us consistently offer the most befitting services to customers. Health and wellness are our lifelong pursuits and Human Health is here to assist you in managing all aspects of your health, ultimately elevating your health value, that you may live your life to the fullest.

Being an advocate of future healthcare development, Human Health endeavours to deliver comprehensive and exemplary healthcare services. We are dedicated to walking with you hand-in-hand, becoming your reliable comrade in the quest for good health.

DIVIDENDS

For appreciation of the loyalty and support of our Shareholders, the Board has recommended payment of a final dividend of HK3 cents per share for FY2019, subject to the approval of the Shareholders in the annual general meeting of the Company to be held on 29 November 2019 (the "**AGM**").

APPRECIATION

I wish to take this opportunity to express my sincere appreciation to all our Directors for the exemplary governance and oversight they have provided and my deep gratitude also goes to our senior management, professional team and employees for their contribution, diligence and dedication in the past year. Human Health also wishes to thank all its business partners and Shareholders for their continuous commitment and support.

Chan Kin Ping
Chairman and Chief Executive Officer

Hong Kong, 26 September 2019

Management Discussion and Analysis

FINANCIAL REVIEW

Financial Review for FY2019

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 types:

	FY2019 *HK$'000*	FY2018 *HK$'000*	% of change
General practice services	**338,687**	331,471	2.2%
Specialties services	**125,114**	121,668	2.8%
Dental services	**64,784**	64,881	-0.1%
	528,585	518,020	2.0%

In FY2019, our Group recorded revenue amounted to approximately HK$528.6 million, representing an increase of approximately 2.0% as compared with the year ended 30 June 2018 ("**FY2018**").

Our revenue from general practice services increased by approximately HK$7.2 million or 2.2% from FY2018 to HK$338.7 million. The increase was mainly attributed to the increase in average spending per patient in FY2019.

Our revenue from specialties services increased by approximately HK$3.4 million or 2.8% from FY2018 to HK$125.1 million. The increase was mainly attributed to the increase in number of patient visits from 69,000 times for FY2018 to 74,000 times for FY2019.

Our revenue from dental services remained stable comparing to that of FY2018.

Financial Review for FY2019 *(continued)*

Cost of services rendered

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

	FY2019	FY2018	
	HK$'000	*HK$'000*	% of change
Fees payable to doctors and dentists	**223,051**	225,369	-1.0%
Cost of pharmaceutical supplies	**55,515**	46,774	18.7%
Laboratory expenses	**2,317**	2,578	-10.1%
Reversal of write-down of inventories to net realisable value	**(538)**	(275)	95.6%
	280,345	274,446	2.1%

Our cost of services rendered increased by approximately HK$5.9 million or 2.1% to approximately HK$280.3 million for FY2019. Such increase was mainly due to an increase in cost of pharmaceutical supplies and the net off of decrease in fees payable to doctors and dentists.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$4.7 million or 1.9% from FY2018 to approximately HK$248.2 million for FY2019 as a result of the increased in revenue. Our gross profit margin maintains at approximately 47.0% for FY2019.

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

	Year ended 30 June			
	2019		2018	
	HK$'000	***Gross profit margin %***	*HK$'000*	*Gross profit margin %*
General practice services	**176,053**	**52.0%**	172,335	52.0%
Specialities services	**45,885**	**36.7%**	45,118	37.1%
Dental services	**26,302**	**40.6%**	26,121	40.3%
	248,240	**47.0%**	243,574	47.0%

Our gross profit margin for general practice services remained stable.

Management Discussion and Analysis

Financial Review for FY2019 *(continued)*

Gross profit and gross profit margin *(continued)*

Our gross profit margin for specialities services decreased from approximately 37.1% for FY2018 to approximately 36.7% for FY2019 mainly as a result of net effect of the increase in cost of pharmaceutical supplies in FY2019 and lower fees payable to specialists.

Our gross profit margin for dental services increased from approximately 40.3% for FY2018 to approximately 40.6% for FY2019 mainly as a result of lower fees payable to dentists.

Other income and gains

Our other income and gains increased by approximately HK$1.8 million or 238.1% from FY2018 to HK$2.6million for FY2019 mainly due to the gain on fair value of financial assets at fair value through profit or loss of approximately HK$1.0 million and increase in interest income of approximately HK$1.1 million.

Administrative expenses

Our administrative expenses increased by approximately HK$7.0 million or 3.4% to approximately HK$212.3 million for FY2019 from approximately HK$205.3 million for FY2018 as a result of (i) the increase in staff cost of approximately HK$2.8 million, and (ii) the increase in legal and professional fee of approximately HK$3.3 million due to the legal and professional services engaged for the several long term investment projects in FY2019.

Finance cost

Our finance cost was approximately HK$0.2 million for FY2019 (FY2018: nil) due to the increase in interest-bearing bank borrowing.

Share of losses of a joint venture

Our share of losses of a joint venture decreased by approximately HK$3.7 million or 50.8% from approximately HK$7.2 million to approximately HK$3.6 million for FY2019.

Income tax expense

Income tax expense decreased by approximately HK$0.2 million or 2.8% to approximately HK$8.4 million for FY2019 from approximately HK$8.6 million for FY2018. The decrease was mainly due to the decrease in assessable income. Our effective tax rate decreased from approximately 27.1% for FY2018 to approximately 24.1% for FY2019.

Profits for the year

As a result of the foregoing, profit for the year increased by approximately HK$3.2 million or 13.7% to approximately HK$26.3 million for FY2019 from approximately HK$23.2 million for FY2018. Our net profit margin also increased to approximately 5.0% for FY2019 from approximately 4.5% for FY2018.

Financial Review for FY2019 *(continued)*

Profits attributable to owners of the Company

The Group's profit attributable to owners of the Company was approximately HK$26.6 million for FY2019, representing an increase of approximately HK$2.5 million or 10.4% from FY2018. The increase in profit attributable to owners of the Company for the year ended 30 June 2019 was primary due to (i) increase in average spending per patient for general practice service; (ii) the increase in number of patient visits for our specialties service; and (iii) the reduction in share of losses of a joint venture as a result of better performance.

BUSINESS REVIEW AND OUTLOOK

Business Review for FY2019

In the past, the general public believed that being free from disease or infirmity was the sole indication of staying healthy. Nowadays, as the standard of health evolves, the public awareness of pursuing higher life quality rise and they expect to better manage their physical and mental health as well as appearance, which has become an integrated living motto. To keep abreast of the times, the Group has adopted a new logo 盈健醫療 HUMAN HEALTH in the first half of 2019 in order to underscore the image of comprehensive services provided by the Group in pursuit of a goal of delivering healthcare solutions tailored for customers' specific needs, with the aim of becoming their best wellness partner throughout different stages of their lives to manage healthy living and to match our new mission "Elevate Your Health Value, Elevate Your Life" (昇華健康價值，共創豐盛人生), comprising four core values "Empathetic" (仁心), "Earnest" (稱心), "Evolutionary" (創新) and "Ethical" (求真). This summarises how Human Health has built up its strong reputation with a mission of providing human-centric and quality focused services to the whole community.

During FY2019, the Group has continuously focused on expanding its scope of services and has continued to provide comprehensive, one-stop and quality healthcare services to customers. Furthermore, it strengthened cooperation with the Hong Kong Government and commenced collaboration with different kinds of organisations to extend our scope of services which could increase our client base. In addition, to coherent with our new goals, the Group has been actively engaged with several innovation companies in health technology sectors and introduced several new prevention and early detection services coupled with those cutting edge technologies that could bring faster and convenient health check experience to our customers. It could strengthen our position in offering one-stop medical and wellness solutions to take care of the health of customers, giving them a more comprehensive 360 degree protection with greater depth and coverage. Preventive healthcare is about prevention of illnesses to ease their enduring burden and associated risks on a patient. Effective preventive measures are relevant throughout a person's lifespan and at different stages of a disease to keep it from getting worse. The Group ensures its extensive portfolio of health plans covers every life stage of its customers, ultimately elevating their overall health.

To enhance the level of our customer experience, expand its network in the People's Republic of China (the "**PRC**") and bolster its long-term competitiveness in the healthcare industry, the Group made several investments during FY2019.

Management Discussion and Analysis

Business Review for FY2019 *(continued)*

With healthcare technology advancing quickly in recent years, patients have much higher expectation in the medical industry to offer products and services that employ innovative technologies. The Group's future success hinges on enhancing the technologies it uses and the digitalisation of its operations. During FY2019, the Group formed a business alliance with an innovative technology company, which will see it launch an online platform to interact with customers and provide them with one-stop convenient services from registration and consultation to payment and insurance claims. In addition, the Group has invested in another innovative technology company with strong product research and development capability. Such innovative technology company has developed a medical grade wearable device embedded with Artificial Intelligence (AI) cloud computation, which pinpoint pre-screening, management and prevention of sleep-related conditions, and respiratory and cardiovascular illnesses. The device has been launched at some of the Group's specialties centres with favourable feedback from customers. The Group believes its general practice services and specialties services businesses stand prime to benefit from service collaboration and cooperation with competent partners. The Group also believes using AI-empowered products and services will allow it to optimise operational efficiency and marketing capability.

As disclosed in our FY2019 interim report, the Group had introduced medical aesthetic services at our Shanghai Human Health Integrated Medical Centre* (上海盈健門診部). Benefiting from the new services driving increased customers, revenue from the centre had increased significantly in FY2019 to the delight of the Group. Moreover, during FY2019, the Group made investment in an exempted limited partnership with the objective of investing in an integrated hospital group in the PRC as a limited partner, a move that is coherent with its strategy to expand and diversify business in the PRC. The Group believes it has the ability to establish relationship with business partners in the PRC market and better connect with the PRC hospitals and explore business opportunities with them, and thus pave the way for developing business on the mainland.

Furthermore, the Group is committed to achieving better quality and cost control and improving its internal process. In FY2019, the Group improved its procurement function, allowing it to have better and more accurate purchase forecast, speed up delivery and enhance warehouse automation. It now has greater control over trimming costs and boosting procurement efficiency and is able to carry out more sophisticated inventory data analysis and projection.

With the Group capable of providing excellent quality medical care services, its patient base grew from approximately 2.11 million in FY2018 to approximately 2.23 million in FY2019, and patient visits during FY2019 were approximately 1.12 million.

Business Review for FY2019 *(continued)*

As at 30 June 2019, the Group operated 65 medical centres in Hong Kong under the following brand names with 121 service points.

Business Review for FY2019 *(continued)*

During FY2019, the Group provided the following comprehensive healthcare services in Hong Kong:

General Practice Services	Specialties Services	Dental Services
• General consultation • Diagnostic and preventive healthcare services • Minor procedures • Vaccinations • Physical check-ups • Health education activities • Occupational health advices • Work injury assessment • Chinese medicine	<u>Specialties</u> • General surgery • Orthopaedics & traumatology • Ophthalmology • Otorhinolaryngology • Paediatrics • Obstetrics & gynaecology • Gastroenterology & hepatology • Respiratory medicine • Cardiology • Paediatric surgery • Dermatology • Geriatric medicine • Psychiatry • Urology • Radiology • Public health medicine • Nephrology • Family medicine • Oncology <u>Other Services</u> • Physiotherapy • Clinical psychology • Medical aesthetic • Chiropractic • Medical diagnostic • Endoscopy	• Oral examination • Dental implant • Crown and bridge • Endodontics • Prosthodontics • Oral surgery • Bleaching • One-hour tooth whitening • Orthodontics • Veneers and laser dentistry • Advanced oral and maxillofacial surgery • CAD/CAM Dentistry • Periodontal treatment • Panoramic radiography • Cone-beam computed tomography

The Group has a prominent market position attributable to its experienced and stable professional team comprising general practitioner, specialist, dentist and others such as physiotherapist, radiographer, registered nurse, pharmacist and dental hygienist.

Set forth below is the number of medical professionals serving exclusively on the Group as at 30 June 2019:

General practitioners	58
Specialists	25
Dentists	18
Others	12
Total	113

As for medical professionals not exclusively serving the Group, they included general practitioner, specialist, dentist, clinical psychologist, radiographer and registered nurse and numbered at 99 as at 30 June 2019.

Business Review for FY2019 *(continued)*

The Group's clientele comprises individual and corporate customers, the latter including medical scheme management companies, insurance companies and corporations. In FY2019, revenue generated from individual customers and corporate customers accounted for respectively approximately 77.9% and 22.1% of the Group's total revenue.

The Group has contractual relationship with its suppliers including general practitioner, specialist, dentist and clinical psychologist, all of whom are in consultancy arrangements with us, and also pharmaceutical products distributor and manufacturer, laboratory and medical imaging centre. For FY2019, the five largest suppliers accounted for approximately 16.9% of the Group's total cost of services rendered and the largest supplier alone accounted for approximately 7.5%.

Business Outlook

The world has entered an age with people having increasingly concern and demand when it comes to healthcare services. Health is no longer merely about physical wellness, but has extended from the body to the mind and covers realms including disease prevention, cure and rehabilitation, and body-mind balance. Keeping pace with this trend, the Group will open a wellness centre and another medical aesthetic centre in second half of 2019, which will use state-of-the-art technology to help promote the importance and provide means of staying healthy, this include preventive and health monitoring devices and investigations, integrated coaching services to healthy living altitudes and habits as well as enhancement solutions customised to meet the physical needs and foster mental well-being of our customers. The wellness centre will be an integrated centre staffed by a team of physical and mental health professionals with in depth knowledge and equipped with professional medical devices and facilities, supported and liaised with different areas of expertise and partners. Its scope of services covers early detection, pre-screening and monitoring of various health status and issues, physical and brain health assessment, and also offerings of health coaching and health enhancement programmes, ensuring customers will receive the optimal care and helping them and their family be more proactive in overall health management.

As for the new medical aesthetic centre, it will have advanced aesthetic treatment equipments and offer a vast range of treatment procedures performed by relevant professionals, to bring promising premium experiences to customers. The Group places utmost importance on adhering to high safety standards and rendering professional services. Moreover, its experienced team of doctors and therapists will design safe and reliable medical aesthetic treatment programmes and tailor made skin care services to address the needs of each individual customer. Assessment on customer's current status, proposed treatment methods, and the procedures involved and its associated risks will be explained by doctors to ensure customers receiving professional, safe and reliable medical aesthetic services.

With finger on the pulse of healthcare development, the Group endeavors to deliver comprehensive and exemplary health services. It shall continue to enhance the solutions it offers and introduce innovative technologies and equipment to help perfect its wide range of services. The Group is dedicated to walking shoulder-to-shoulder with customers and be their reliable comrade in the pursuit of health. With new health-related needs surfacing in the community, the Group will persistently explore more possibilities in the healthcare service sector.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2019, the Group had net current assets of approximately HK$128.3 million (as at 30 June 2018: approximately HK$179.7 million), which included cash and cash equivalents and pledged deposits of approximately HK$160.7 million (as at 30 June 2018: approximately HK$189.8 million) and interest-bearing bank borrowing of approximately HK$9.5 million which is repayable on demand, at an interest rate of Hong Kong Interbank Offered Rate plus 2% (as at 30 June 2018: nil). As at 30 June 2019, the Group had unutilised loan facility of approximately HK$40.5 million (as at 30 June 2018: nil). All the interest-bearing bank borrowing are in Hong Kong Dollars and the cash or cash equivalent of the Group are in held in Hong Kong Dollars and Renminbi.

As at 30 June 2019, the Group's gearing ratio, which is interest-bearing bank borrowing divided by the capital plus interest-bearing bank borrowing, is approximately 2.9% (as at 30 June 2018: nil).

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during FY2019. The capital of the Company comprises ordinary shares and other reserves.

During FY2019, 18,050,233 ordinary shares were issued and the total number of issued shares of the Company as at 30 June 2019 was 379,552,233.

CHARGES ON GROUP ASSETS

As at 30 June 2019, a fixed deposit of approximately HK$1.0 million has been pledged to a bank to secure overdrafts of the Group. In addition, a fixed deposit of approximately HK$1.0 million has been pledged to a bank as collateral security for banking facilities granted to the extent of HK$1.0 million.

FOREIGN EXCHANGE EXPOSURE

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

SIGNIFICANT INVESTMENTS

(i) On 11 October 2018, (i) the Company and (ii) Heals Healthcare (Asia) Limited ("**Heals Healthcare**", formerly known as Heals Healthcare Limited), which is the holding company of several subsidiaries incorporated in Hong Kong which are principally engaged in the provision of various digital healthcare platform services, entered into a business alliance agreement (the "**Business Alliance Agreement**") pursuant to which the Company and Heals Healthcare agree to enter into strategic alliance on an exclusive basis to build and launch a digital healthcare platform (the "**Platform**") for the purpose of offering range of services supporting medical practitioners, clinics, patients and insurance companies. The Platform shall be in such a form of a mobile application available in IOS or Android version for a term of 10 years and be automatically renewed for a further term of 3 years.

In addition, on 11 October 2018, Actwise Limited, a wholly owned subsidiary of the Company ("**Actwise**"), the Company and Heals Healthcare entered into a subscription agreement (the "**Heals Subscription Agreement**") pursuant to which Heals Healthcare shall conditionally allot and issue, and Actwise shall conditionally subscribe, an aggregate of 641,704 shares of Heals Healthcare in three tranches (the "**Subscription Shares**"). Consideration for (i) the first tranche Subscription Shares shall be satisfied by way of allotment and issue by the Company of total of 18,050,233 consideration shares to Heals Healthcare; (ii) the second tranche Subscription Shares shall be synergy consideration I which is the KPIs achievement by the Company's network in respect of the initial KPIs measurement period (the "**Initial KPIs Measurement Period**", a period of 12 months immediately following a preparation period which shall be a period of 6 months following the date of the Heals Subscription Agreement or 12 months following the date of the Heals Subscription Agreement if the preparation period is extended); and (iii) the third tranche Subscription Shares shall be synergy consideration II which is the KPIs achievement by the Company's network in respect of the 12 months period after the Initial KPIs Measurement Period.

Details of the Business Alliance Agreement and the Heals Subscription Agreement (including the conditions precedents of the completion of the Subscription Shares and the reasons for the issue of the consideration shares) are set out in the announcements of the Company dated 11 October 2018, 12 November 2018 and 10 December 2018. As at 30 June 2019, 156,667 shares of Heals Healthcare, which represent approximately 11.1% of the issued share capital of Heals Healthcare, was held by Actwise. The investment in Heals Healthcare is stated at fair value. The first tranche Subscription Shares is recorded as "financial assets at fair value through other comprehensive income" while the interests of Actwise in the second tranche Subscription Shares and third tranche Subscription Shares under the Heals Subscription Agreement constitute derivative financial instruments and are recorded as "financial assets at fair value through profit or loss" in the consolidated statement of financial position. As at 30 June 2019, the fair value of the Subscription Shares and the related derivatives amounted to HK$25,451,000 (refer to notes 18 and 19 to the financial statements of this annual report), which represents approximately 6.2% of the total assets of the Group. There was no change in the fair value of the Subscription Shares since its initial recognition and no dividend was received by the Group in FY2019.

The investment strategy of the Group in Heals Healthcare would be using the Platform developed by the Heals Healthcare by leveraging the management and technical expertise and skills of the existing management and shareholders of the Heals Healthcare and at the same time enjoying the potential economic benefit as a shareholder of the Heals Healthcare and the Group considered such structure being optimal to the Group.

SIGNIFICANT INVESTMENTS *(continued)*

(ii) On 29 May 2019, Actwise and Inno Healthcare Limited ("**Inno Healthcare**"), the general partner of New Journey Healthcare LP (the "**Limited Partnership**"), entered into a subscription agreement (the "**LP Subscription Agreement**"), pursuant to which Actwise has applied to subscribe for partnership interests in the Limited Partnership with the capital commitment of RMB30,000,000, which represents approximately 8.80% of the partnership interests. Following the acceptance of the LP Subscription Agreement by Inno Healthcare on the same day, Actwise is admitted as a limited partner to the Limited Partnership by entering into a limited partnership agreement (the "**Limited Partnership Agreement**").

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

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

The investment in the Limited Partnership is stated at fair value and is recorded as "financial assets at fair value through profit or loss" in the consolidated statement of financial position. As at 30 June 2019, the fair value of the investment in the Limited Partnership amounted to approximately HK$34,125,000, which represents approximately 8.4% of the total assets of the Group. There was no change in the fair value of the investment in the Limited Partnership since its initial recognition and no dividend was received by the Group in FY2019.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save for the disclosure set out in "Significant Investments" of this announcement, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during FY2019 and up to the date of this announcement.

CAPITAL COMMITMENTS

	As at 30 June	
	2019	2018
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Capital expenditures	**110**	*779*

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2019.

EMPLOYEES

As at 30 June 2019, the Group had 395 full-time employees (as at 30 June 2018: 392) and 82 part-time employees (as at 30 June 2018: 75).

We recruit personnel from the open market and we formulate our recruitment policy based on market conditions, our business demand and expansion plans. We offer different remuneration packages to our employees based on their position. Generally, we pay basic salary and incentives (based on years of service) to all of our employees. To enhance the quality of our services, we adopt prudent assessment criteria when selecting the Group's professional staff including physiotherapist, radiographer, pharmacist, registered nurse 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 training programmes regularly for our employees at different levels. Details of our human resources programs, training and development are set out in the section headed "Our People" in the environmental, social and governance report (the "**ESG Report**") on pages 66 to 69 of this annual report.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the listing of the shares of the Company (the "**Shares**" and each a "**Share**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 1 April 2016 (the "**Listing**") amounted to approximately HK$84.8 million (including the net proceeds from the full exercise of the over-allotment option which took place on 21 April 2016), and are intended to be applied in the manner consistent with that set out in the prospectus of the Company dated 17 March 2016. For the period commencing from the Listing to 30 June 2019, the proceeds has been utilised as follows:

	Net proceeds *HK$ million*	**Utilised amounts** *HK$ million*	**Unutilised amounts** *HK$ million*
Expansion of network in Hong Kong by setting up six new specialist medical centres	39.1	20.6	18.5
Expansion of network in Hong Kong by setting up six new general practice medical centres	5.9	3.9	2.0
Expansion in the PRC market	12.7	10.3	2.4
Acquisition of established medical centres in Hong Kong	8.4	2.8	5.6
Brand building	5.1	3.1	2.0
Enhancement of IT infrastructure	5.1	2.2	2.9
Working capital and other general corporate purposes	8.5	4.8	3.7
	84.8	47.7	37.1

It is expected that the unutilised amounts will be used on or before 30 June 2021.

Management Discussion and Analysis

ADVANCE TO AN ENTITY

On 21 September 2018, (i) We Health International Limited, a wholly owned subsidiary of the Company ("**We Health**"); (ii) ASANA Global Group Limited ("**ASANA**"); and (iii) Mr. Ling Ka Him Samuel ("**Mr. Ling**") entered into a subscription agreement ("**ASANA Subscription Agreement**") pursuant to which ASANA shall issue and We Health shall subscribe 5 percent guaranteed fixed rate convertible bonds due in 2021 in the principal amount of HK$10,300,000 (the "**Convertible Bonds**"). The Convertible Bonds at its full value were issued to We Health by ASANA on 21 September 2018.

On 21 September 2018, (i) We Health as lender; (ii) ASANA as borrower; and (iii) Mr. Ling as guarantor entered into a HK$30,950,000 secured term loan facility agreement ("**Facility Agreement**") pursuant to which (i) We Health shall at its sole discretion make available to ASANA a Hong Kong dollar term loan facility made available under the Facility Agreement in an aggregate amount of HK$17,200,000 at an interest rate of 2% per annum ("**Facility A**"); and (ii) if ASANA utilises Facility A in full, We Health shall at its sole discretion make available to ASANA a Hong Kong dollar term loan facility made available under the Facility Agreement in an aggregate amount of HK$13,750,000 at an interest rate of 5% per annum ("**Facility B**"). As at the date of this report, a loan in an aggregate amount of HK$10,800,000 under Facility A has been made to ASANA. ASANA shall repay the principal of the facility on the date falling 24 months following the first utilisation date or to the date falling 36 months from the first utilisation date (with We Health has its sole discretion to extend the repayment date).

The Convertible Bonds is secured by a share charge dated 8 August 2018 entered into between Mr. Ling as the chargor and We Health as the chargee (the "**Share Charge**") in relation to a first mortgage of 26,263 (being 55%) ordinary shares in ASANA (the "**Charged Shares**") and its related rights and a first floating charge of the related rights of the Charged Shares.

Details of the ASANA Subscription Agreement, the Facility Agreement and the Share Charge are set out in the announcement of the Company dated 21 September 2018.

* *for identification purpose only*

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHAN Kin Ping, JP (陳健平) (formerly known as Chan Kin Ping (陳建平)) ("**Mr. Chan**"), aged 55, 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 20 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. As at the date of this annual report, Mr. Chan held directorship in each of the members of the Group except Healthvision (Asia) Limited, Win Ocean Limited and 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 2018, Mr. Chan was appointed as the President cum director of Hong Kong Kowloon City Industry and Commerce Association. Mr. Chan is currently serving as the Chairman of Kowloon West Youth Care Committee and the 4th Vice-Chairman 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 52, 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. As at the date of this annual report, Dr. Pang held directorship in a number of members of the Group, namely Actmax 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 and 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.

EXECUTIVE DIRECTORS *(continued)*

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.

Dr. SAT Chui Wan (薩翠雲) ("**Dr. Sat**"), aged 51, 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. She is mainly responsible for overseeing the financial, compliance, risk and human resources management of our Group. She has extensive working experience in accounting, finance, management and strategic planning in different industries prior to joining our Group.

Dr. 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. In February 2018, she obtained a degree of Doctor of Business Administration from the City University of Hong Kong.

Dr. 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.

Dr. Sat has been appointed as the independent non-executive director of Tai Hing Group Holdings Limited since 22 May 2019, a company listed on the Stock Exchange (Stock Code: 06811).

Mr. POON Chun Pong (潘振邦) ("**Mr. Poon**"), aged 41, 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. As at the date of this annual report, Mr. Poon held directorship in a number of members of the Group, namely Be Health Specialist Limited, Healthvision (Asia) Limited, We Health Medical Diagnostic Limited, Impact Medical Imaging Centre Company Limited, Win Ocean Limited and Yingjian Qiye.

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 15 years of experience in information technology in the medical field and over 10 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 69, was appointed as an independent non-executive Director on 27 January 2016. Dr. Lui obtained his degree of Doctor of Philosophy (Mechanical Engineering) from the University of Birmingham in the United Kingdom in July 1979 and was admitted as a member of the Hong Kong Institution of Engineers in 1985.

Dr. Lui is the former vice president of The Hong Kong Polytechnic University and was responsible for partnership development. He is also the former chief executive officer of the Institute for Enterprise, the PolyU Technology and Consultancy Company Limited and the PolyU Enterprise Limited. Prior to joining The Hong Kong Polytechnic University, Dr. Lui was the branch director of the Hong Kong Productivity Council and in charge of the Materials and Process Branch.

Dr. Lui's past and current directorships in listed companies in Hong Kong in the last three years are set forth in the following table:

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	From December 2010 to September 2018

Mr. CHAN Yue Kwong Michael (陳裕光) ("**Mr. Michael Chan**"), aged 67, was appointed as an independent non-executive Director on 27 January 2016. He obtained a degree in Sociology and Political Science and a degree of Master of City Planning from the University of Manitoba, Canada in May 1974 and October 1977, respectively and an Honorary Fellow from Lingnan University in December 2009.

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 fellow member of the Hong Kong Management Association. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

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
		Non-executive director	Since April 2012
Starlite Holdings Limited	00403	Independent non-executive director	Since January 1993
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 63, 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. He is also a fellow of the Hong Kong Institute of Directors.

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 (鄺健鴻) ("**Dr. Kwong**"), aged 46, 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, engagement and complaints of our professional team. 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 also the medical director of our Group and is an associated member of The Hong Kong College of Family Physicians. He was the President of Mount Cameron Lions Clubs, Lions Clubs International District 303 in Hong Kong, Macau and China in 2016–2017.

Dr. LEE Huen (李煊) ("**Dr. Lee**"), aged 43, 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, engagement and complaints of our professional team. Dr. Lee is a general practitioner who obtained degrees of Bachelor of Medicine and Bachelor of Surgery from The Chinese University of Hong Kong in 2000. While at Monash University, he received a Graduate Diploma in Family Medicine in October 2005 and a Master of Family Medicine (Clinical) in April 2007. In November 2008, at the University of London, he was awarded the Post Graduate Diploma in Clinical Dermatology with merit. Dr. Lee also holds a Diploma in Advances in Medicine from the Department of Medicine & Therapeutics of The Chinese University of Hong Kong in March 2009.

Dr. CHAN Wai Hong (陳偉康), aged 52, 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.

Directors and Senior Management

SENIOR MANAGEMENT *(continued)*

Dr. HUI Chi Wai Frederick (許志偉) ("**Dr. Hui**"), aged 47, 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 47, 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 52, 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.

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 25 years of medical practicing experience, including over 15 years of experience as an Otolaryngologist in the Otolaryngology field in Hong Kong.

SENIOR MANAGEMENT *(continued)*

Dr. SETO Siu Keung (司徒少強) ("**Dr. Seto**"), aged 53, 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. As at the date of this annual report, Dr. Seto held directorship in a number of members of the Group, namely Poly Dental Services Limited ("**Poly Dental**"), Good Standard Limited ("**Good Standard**"), Laserdontics Limited ("**Laserdontics**") and Seto & Wan Dental Centre Limited ("**Seto & Wan**"). 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 53, 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. As at the date of this annual report, Dr. Lau held directorship in a number of members of the Group, namely Poly Dental, Good Standard, Laserdontics and Seto & Wan. 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. MAN Ching Yan (文靜欣) ("**Ms. Man**") has joined our Group since May 2015. Ms. Man obtained a bachelor's degree in economics and finance from the University of Hong Kong. Ms. Man is a member of the Hong Kong Institute of Chartered Secretaries (HKICS) and the Institute of Chartered Secretaries and Administrators (ICSA). Ms. Man is a CFA charterholder and a member of the CFA Institute and The Hong Kong Society of Financial Analysts Limited.

* *for identification purpose only*

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the 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 FY2019.

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 Kin Ping, JP as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership of the Group and enables more effective and efficient overall strategic planning. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company as and when appropriate and suitable by taking into account the circumstances of the Group as a whole.

THE BOARD OF DIRECTORS

Responsibilities

The functions and duties of our Board include, but not limited to, overall strategic directions for the Group, formulating business and investment plans, preparing the annual budget and accounts, preparing proposals on profit distribution as well as performing other authorities, functions and responsibilities in accordance with the amended and restated articles of association of the Company (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.

Responsibilities *(continued)*

The Board gives 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.

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 of the Company (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.

Corporate Governance Report

Composition

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

Executive Directors

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

Independent Non-executive Directors

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

The biographical details of each Director are set out in the "Directors and Senior Management" on pages 19 to 25 of 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, Dr. Pang, Dr. Sat and Dr. Lui will retire as required by the Articles and the Listing Rules and, being eligible, offer themselves for re-election at the AGM.

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.

Induction and Continuous Professional Development for Directors *(continued)*

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 FY2019, 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.

During FY2019, all Directors have been 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

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.

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.

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.

Minutes of all Board meetings, Board committee meetings and general 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 or Board committee members for comments within a reasonable time after the meetings.

Board Meetings and Other Meetings

During FY2019, nine Board meetings were held when the following key issues were, among others, reviewed and considered:

- annual and interim financial statements and the related results announcements and reports;
- corporate governance practice, internal control and risk management;
- connected transactions;
- distribution of dividend, circular and other documentations for the annual general meeting of the Company;
- environmental, social and governance reporting matters;
- budget plan for the year ending 30 June 2020; and
- investment transactions and related announcements.

Attendance records of the Directors are set out below:

	Meetings attended/held
Executive Directors	
Mr. Chan Kin Ping, JP	9/9
Dr. Pang Lai Sheung	9/9
Dr. Sat Chui Wan	9/9
Mr. Poon Chun Pong	9/9
Independent Non-executive Directors	
Dr. Lui Sun Wing	9/9
Mr. Chan Yue Kwong Michael	9/9
Mr. Sin Kar Tim	9/9

During FY2019, one meeting was held between the chairman of the Board and the independent non-executive Directors without the executive Directors present. An annual general meeting was held and all Directors attended.

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;

(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; and

(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.

Audit Committee *(continued)*

During FY2019, three meetings of the Audit Committee were 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 re-appointment of auditor;
- the audit findings by the auditor and the auditor's management letter;
- the annual and interim financial statements and related results announcements;
- the corporate governance practice, the internal audit plan, internal control system and risk management; and
- the continuing connected transactions of the Group.

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

Audit Committee members	**Meetings attended/held**
Mr. Sin Kar Tim *(Chairman)*	3/3
Dr. Lui Sun Wing	3/3
Mr. Chan Yue Kwong Michael	3/3

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, JP
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim

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 FY2019, three meetings of the Remuneration Committee were held when, among others, the following key issues were reviewed and considered and recommendations were made to the Board where appropriate:

- the remuneration framework and remuneration package of executive Directors;
- the remuneration package of senior management;
- the bonus proposal of the executive Directors; and
- the renewal of service contracts of executive Directors and letters of appointment of independent non-executive Directors.

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

Remuneration Committee members	**Meetings attended/held**
Dr. Lui Sun Wing *(Chairman)*	3/3
Mr. Chan Kin Ping, JP	3/3
Mr. Chan Yue Kwong Michael	3/3
Mr. Sin Kar Tim	3/3

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, JP
Mr. Sin Kar Tim

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 reviewed by the Board and which sets out the approach to achieve the diversity of the Board. With a view to achieving a sustainable and balanced development, the Company considers 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.

Nomination Committee *(continued)*

A nomination policy has been adopted and reviewed by the Board annually which sets out the selection process on the selection of individual nominated for directorship. The Nomination Committee may search extensively for candidate as director of the Company from the Group or the human resources market and should actively communicate with relevant departments and evaluate the Company's demand for new Board members taking into consideration of the structure, size and composition of the Board and from the perspective of board diversity. The Nomination Committee shall gather information about the occupation, academic qualifications, position served, detailed work experience and all the concurrent posts of the candidate and seek the candidate's consent for nomination. After reviewing the qualifications of the candidate on the criteria for director of the Company, the Nomination Committee then makes recommendation to the Board regarding the candidate as director of the Company and submits the relevant information to the Board prior to the appointment of new director.

During FY2019, 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 and the Board diversity policy;
- the structure, size and composition of the Board;
- training and professional development of Directors and senior management;
- the independence of independent non-executive Directors; and
- the rotation and re-election of Directors in the annual general meetings.

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

Nomination Committee members	**Meeting attended/held**
Mr. Chan Yue Kwong Michael *(Chairman)*	1/1
Dr. Lui Sun Wing	1/1
Mr. Chan Kin Ping, JP	1/1
Mr. Sin Kar Tim	1/1

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. In response to a specific enquiry made by the Company, all Directors have confirmed their compliance with the Model Code during FY2019.

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 FY2019 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 Auditor's Report on pages 82 to 87 of 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.

An analysis of the remuneration payable to Ernst & Young, in respect of audit and non-audit services for FY2019 are set out below:

Nature of services	**Amount HK$'000**
Audit services	1,775
Non-audit services	1,452

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises its overall responsibility in ensuring the risk management and internal control systems of the Group and the Audit Committee is delegated with the authority from the Board to oversee the risk management and internal control systems in reviewing its effectiveness, and is committed to implementing a sound risk management and internal control systems to safeguard the interests of the Shareholders and the assets of the Group.

Effective management of risks is an essential and integral part of corporate governance and it helps to ensure that the risks encountered in the course of achieving the Group's business objectives are managed within the Group's risk profile and appetite statements. The Group has adopted and designed an Enterprise Risk Management ("**ERM**") framework to assist the Audit Committee and the Board in proactively identifying the key risks, analysing and managing the key risks with controls, and assigning risk owner for on-going monitoring and reporting, whereby an effective risk management is in place. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and would provide reasonable assurance against material misstatement or loss. A self-assessment of the risk management and control measurement has been conducted during FY2019 to identify the significant risks faced by the Group and indicators have been set to continuously monitor the effectiveness of the risk management functions.

INTERNAL CONTROL AND RISK MANAGEMENT *(continued)*

During FY2019, the Group had engaged an independent internal control consultant to perform the internal audit function after considering the expertise of the independent internal control consultant. Such internal audit function provides an independent review of the Group's ERM and internal control systems. During FY2019, the internal audit function reviewed the risk management and internal control systems and provided reasonable assurance that material misstatements or losses were prevented, potential interruption of the Group's management system was detected, and existing risks in the course of arriving at the Group's objectives were properly managed. The review covers major controls over financial, operational and compliance, and material internal control deficiencies, if any, were set out in the internal control review report with recommendations of improvement and agreed management action plan and assessed by the Audit Committee. In particular, the internal audit function has reviewed the continuing connected transactions and confirmed that internal control procedures were in place. No significant control failings or weaknesses that have been identified during FY2019, which could have had, or may in the future have, a material impact on the Group's financial performance or condition. The internal audit function reported its review results to the Audit Committee two times during FY2019 and the Audit Committee has reviewed and ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's internal audit, accounting and financial reporting functions. The Board considers that the existing risk management and internal control systems are effective and adequate. The Board also considers that the Company's processes for financial reporting and Listing Rules compliance are effective.

Regarding the procedures and internal controls over the handling and dissemination of inside information, the Group has internal policy and procedures which identify and handle with inside information by designated Director and the Company Secretary and has complied with the obligations for the disclosure of inside information under the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") during FY2019. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and the SFO. No material unauthorised use or untimely disclosure of the inside information was notified or reported to the Board during FY2019.

COMPANY SECRETARY

Ms. Man 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 meetings, Board Committee meetings and general meetings which are made available for inspection by the Directors at all reasonable times. Ms. Man's biographical details are set out in the paragraph headed "Company Secretary" in the "Directors and Senior Management" section in this annual report. Ms. Man had complied with the professional training requirement under the Listing Rules during FY2019.

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 by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and 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 circulars 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.

COMMUNICATIONS WITH SHAREHOLDERS *(continued)*

A dividend policy has been adopted by the Board during FY2019 and will be reviewed annually by the Board. The policy aims to set out the practice of paying dividend to the Shareholders and to allow the Shareholders to participate in the Company's profits by providing stable and sustainable returns to the Shareholders and for the Company to retain adequate reserves for future growth. The Company in general meeting may from time to time declare dividends in Hong Kong dollars to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose. The Board may recommend a payment of dividends after taking into account the Company's operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which the Board may deem relevant. It is the Company's intention to pay an annual dividend to the Shareholders out of the profits attributable to shareholders of the Company, net of major funding needs (if any) for each year and also after taking into account the absolute amount of the proposed dividend. Any declarations of dividends will be at the absolute discretion of the Board and may not reflect the Company's historical declarations of dividends. Any declaration and payment (including the amount) of dividends will be subject to the Articles, the Laws of Hong Kong and the Companies Law, Cap 22 (Law 3 of 1961) of the Cayman Islands.

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 or proposal at general meetings 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 FY2019, 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.

The Directors are pleased to present this annual report together with the audited consolidated financial statements for FY2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of comprehensive, one-stop and quality healthcare services to the public. The activities and other particulars of its principal subsidiaries are set out in note 1 to the financial statements on pages 95 to 96 of this annual report. There were no significant changes in the nature of the Group's principal activities during FY2019.

A review of the business of the Group during FY2019 and its future development are set out in the "Management Discussion and Analysis" on pages 6 to 18 of this annual report. The section "Management Discussion and Analysis" forms part of this directors' report.

FINANCIAL RESULTS AND PERFORMANCE

A financial review of the Group during FY2019 is set out in the "Management Discussion and Analysis" on pages 6 to 18 of this annual report.

The Group's profit for FY2019 and the Group's financial position at 30 June 2019 are set out in the financial statements on pages 88 to 90 of this annual report.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK3 cents per Share for FY2019 (FY2018: HK3 cents per Share) (the "**Final Dividend**"). The payment of the Final Dividend is subject to approval by the Shareholders at the AGM. Upon obtaining the Shareholders' approval, the Final Dividend is expected to be paid on or around Monday, 23 December 2019 to the Shareholders whose names appear on the register of members of the Company on Monday, 9 December 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 26 November 2019 to Friday, 29 November 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 November 2019.

For the purpose of ascertaining the Shareholders' entitlement to receive the Final Dividend, the register of members of the Company will be closed from Thursday, 5 December 2019 to Monday, 9 December 2019, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30p.m. on Wednesday, 4 December 2019.

Details of dividends for FY2019 are set out in note 11 to the financial statements on page 136 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2019 are set out in note 31 to the financial statements on page 151 of this annual report.

During FY2019, Actwise, the Company and Heals Healthcare entered into the Heals Subscription Agreement pursuant to which Heals Healthcare shall conditionally allot and issue and Actwise shall conditionally subscribe, an aggregate of 641,704 shares of Heals Healthcare in three tranches. The consideration for the first tranche subscription shares of Heals Healthcare shall be satisfied by way of allotment and issue by the Company of total of 18,050,233 Shares to Heals Healthcare. Details of the above are set out in the section headed "Significant Investments" in the "Management Discussion and Analysis" on pages 15 to 16 of this annual report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2019 amounted to approximately HK$199 million of which approximately HK$11 million has been proposed as the Final Dividend for FY2019.

DONATIONS

Donations made by the Group during FY2019 amounted to approximately HK$122,000 in which HK$98,000 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 172 of this annual report. This summary does not form part of the audited financial statements.

TAX RELIEF AND EXEMPTION

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

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 engage qualified professionals to join our team or retain them. In particular, our business model relies on consultancy arrangements with the general practitioner, specialist, dentist and clinical psychologist and their companies. In case any of them does not 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.

Financial Risk

Details about the Group's financial risk management are set out in note 40 to the financial statements on pages 166 to169 of this annual 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. Details of the relationship with our employees are set out in the section headed "Our People" in the ESG Report on pages 66 to 69 of this annual report.

Directors' Report

Customers

We are committed to safeguarding the health of the community and are always concerned about their needs. By following our new vision "Elevate Your Health Value, Elevate Your Life" (昇華健康價值，共創豐盛人生), we can provide patient-centric and quality focused services to our customers resulting in a lasting relationship with our customers.

Suppliers

The Group recognizes the importance of good relationship with its suppliers to ensure long-term sustainable growth for the Group. We strive to cultivate a mutually beneficial and trusting relationship with our suppliers and particularly this is crucial for us to engage and retain professional talents and hence provide quality services to our customers. Details of the relationship with our suppliers are set out in the section headed "Our Operations" in the ESG Report on pages 61 to 66 of this annual report.

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

During FY2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The Directors during FY2019 and up to the date of this annual report were:

Executive Directors

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

Independent Non-executive Directors

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

In accordance with the Articles and the Listing Rules, Dr. Pang, Dr. Sat and Dr. Lui shall retire at the AGM and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out in the "Directors and Senior Management" on pages 19 to 25 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 1 April 2019, 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 1 April 2019, which may be terminated by not less than three months' notice in writing served by either party on the other.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed under the section headed "Non-Exempt Continuing Connected Transactions" below, note 37 "Related Party Transactions" to the financial statements on pages 157 to 158 of this annual report and each of Mr. Chan and Dr. Sat has approximately 2.93% and 0.29% partnership interest in the Limited Partnership (details of which are set out in the section headed "Significant Investments" in the "Management Discussion and Analysis" on pages 15 to 16 of this annual report, 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 FY2019 or at any time during FY2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 30 June 2019, 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 competitive remuneration to attract, retain and motivate high quality talent, having regard to the Group's and individual's performance and comparable market trends and may consist of several components such as fixed part, performance based and long-term incentives. At the same time, such awards must be aligned with the Shareholders' interests.

Particulars of Directors' remuneration and five highest paid employees are set out in notes 8 and 9 to the financial statements on pages 132 to 134 of this annual report.

The amount or value of fees and bonus (including doctors' or dentists' professional fees and honorarium as members of our doctor advisory board (as the case may be)) of the members of the senior management by bands for FY2019 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	2
HK$6,000,001 to HK$9,000,000	4

No director waived any emolument during FY2019.

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

As at 30 June 2019, 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 SFO (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares or underlying Shares

Name of Director	Capacity in which Shares/underlying Shares were held	Number of Shares/ underlying Shares held	Approximate percentage of total issued Shares (note v)
Mr. Chan Kin Ping, JP	Interest of controlled corporation (note i)	252,346,286 (note ii)	66.49%
	Beneficial owner	6,850,000	1.80%
Dr. Pang Lai Sheung	Interest of controlled corporation (note i)	252,346,286 (note ii)	66.49%
Dr. Sat Chui Wan	Beneficial owner	960,000 (note iii)	0.25%
Mr. Poon Chun Pong	Beneficial owner	1,086,000 (note iv)	0.29%

Notes:

(i) Mr. Chan, Dr. Pang and Treasure Group Global Limited ("**Treasure Group**") were our controlling shareholders (as defined in the Listing Rules). Treasure Group was owned as to 50% by Mr. Chan and 50% by Dr. Pang. Mr. Chan is the director of Treasure Group.

(ii) These Shares were beneficially owned by Treasure Group. Mr. Chan and Dr. Pang were deemed to be interested in these Shares pursuant to Part XV of the SFO.

(iii) These Shares represented the underlying Shares under the share options granted on 4 October 2016.

(iv) 600,000 Shares represented the underlying Shares under the share options granted on 4 October 2016 and 486,000 Shares were beneficially owned by Mr. Poon.

(v) The percentages were calculated based on the total number of issued Shares as at 30 June 2019.

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

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

Note:

(i) The percentages were calculated based on the total number of issued shares of Treasure Group as at 30 June 2019.

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 2019, 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 FY2019 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 2019, so far as it is known by or otherwise notified by any Director or the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares (a) which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) as recorded in the register required to be kept under section 336 of the SFO:

Name of substantial Shareholder	**Capacity in which the Shares were held**	**Number of Shares held**	**Approximate percentage of total issued Shares** (note iii)
Treasure Group Global Limited	Beneficial owner (note i)	252,346,286	66.49%
Capital Healthcare International Limited	Beneficial owner (note ii)	25,362,000	6.68%
Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司)	Interest of controlled corporation (note ii)	25,362,000	6.68%
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 (note ii)	25,362,000	6.68%
The People's Government of Beijing Municipality	Interest of controlled corporation (note ii)	25,362,000	6.68%

Notes:

(i) The Shares were beneficially owned by Treasure Group, a company which was owned as to 50% by Mr. Chan and 50% by Dr. Pang. Therefore, Mr. Chan and Dr. Pang were deemed to be interested in such Shares pursuant to Part XV of the SFO.

(ii) The Shares were beneficially owned by Capital Healthcare International Limited, which was wholly owned by Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司). Capital Healthcare Group Co., Ltd.* (首都醫療健康產業有限公司) was 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 was 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 were deemed to be interested in such Shares pursuant to Part XV of the SFO.

(iii) The percentages were calculated based on the total number of issued Shares as at 30 June 2019.

All the above interests in the Shares were long positions.

Save as disclosed above, the Directors are not aware of any other corporations or person who, as at 30 June 2019, had any interests or short positions in the Shares or underlying Shares (a) which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) as recorded in the register required to be kept under Section 336 of the SFO.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during FY2019 are set out in note 37 to the financial statements on pages 157 to 158 of this annual report. 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; 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. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business of the Group and 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 the 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

Dr. Seto Siu Keung's Consultancy Agreement

Dr. Seto entered into the consultancy agreement with Poly Dental and Dentogenic (Dr. Seto's sole proprietorship) dated 27 August 2018 for a term of three years commencing from 1 September 2018. The following is the summary of material provisions under Dr. Seto's consultancy agreement:

1. Dr. Seto's sole proprietorship shall provide dental services at our medical centres and shall at all times act in good faith towards his sole proprietorship and maintain the highest possible professional standards and reputation of his sole proprietorship;

2. Poly Dental shall grant Dr. Seto's sole proprietorship the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his dental practice at our medical centres;

3. Dr. Seto's sole proprietorship shall be entitled to receive professional fees 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, 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 our medical centres; and

4. Dr. Seto's sole proprietorship shall be entitled to receive annual management fees for the provision of management and training services to the Group which include providing professional advice on the development of the dental unit of the Group and management and training of the dentists team of the Group subject to the performance of dental unit of the Group.

Dr. Seto Siu Keung's Consultancy Agreement *(continued)*

For FY2019, the fees paid by Poly Dental to Dr. Seto's sole proprietorship amounted to approximately HK$5,143,000 and did not exceed the annual cap of HK$8,000,000 for the year.

Given that Dr. Seto is a director of each of Poly Dental, Good Standard, Laserdontics and Seto & Wan, each a subsidiary of the Group and that Dr. Seto's consultancy agreement was entered into by Poly Dental, and Dr. Seto and his sole proprietorship, the transactions under Dr. Seto's consultancy agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

Dr. Lau Wai Man's Consultancy Agreement

Dr. Lau entered into the consultancy agreement with Poly Dental and Lau Wai Man Dental Surgeon (Dr Lau's sole proprietorship) dated 27 August 2018 for a term of three years commencing from 1 September 2018. The following is the summary of material provisions under Dr. Lau's consultancy agreement:

1. Dr. Lau's sole proprietorship shall provide dental services at our medical centres and shall at all times act in good faith towards his sole proprietorship and maintain the highest possible professional standards and reputation of his sole proprietorship;

2. Poly Dental shall grant Dr. Lau's sole proprietorship the right to use the proprietary names and the proprietary rights for the sole purpose of carrying out his dental practice at our medical centres; and

3. Dr. Lau's sole proprietorship shall be entitled to receive professional fees 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, 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 of the Group.

For FY2019, the fees paid by Poly Dental to Dr. Lau's sole proprietorship amounted to approximately HK$6,363,000 and did not exceed the annual cap of HK$7,800,000 for the year.

Given that Dr. Lau is a director of each of Poly Dental, Good Standard, Laserdontics and Seto & Wan, each a subsidiary of the Group and that Dr. Lau's consultancy agreement was entered into by Poly Dental, and Dr. Lau and his sole proprietorship, the transactions under Dr. Lau's consultancy agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

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 by the Group in accordance with Rule 14A.56 of the Listing Rules.

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 concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during FY2019.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 13.5% and the largest customer accounted for approximately 3.7% of the Group's total revenue for FY2019.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 16.9% and the largest supplier accounted for approximately 7.5% of the Group's total purchases for FY2019.

None of the Directors, their close 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 FY2019 and up to the latest practicable date prior to the issue 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 and the Heals Subscription Agreement, no equity-linked agreements were entered into by the Company during FY2019 or subsisted at the end of FY2019.

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 2019. There has been no issue or exercise of the conversion rights or subscription rights under any convertible securities, options, warrants or similar rights granted by the Company or any of its subsidiaries during FY2019.

SHARE OPTION SCHEME

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.

SHARE OPTION SCHEME *(continued)*

(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 1 April 2016 and approximately 9.22% 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.

(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.

SHARE OPTION SCHEME *(continued)*

(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 1 April 2016, 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.

SHARE OPTION SCHEME *(continued)*

Details of movements of the share options granted under the Share Option Scheme during FY2019 were as follow:

Name of Grantees	Position held with the Group	Offer Date	Exercise Price per Share Option	Exercise Period	Number of Outstanding Share Options as at 1 July 2018	Number of Share Options Granted during FY2019	Number of Share Options Exercised during FY2019	Number of Share Options Lapsed during FY2019	Number of Share Options Cancelled during FY2019	Number of Outstanding Share Options as at 30 June 2019
Dr. Sat Chui Wan	Executive Director, Chief Financial Officer	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	960,000	–	–	–	–	960,000
Mr. Poon Chun Pong	Executive Director, Chief Operating Officer	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	600,000	–	–	–	–	600,000
Other eligible persons – employees (in aggregate)	–	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	780,000	–	–	200,000	–	580,000
Other eligible persons – suppliers (in aggregate)	–	4 October 2016	HK$2.214 (note (iii))	4 October 2019 to 3 October 2022 (note (i))	400,000	–	–	–	–	400,000
Other eligible persons – employees (in aggregate)	–	28 May 2018	HK$2.09 (note (iv))	1 June 2021 to 31 May 2027 (note (ii))	160,000	–	–	50,000	–	110,000
Other eligible persons – suppliers (in aggregate)	–	28 May 2018	HK$2.09 (note (iv))	1 June 2021 to 31 May 2027 (note (ii))	300,000	–	–	–	–	300,000
Total					3,200,000	–	–	250,000	–	2,950,000

Note:

(i) The share options shall be exercisable from 4 October 2019 to 3 October 2022 (both dates inclusive) subject to a vesting scale in 3 tranches set out below:

(a) The first 33% of the share options shall be exercisable from 4 October 2019 to 3 October 2022;

(b) The second 33% of the share options shall be exercisable from 4 October 2020 to 3 October 2022; and

(c) The remaining 34% of the share options shall be exercisable from 4 October 2021 to 3 October 2022.

SHARE OPTION SCHEME *(continued)*

Note: *(continued)*

(ii) The share options shall be exercisable from 1 June 2021 to 31 May 2027 (both dates inclusive) subject to a vesting scale in 3 tranches set out below:

  (a) The first 33% of the share options shall be exercisable from 1 June 2021 to 31 May 2027;

  (b) The second 33% of the share options shall be exercisable from 1 June 2022 to 31 May 2027; and

  (c) The remaining 34% of the share options shall be exercisable from 1 June 2023 to 31 May 2027.

(iii) The closing price of the Shares immediately before the dates on which the share options were granted on 4 October 2016 was HK$2.20 per Share.

(iv) The closing price of the Shares immediately before the dates on which the share options were granted on 28 May 2018 was HK$2.02 per Share.

As at 30 June 2019, the 2,950,000 share options granted remained outstanding. No share options have been exercised or cancelled and 250,000 share options were lapsed during FY2019.

The values of the share options granted on 4 October 2016 and 28 May 2018 are set out in note 32 to the financial statements on pages 152 to 155 of this annual report.

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. The stated permitted indemnity provision (as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong ("**Hong Kong Companies Ordinance**")) for the benefit of the Directors is currently in force and was in force throughout FY2019.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

Mr. Chan, Dr. Pang and Treasure Group (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**"). 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 FY2019, the terms of the Deed of Non- Competition have been complied with by the Controlling Shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Details of our environment, social and governance practices are set out in the "ESG Report" on pages 58 to 81 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During FY2019 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 as the auditor of the Company upon expiration of its current term of office at the AGM and will not seek for re-appointment. The Board, with the recommendation from the Audit Committee, has resolved to propose the appointment of BDO Limited as the auditor of the Company following the retirement of Ernst & Young, subject to the passing of an ordinary resolution of the Shareholders at the AGM, with effect from the date of the AGM to hold the office as auditor until the conclusion of the next annual general meeting of the Company.

On behalf of the Board

Chan Kin Ping
Chairman

Hong Kong, 26 September 2019

* *for identification purpose only*

Environmental, Social and Governance Report

ABOUT THIS REPORT

Human Health is pleased to disclose the management approach, performance and achievements of its key operations in environmental, social and governance ("**ESG**") aspects. This ESG Report is prepared in accordance with the "comply or explain" and "recommended disclosures" provisions of the Environmental, Social and Governance Reporting Guide contained in Appendix 27 of the Listing Rules.

The purpose of this ESG Report is to communicate the Group's visions, policies, initiatives, performances and plans relating to material social and environmental issues. All disclosed information is compiled by existing policies or practices, and official documents or reports in an accurate and transparent manner. This ESG Report is endorsed by the Board, who is responsible for formulating strategies and managing ESG matters of the Group, and is dedicated to monitoring its sustainability performance through publishing ESG Report on an annual basis.

Reporting Scope

This ESG Report covers the Group's operational and management business at all of the medical centres, office and warehouse in Hong Kong. With consideration to the significance and materiality of the facility, one medical centre located in the PRC is excluded from the reporting scope. Due to data limitation, 2 medical centres were excluded from the calculation of electricity consumption and 15 medical centres were excluded from the calculation of water consumption in this ESG Report. For medical centres that opened or closed during the Reporting Period (as defined below), actual consumption data was used for the calculation of the environmental key performance indicators.

Reporting Period

Unless otherwise specified, the content of this ESG Report covers the period from 1 July 2018 to 30 June 2019 (the "**Reporting Period**").

OUR APPROACH TO SUSTAINABILITY

We strive to leverage our passion, skills and knowledge in pursuing sustainability within our operations. Such values and attitudes are indispensable to the four major aspects of our sustainability principles, namely – "Our Operations", "Our People", "Our Community", and "Our Environment".

The Board acknowledges its overall responsibility to oversee the Group's ESG strategies and is committed to evaluating, determining and managing sustainability risks, as well as uncovering potential opportunities. By observing regulatory requirements and industry practices, it is ensured that such risks are effectively mitigated and managed so that economic, environmental and social value are well-balanced.

Stakeholder Engagement

Incorporating stakeholder views into our operations are helpful for the Group's improvement and overall development. It is our goal to communicate and walk through our sustainability journey with all our stakeholders. We are committed to the proactive and regular stakeholder engagement, which allows us to capture stakeholder interests and direct our efforts to aligning our business operations with their goals and sustainability concerns.

During the Reporting Period, transparent and responsive engagement channels are established to ensure the quality of our communication and interaction with the Directors, our employees of all levels[1], the Shareholders/ investors, customers, suppliers[2], the media, as well as regulatory bodies.

Internal Stakeholders

Directors

General Employees[1]

External Stakeholders

Shareholders

Customers

Suppliers[2]

Media

Regulatory Bodies

Engagement Channels

Meeting

Interview

Engagement Surveys

Email

Letter

Seminar

Suggestion box

Telephone

Annual Appraisal

Training

Annual and Interim Reports

Announcements and Circulars

Company Website

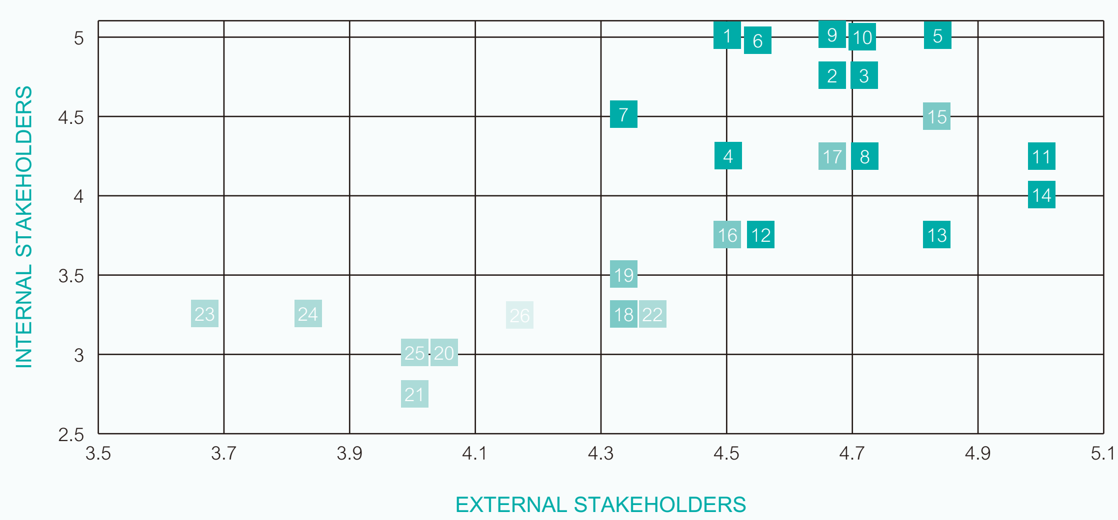
1 General Employees included office employees, medical centre employees and other supplementary medical professionals such as physiotherapists and radiographers.

2 Suppliers included exclusive & non-exclusive doctors, dentists, etc; lab, imaging and endoscopy centres, manufacturers and distributors.

Materiality Assessment

In identifying, prioritising and reviewing potential ESG issues that are material to the Group's stakeholders, we engaged an independent sustainability consultant to conduct a group-wide materiality assessment. The process has made reference to the Global Reporting Initiative's process in determining key material issues to companies.

Internal and external stakeholder groups were selected and engaged based on their influence on the Group. The assessment invited employees, the Shareholders, suppliers and customers to participate in the completion of an online survey, where they rated the relative importance of potential ESG issues. Assessment results were used to inform this ESG Report's structure and content, as well as prioritise sustainability issues in our ESG management. The following matrix presents the results of the materiality assessment.



Operation	Employment
1. Economic Performance 2. Corporate Image 3. Anti-Money Laundering and Anti-Corruption 4. Prevention of Illegal Labour 5. Laws and Regulations Compliance 6. Service Quality 7. Technology Development/Product Innovation 8. Customer Engagement and Satisfaction 9. Doctors' Work Ethics and Professionalism 10. Customer Data Protection and Privacy Policies 11. Protecting Intellectual Property Rights 12. Legal Compliance on Operating Practices Aspect 13. Good Business Relationships with Medical Suppliers 14. Fair and Open Procurement Practices	15. Good Employment Practices 16. Equal opportunity, Diversity and Anti-discrimination 17. Development and Training 18. Occupational Health and Safety Measures 19. Legal Compliance on Employment Aspect

Environment	Community
20. Environmental Compliance 21. Air and Greenhouse Gas Emissions 22. Generation of Hazardous and Non-hazardous Waste 23. Resource Consumption 24. Packaging Material Use 25. Measures to Promote the Effectiveness of Energy Management	26. Participation of Community and Social Events

OUR OPERATIONS

As one of the leading integrated medical service providers in Hong Kong, Human Health strives to uphold the Company's vision – "Elevate Your Health Value, Elevate Your Life" and is proud of one-stop comprehensive and caring medical services provided to the community. The Group believes that responsible business is key to build trust with our customers, whose well-being form the core of our values, the prerequisite to the Group's success. Thus, we are committed to high standards of accountability and consistency by assuring our service quality, prioritising customers' needs, and closely overseeing the supply chain as well as our business conduct. Relevant policies are also implemented to ensure operational compliance.

Service Quality

Service Quality Management

The Group places high priority on providing customers with high quality medical support in an ethical manner, as well as takes into consideration the efficiency of our service delivery. We adopt a comprehensive service quality management approach, which monitors operations from patient registration, clinical consultation procedures (including but not limited to diagnosis and treatment) to efficiency management. During the Reporting Period, we are not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to service quality.

All relevant instructions are made available in the Operating Manual, Nursing Handbook as well as Internal Guidelines for the Medical Centres for our staff's reference. For example, our Internal Guidelines ensure all prescriptions are accurate and properly dispensed by responsible staff according to the 3-check-7-rights rule. All prescribed medications are packed and sealed in separate bags with corresponding drug labels, patient details and drug information.

Our internal policy for product reporting and recalls defines situations under which the need of reporting should be considered. Detailed measures to be taken are also listed out for our staff's reference. This ensure that the Group has effective procedure to handle product recall by the Department of Health in Hong Kong ("**DOH**") or the pharmaceutical products manufacturers. The procedure applies to all pharmaceutical products used by the medical centres.

We understand service quality improvement is a continuous process and we are committed to achieving it through observation and evaluation. Regular meetings with frontline staff are organised by the operation managers. Topics include but not limited to sharing of administrative best practices, case studies from the industry, clinical learning, as well as personal development subjects. Respective functional managers also perform periodic audits on clinical services and review on the operating guidelines to ensure appropriateness.

Patient Privacy Protection

The Group is respectful and dedicated to handling patients' medical records in a strictly confidential manner. Based upon and in compliance with the Personal Data (Privacy) Ordinance in Hong Kong (Chapter 486 of the Laws of Hong Kong) and other related laws and regulations, the Group has established the Data Protection Policy. The policy governs the collection, transfer, and processing of personal data throughout the Group's network.

The creation, maintenance, reviewing and copying, as well as preservation of patient medical records are stringently monitored by our Data Protection Policy. The Group warrants patients that their personal data is treated in confidence where all records are not to be accidentally accessed, processed, erased, lost or used without authorisation.

Patient privacy awareness is promoted among staff through regular meetings, training and sharing sessions. All new recruits and existing frontline staff are reminded to place exceptional attention and be sensitive to patient confidentiality during every aspect of the clinical processes. We implemented data protection administration measures in accordance with our Confidential & Sensitive Patient Information Policy. Staff are required to observe the internal instructions on the secure use of electronic files at computer systems and handling paper documents that consist sensitive information. For example, only authorised personnel with permission could access patient data, restricted operational, financial and other information. Unused papers that contain patients' information would be shredded if and when they are no longer in use for medical purpose.

The Group has set forth the Business and Operational Information Policy. All staff must protect business and operational information and must not use or disclose it to any other parties without appropriate authorisation. Our staff is required to ensure electronic media and their computers are password protected and securely encrypted. For printed papers that consist operational information, they should always be kept in locked desks or file cabinets.

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to patient or business confidentiality.

Customer Satisfaction

To ensure positive customer experience, the Group establishes a dedicated platform to proactively outreach and responsively communicate with our customers. We collect and gauge customers' feedback by distributing customer satisfaction surveys regularly. The results serve as a baseline to monitor changes in customer experience and satisfaction in specific area of service delivery.

The subjective nature of the healthcare industry implies that the Group occasionally receives complaints in the ordinary course of business. We have established comprehensive channels for customers to express opinions and concerns regarding their experience. They may lodge a complaint through our customer service hotline, by email, by mail or in person. Complaints are recorded and handled by both the customer service team and the operations team on a confidential basis to safeguard the interests of involving parties. Complaints may be escalated to the legal and compliance department as and when required to ascertain customers' expectation.

The Group regards customer complaint management as an important component for the continuous improvement of clinical safety and quality. We are committed to resolving all complaints in the shortest period of time. Thus, all feedback and complaints will be handled and responded imminently. During our regular meetings, improvement areas will be identified with a view to cultivating a sense of vigilance among staff.

Environmental, Social and Governance Report

Supply Chain Management

The Group recognises the importance to operate a sustainable healthcare business with minimal environmental and human health impacts. To achieve this, it also requires the cooperation from our suppliers, which include general practitioners, specialists, dentists, clinical psychologists, pharmaceutical product distributors and manufacturers, as well as laboratory and imaging centres.

Medical Service Suppliers

All our general practitioners, specialists, dentists and clinical psychologists join the Group by entering independent contracts with us. To ensure engagement and assessment processes are carried out within a fair, transparent and consistent framework, we have established the Doctor Recruitment Policy. Doctor and dentist candidates are engaged based on past working experience, academic background or specialised area of practice, level of dedication, beliefs or morals, previous compliance records, as well as on the consideration of whether they fit into the corporate culture of the Group.

Step	Procedure(s) for professional qualification proof
1	Human Health reviews application made by medical professionals
2	Doctor Management team approaches the professionals
3	Professionals submit relevant certificates/documents
4	Doctor Management team checks qualification with relevant councils
5	Original certificates were provided to Doctor Advisory Board for review

We also ensure that all our medical service providers comply with relevant laws and regulations, including but not limited to:

- the Code of Professional Conduct for the Guidance of Registered Medical Practitioners issued by the Medical Council of Hong Kong; and

- the Code of Professional Discipline for the Guidance of Dental Practitioners in Hong Kong issued by the Dental Council of Hong Kong.

A doctor advisory board is established to coach incoming practitioners on aspects such as medical centre operations, patient handling, documentation and management of safety and complicated issues. For all incoming practitioners, they are required to attend our orientation and induction programme, clinical attachment, on-the-job training, site visits and experience sharing in their first six months of service. Practitioners' performances are monitored by our doctor management team through regular meetings, clinical practice and patient feedback.

The Group recognises the importance to maintain excellent medical services, as well as to allow both sides to discuss room for service quality improvement, as well as review the terms of agreement. Therefore, annual performance reviews are conducted by the doctor advisory board to review our medical service suppliers among criteria of professional standards including business environment, individual performance, medical centre performance and overall group revenue.

To ensure the professional competency and qualification of our practitioners as medical service providers in Hong Kong, they are required to be registered as medical/dental practitioners or obtain other valid practising certificates under the Medical Registration Ordinance (Cap. 161 of the Laws of Hong Kong) and Dentists Registration Ordinance (Cap. 156 of the Laws of Hong Kong). In maintaining a healthy relationship with our medical service suppliers, the Group is dedicated to paying respect to their professional practice. Appropriate support is also provided whenever necessary.

Medical Product Suppliers

In order to ensure that the procurement is conducted in an efficient and cost-effective manner that respects sustainability and ethical principles, such that inventory risks are properly minimised, the Group has established the Policy and Procedure on Procurement of Medicine, Goods and Services. The procurement policy elaborates standard procedures and outlines that all pharmaceutical suppliers should be registered with the DOH. Other factors are also cautiously considered, including quality, reputation, delivery capability, source of raw materials, conservation of natural resources, as well as protection of the environment.

As part of our procurement policy, the Group's purchasing department ensures all purchase orders are registered pharmaceutical products recognised by the Drug Office of Hong Kong.

Furthermore, the Group is committed to achieving better cost control and improving its internal process. During the Reporting Period, the Group improved its procurement function, allowing it to speed up delivery and enhance warehouse automation. It now has greater control over trimming costs and boosting procurement efficiency and is able to carry out more sophisticated inventory data analysis.

In selecting laboratories and imaging centres, the Group values the quality and efficiency of their services. Therefore, when choosing qualified laboratories and imaging centres, following criteria is being taken into consideration:

- Location (such as number of outlets and distance between our medical centres and the laboratories);
- Scope of service (such as the variety of equipment and testing offered by the laboratories);
- Quality (such as the time required for report delivery, accuracy of the report);
- Price; and
- Feedback from doctors and other professionals

Anti-Corruption

The Group is committed to the highest standards of openness, probity and accountability. We strive to create a fair, ethical and corruption-free business work environment by strictly adhering to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing (for Authorised Institutions) Ordinance (Cap. 615 of the Laws of Hong Kong). Our Staff Handbook has detailed the Group's stance against benefits acceptance or offering in any form, to any person or institution that may damage the Group's interest or/and reputation.

An important aspect of accountability and transparency is a mechanism to enable employees of the Company to voice concerns in a responsible and effective manner. All our staff are expected to report to the human resources and administration department, or the management of the Group in face of suspected bribery case. They are also required to disclose any conflicts of interest to the human resources and administration department during recruitment stage or before their job commencement or during their employment.

The Group endorses a zero-tolerance policy towards staff accepting any form of bribes and has set forth a Whistleblower Policy. The robust programme is made accessible to staff, which enables them to raise concerns and disclose information, which they believe have shown malpractice or impropriety to bribery, extortion, fraud and money laundering. In order to protect whistleblowers, reports of alleged corruption can be made on a no-repercussion basis with the option of anonymity. All reported cases will be investigated carefully. Any staff found in breach of business conduct will be dismissed, and legal actions may be taken against them.

The Group maintains high standard of integrity and outlines the importance of identifying and managing any potential conflict of interest by setting forth the Conflict of Interest Policy and requires all its staff and suppliers to declare any conflict of interest that might influence their judgement in the performance of their duties, which include but not limited to recruitment, duty assignment, promotion, performance appraisal, selection of staff members for training courses and study leave.

During the Reporting Period, the Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group in relation to bribery, extortion, fraud and money laundering.

OUR PEOPLE

The secret of every company's success lies heavily on the enthusiasm and dedication of its employees. To gain such foundation of solidarity, it is critical for the Group to attract, develop and retain its staff by maintaining harmonious relationships. We strive to adopt fair and open recruitment practices, offer adequate protection of rights, create a safe and comfortable work environment, provide an encouraging learning and development platform, as well as ensure a high standard of our labour force.

Employment

During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to equal opportunity, recruitment and promotion, compensation and dismissal, anti-discrimination, working hours, and other benefits and welfare. Our approach can be referred from the below sections.

Equal Opportunity Employer

The Group is committed to creating a respectful, diverse and non-discriminatory environment in making human resources and employment decisions. Recruitment, training and promotion opportunities, as well as dismissal policies are based on personal attributes, regardless of the employees' age, gender, marital status, pregnancy, disability, race, nationality, religion, sexual orientation or any other non-job-related factors.

Remuneration and Retention

The Group has formulated the internal Staff Handbook for our staff's reference in aspects such as compensation and dismissal, recruitment and promotion, working hours, rest periods, benefits and anticipated disciplines. Our human resources and administration department regularly reviews relevant policies. During the Reporting Period, we are not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to employment.

As we take care of the well-being of our staff, our employees are entitled to additional leave such as marriage leave, birthday leave, casual leave, compassionate leave and study leave in addition to statutory holidays such as paid annual leave, sick leave, paternity leave and maternity leave as stipulated by the Hong Kong government.

In order to acquire and retain talent to support the Group's continuous prosperity, we offer competitive and attractive remuneration packages to candidates based on their experience, professional qualifications, specialised areas of study or practice and previous compliance records. To motivate existing staff, we also established a rewards system that serves as recognition of their contribution to the Group. By conducting performance appraisals on a regular basis, the assessment results will be used as one of the determining factors in times of promotion and compensation adjustment. We strictly prohibit any kind of unfair or unreasonable dismissals, and we ensure that any termination of employment contract would be based on reasonable and lawful grounds.

To strengthen the morale, sense of belonging, as well as the cohesion among its employees, the Group has hosted various recreational activities during the Reporting Period. These include Preserved Flowers workshop, Wine Tasting Workshop, Ocean Park Hokkaido Festival 2019 Family Fun Day, Japanese Glass Ceramics Workshop, Surprise Day x Aromatherapy Workshop, Annual Dinner and Christmas Party.

Staff are also encouraged to express their views and communicate with one another via different channels, including intranet, emails, notice boards and tea gatherings. Internal newsletter – "Letter to Human Health" that reports the latest news and events is also published on a quarterly basis available for internal circulation.

Occupational Health and Safety

As a healthcare service provider, we highly value occupational safety and strive to eliminate potential workplace health and safety hazards. All clinical procedures are carried out according to the procedural guidelines and applicable health and safety regulations.

Environmental, Social and Governance Report

In order to remind its staff, the importance to be mindful of workplace health and safety, the Group has formulated policies and provided guidelines that are expected to be closely observed and followed by, including:

- Provide guidelines on handling injuries in case of occurrence and the reporting channel;
- Maintain a good and correct posture and an appropriate eye levels with the computer screen;
- Keep the passages and working environment clean and tidy;
- Arrange the cleaning of air-conditioning systems and disinfection treatment of carpets regularly;
- Organise occupational health seminars to enhance its employees' health awareness; and
- Set up first aid kits and fire extinguishers in the working places.

The Group strives to maintain a clean, smoke-free, non-hazardous and safe work environment by eliminating the potential spread of clinical infection of all kinds and requiring all staff to adhere to the safety procedures laid down by the medical centres, including but not limited to:

- Properly handle clinical and domestic waste;
- Routinely disinfect workplace and medical equipment;
- Manage injury-on-duty cases and fire safety guidelines;
- Follow infection control policy during the activation of the Alert Response Level under the Hong Kong government's "Preparedness and Response Plan"; and
- Adopt "Care for the Carer" approach and monitor the health of frontline staff.

During the Reporting Period, the Group is not aware of any materials non-compliance with relevant laws and regulations that have a significant impact on the Group relating to occupational health and safety issues.

Training and Development

The Group believes that continual learning is key for our staff to acquire confidence, excel at work, and hence, contribute to prosperity in the industry. We arrange structured training and education programmes to enable its staff to consistently deliver high quality services. For instance, half-year training courses are organised for our probationary staff in medical centres. These programmes aim to equip staff with practical skills and knowledge in daily operation, organisation capability and customer service.

Regular internal and external mandatory training courses are also conducted by speakers and training organisations to keep its staff informed with the latest developments in the healthcare industry. From time to time, the Group identifies and provides study leaves and allowances to encourage staff to undertake external courses to maximise their capability and competence. As we regularly assess and monitor the execution of the training programmes as part of our annual training plan, it helps ensure relevant courses are in alignment with industry practices.

Labour Standards

The Group pays utmost attention when recruiting potential candidates as it highly prohibits any hire of child and forced labour and is committed to combat against illegal employment on child labour and forced labour.

We have established internal precautionary measures to prevent non-compliance issues. For instance, in order to ensure that the applicants are lawfully employable, job applicants are required to provide valid identity documents for verification by the Group's human resources and administration department prior to employment confirmation and signing of any contracts. During the Reporting Period, the Group is not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to labour standards violation.

OUR COMMUNITY

As encompassed in the vision "Elevate Your Health Value, Elevate Your Life ", the Group regards social contribution as one of its core values. The Group is proud of being a socially responsible private healthcare service provider and demonstrates commitment to provide ethical and efficient medical services, as well as work closely with non-governmental organisations by providing health-related community benefit programmes, such as health talks and assessment with the aims to:

- Deliver professional and accurate health information;
- Raise health awareness; and
- Promote healthy lifestyle.

During the Reporting Period, the Group participated in various health education programmes. For example, a training course organised by the Hong Kong Employment Development Service; collaboration with the Hong Kong Lutheran Social Service in organising the onsite Ultrasound Bone Density Screening, Glucose and Cholesterol Quick Test with BP measurement, as well as a health talk to raise awareness on gastrointestinal disorder and colorectal cancer among its members.

In addition, we encouraged our staff to participate in community activities. For example, the Walk for Millions Charity Walk and the Yan Chai Fortune Bag in Care of Elderly 2019, where our staff volunteers paid visits and distributed fortune bags to elderly homes in Tuen Mun. During the Reporting Period, the Group has supported the Hong Kong Lutheran Social Service, CPCE Health Conference, as well as the Hong Kong Employment Development Service by making donations. We also continued to show support to charity organisations such as the Medecins Sans Frontieres Hong Kong and Orbis Hong Kong by placing donation boxes at medical centres.

In recognition of continuous contribution to the community, the Group has received various awards during the Reporting Period as listed below:

- 10 years+ Caring Company logo by The Hong Kong Council of Social Service for the tenth consecutive terms since 2009–2010;
- ERB Manpower Developer Award by the Employees Retraining Board for the third consecutive terms since 2014–2016;
- ERB Merit Award for Employers by the Employees Retraining Board for the third consecutive terms since 2014–2015;
- Happy Company logo by the Promoting Happiness Index Foundation & Hong Kong Productivity Council for the seventh consecutive years since 2013;
- Social Capital Builder Logo Awards by the Community Investment and Inclusion Fund of the Labour and Welfare Bureau for the second consecutive terms since 2016–2018;
- Hong Kong Outstanding Corporate Citizenship logo by the Hong Kong Productivity Council for the fifth consecutive years since 2015;
- Sport Friendly Action Scheme logo by Chinese YMCA of Hong Kong for the second consecutive terms since 2017–2018;
- Partner Employer Award by the Hong Kong General Chamber of Small and Medium Business for the third consecutive years since 2017–2018;
- HKIM Market Leadership Award by the Hong Kong Institute of Marketing for the fourth consecutive years since 2015; and
- Hong Kong's Most Outstanding Service Awards – Best-in-class Healthcare and Medical Service of the Year by the CorpHub in 2019.

These awards reaffirm the long-term efforts to embracing environmental and social responsibility in the communities in which we operate. Moving forward, the Group will continue to contribute to the development of the communities in which it serves and to deliver its vision of "Elevate Your Health Value, Elevate Your Life" to the general public.

OUR ENVIRONMENT

The Group is devoted to the long-term environmental sustainability by stringently controlling the generation of air and greenhouse gas ("**GHG**"), wastewater, solid waste, as well as use of resources. We regularly keep track of the latest industry practices and adopt all necessary measures to fulfil the duties as a responsible corporate citizen. During the Reporting Period, the Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and GHG emission, discharge into water and land, and generation of hazardous and non-hazardous waste.

Air Emissions

The Group's air emissions mainly consisted of GHG and exhaust gas, stemming from the operation of company vehicles, which generate direct air pollutants, including nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and particulate matter ("**PM**"). For GHG emissions, the scope 1 direct emissions are derived from the mobile combustion fossil fuels due to the use of motor vehicles; whereas scope 2 indirect emissions are from the fossil fuels used to generate electricity.

In quantifying and assessing the GHG emissions from its operations, the Group engaged an independent consultant in which the quantification process has made references to both local and international guidelines, including the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong published by the Environmental Protection Department and the Electrical and Mechanical Services Department, as well as other international standards such as the Greenhouse Gas Protocol developed by the World Resources Institute and World Business Council for Sustainable Development.

As we believe that the development of sustainable best practices requires modification of staff behaviour, which occurs most frequently through mass consciousness. Therefore, education and supporting initiatives are critical to the effective reduction in carbon footprint. In the operation of medical centres and administrative office, various measures have been adopted in an attempt to reduce carbon emissions, including:

- Turning office lights, computers and air-conditioners off whenever and wherever not necessary;
- Cleaning and maintaining the office equipment regularly (such as refrigerators, air-conditioners, paper shredders) to ensure they run efficiently;
- Using high energy efficient compact fluorescent light bulbs; and
- Replacing high electricity consumption appliances with those with energy-saving-label.

Key Performance Indicators	Unit	Office & Warehouse	Medical Centres	Total
Direct Air Emissions				
NOx Emissions	kg	4.74	–	4.74
SOx Emissions	kg	0.08	–	0.08
PM Emissions	kg	0.35	–	0.35
Scope 1 Direct Emissions – Mobile combustion sources	tCO_2e	14.08	–	14.08
Scope 2 Energy Indirect – Electricity purchased	tCO_2e	57.93	657.03	714.96
Scope 1 & 2 Emissions	tCO_2e	72.01	657.03	729.04

All figures in the above table are approximate quantity.

Waste Management

The operations of healthcare medical services produce both hazardous solid (clinical and chemical) wastes and non-hazardous solid wastes.

Hazardous clinical and chemical wastes

To properly dispose of clinical solid wastes such as sharp boxes which contain clinical use sharps and needles, the Group adheres 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 engages a qualified clinical waste collector licensed by the Environmental Protection Department. The clinical solid wastes are put in garbage bags prior to being collected by the contracted service provider.

The Group's chemical solid wastes consist of Part I poisons & antibiotic preparations and Part II poisons & non-poison pharmaceutical products, as classified in the Pharmacy & Poisons Ordinance (Cap 138 of the Laws of Hong Kong), Antibiotics Ordinance (Cap 137 of the Laws of Hong Kong) and Dangerous Drugs Ordinance (Cap 134 of the Laws of Hong Kong).

In order to properly dispose of chemical solid wastes, such as expired poison and antibiotic preparations, the Group complies with the Waste Disposal Ordinance (Cap 354 of the Laws of Hong Kong) and Waste Disposal (Chemical Waste) (General) Regulation (Cap 354C of the Laws of Hong Kong). Similarly, we engaged a chemical waste collector authorised by the Environmental Protection Department to perform disposal.

Chemical wastes are disposed into respective containers after they are categorised. The containers are then placed in a chemical waste storage area in the medical centres temporarily. Collection of wastes will be performed by the contracted chemical waste service provider at least once every six months, or whenever necessary.

During the Reporting Period, we have collected approximately 0.91 and 0.11 tonnes of clinical and chemical wastes (the chemical wastes are calculated from 1 July 2018 to 30 April 2019 due to data limitation) respectively.

Non-hazardous domestic wastes

The Group's operations generate domestic wastes that are non-infectious and non-hazardous from the medical centres and offices. The collection and treatment of domestic solid wastes are handled by respective management offices. Currently, we do not have a monitoring system in place to record the amount of non-hazardous waste generated. Nevertheless, an annual non-hazardous waste production estimation was performed for all medical centres and offices.

Non-hazardous wastes were collected and weighed at the office for 5 consecutive days to estimate the weight of one bag of non-hazardous waste. According to the scope of operation, the Group then further estimated that its offices and medical centres produce approximately 3.61 and 56.35 tonnes of non-hazardous waste annually respectively.

We are conscientious about the importance to conserve environment and is committed to undertaking measures to reduce the consumption of papers, which include but not limited to:

- Setting computer defaults to print double-sided when possible;
- Using electronic messages for internal information distribution;
- Implementing spreadsheet system such as online application system for leave and electronic payslip; and
- Installing a wastepaper recycling bin in the offices to reuse and recycle wastepaper.

The amount of paper consumption, including office paper and fax paper is being recorded at our medical centres and office during the Reporting Period. The quantification assumes that there is no paper in storage prior to Reporting Period, and that all purchased papers are consumed, either recycled or disposed within the Reporting Period. Based on the aforementioned methodology, approximately 5.78 tonnes of paper were consumed by the Group during the Reporting Period.

Resource Efficiency

The Group understands that healthcare systems are among the community's major consumers of resources. Our operation's resources consumption primarily includes electricity, water, packaging materials, as well as papers. During the Reporting Period, various measures were adopted to minimise excessive usage of scarce resources. Since paper usage is covered in the previous sections, only initiatives to conserve electricity, water and packaging materials are covered below.

Energy Usage

During the Reporting Period, majority of the Group's energy usage was derived from electricity consumption for the operation of offices, as well as medical centres. A proportion of energy usage consisted of gasoline consumption used for the powering of the Group's mobile vehicles in support of daily operations.

While mobile vehicles are used only when necessary to minimise gasoline consumption, we strive to ensure more effective and efficient use of electricity by adopting several energy-saving practices. For further details, please refer to section "Greenhouse Gas Emissions".

Key Performance Indicators	Unit	Office & Warehouse	Medical Centres	Total
Energy Consumption				
Total Energy Usage	MJ	586,700.16	4,309,516.66	4,896,216.81
Energy Usage Intensity by Revenue	MJ/HKD'000			9.26
Electricity Usage*	kWh	113,596.70	1,197,087.96	1,310,684.66
Gasoline Usage	L	5,293.39	–	5,293.39

* *15 medical centres are excluded from the calculations due to data limitation.*

All figures in the above table are approximate quantity.

Water

Given our business nature as a healthcare medical service provider, practitioners and frontline staff are required to maintain high level of hygiene. Thus, they have to perform frequent hand washing to prevent disease from spreading. The amount of water consumption (particularly in medical centres) is based on clinical need and infection control measures. Nevertheless, they are constantly reminded to be conscientious of water use and saving resources. During the Reporting Period, the Group has consumed approximately 3,259.60 m^3 of water (2 medical centres are excluded from the calculations due to data limitation).

Packaging Materials

Plastic packaging materials are mostly used by the Group for medical prescriptions in our medical centres. All medications prescribed, and each drug must be packed individually in separate bags, while all packing bags should have corresponding drug labels with relevant patient and drug information for identification.

Our staff are reminded to preserve packaging materials whenever possible, and that the packaging materials should be designed to fit in the general need of medication packaging to avoid any unnecessary wastage.

As for the daily consumption of packaging material, it mainly includes plastic bags with the Group's logo, drug bags, potion bottles, ointment boxes and thermal labels. The similar quantification methodology in estimating paper consumption was performed to estimate the consumption of packaging materials. It is assumed that the materials purchased are consumed within the Reporting Period and that there was no packaging material in storage prior to the Reporting Period. Based on the aforementioned methodology, approximately 30.45 tonnes of plastic was consumed and approximately 4.66 tonnes of other packaging materials were consumed during the Reporting Period.

SUMMARY OF ENVIRONMENTAL KPIs

Key Performance Indicators	Unit	2018/19 Office & Warehouse	2018/19 Medical Centres	2018/19 Total	2017/18 Office & Warehouse	2017/18 Medical Centres	2017/18 Total
Greenhouse Gas Emissions							
GHG Emissions (Scope 1 & 2)	tCO2e	72.01	657.03	729.04	65.18	714.42	779.60
GHG Emissions (Scope 1 & 2) Intensity by Revenue	tCO2e/ HKD'000	–	–	0.00	–	–	0.00
GHG Emissions (Scope 1 & 2) Intensity by full-time Employee	tCO2e/ person	0.82	2.14	1.85	–	–	1.99
Energy Consumption							
Total Energy Usage	MJ	586,700.16	4,309,516.66	4,896,216.81	520,546.30	4,679,038.24	5,199,584.54
Energy Usage Intensity by Revenue	MJ/HKD'000	–	–	9.26	–	–	10.04
Energy Usage Intensity by full-time employee	MJ/person	6,667.05	14,037.51	12,395.49	–	–	13,264.25
Electricity Usage	kWh	113,596.70	1,197,087.96	1,310,684.66	106,488.49	1,299,732.84	1,406,221.33
Gasoline Usage	L	5,293.39	–	5,293.39	4,085.40	–	4,085.40
Water Consumption							
Water Consumption	m^3	171.48	3,088.12	3,259.60	135.76	3,361.22	3,496.98
Water Consumption Intensity by Revenue	m^3/HKD'000	–	–	0.01	–	–	0.01
Water Consumption Intensity by full-time employee	m^3/person	1.95	10.06	8.25	–	–	8.92
Waste Disposed							
Chemical Waste	Tonnes	–	0.11	0.11	–	0.07	0.07
Clinical Waste	Tonnes	–	0.91	0.91	–	1.10	1.10
Hazardous Waste Intensity by Revenue	Tonnes/ HKD'000	–	–	0.00	–	–	0.00
Hazardous Waste Intensity by full-time employee	Tonnes/person	–	0.00	0.00	–	–	0.00
Other Non-hazardous Waste	Tonnes	3.61	56.35	59.96	5.69	52.92	58.61
Paper Waste	Tonnes	3.38	2.40	5.78	5.30	3.47	8.77
Paper Recycled	Tonnes	2.42	–	2.42	0.83	–	0.83
Non-hazardous Waste Intensity by Revenue	Tonnes/ HKD'000	–	–	0.00	–	–	0.00
Non-hazardous Waste Intensity by full-time employee	Tonnes/person	0.08	0.19	0.17	–	–	0.17
Packaging Material*							
Plastic	Tonnes	–	30.45	30.45	–	34.61	34.61
Others	Tonnes	0.06	4.60	4.66	–	4.87	4.87
Packaging Material Intensity by Revenue	Tonnes/ HKD'000	–	–	0.00	–	–	0.00
Packaging Material Intensity by full-time employee	Tonnes/person	0.00	0.11	0.09	–	–	–

* *The packaging material consumption of the last reporting period (FY2018) has been recalculated and the figures are updated accordingly.*

All figures in the above table are approximate quantity.

ESG GUIDE CONTENT TABLE

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, Reference Page(s) or Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Environment – Air Emissions; Waste Management; Resource Efficiency
KPI A1.1	The types of emissions and respective emissions data.	Our Environment – Air Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment – Air Emissions; Summary of Environmental KPIs
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Environment – Waste Management; Summary of Environmental KPIs
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Our Environment – Waste Management; Summary of Environmental KPIs
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Our Environment – Air Emissions; Waste Management; Resource Efficiency
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Our Environment – Waste Management

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, Reference Page(s) or Explanation
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment – Air Emissions; Waste Management; Resource Efficiency
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Our Environment – Resource Efficiency; Summary of Environmental KPIs
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Our Environment – Resource Efficiency; Summary of Environmental KPIs
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Our Environment – Air Emissions; Resource Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Our Environment – Resource Efficiency
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Our Environment – Resource Efficiency; Summary of Environmental KPIs
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment – Air Emissions; Waste Management; Resource Efficiency
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment – Air Emissions; Waste Management; Resource Efficiency

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, Reference Page(s) or Explanation
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our People – Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Nil
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Nil
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our People – Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Nil
KPI B2.2	Lost days due to work injury.	Nil
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Our People – Occupational Health and Safety

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, Reference Page(s) or Explanation
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Nil
KPI B3.2	The average training hours completed per employee by gender and employee category	Nil
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our People – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our People – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Our People – Labour Standards

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, Reference Page(s) or Explanation
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Operations – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Nil
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Our Operations – Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Operations – Service Quality; Customer Satisfaction
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Nil
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Our Operations – Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Nil
KPI B6.4	Description of quality assurance process and recall procedures.	Our Operations – Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Operations – Service Quality

Aspects, General Disclosures and KPIs	Description	Relevant Chapter, Reference Page(s) or Explanation
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our Operations – Anti Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Nil
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Operations – Anti Corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Nil
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Nil

Independent Auditor's Report

To the shareholders of Human Health Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Human Health Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 88 to 171, which comprise the consolidated statement of financial position as at 30 June 2019, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *HKICPA's Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

KEY AUDIT MATTERS *(continued)*

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of trade receivables	
As at 30 June 2019, the Group recorded gross trade receivables of HK$33,117,000. During the year, due to the adoption of a new accounting standard, a change in accounting policy on impairment assessment of trade receivables was noted. The new accounting policy for impairment assessment of trade receivables has been detailed in note 2.4 to the consolidated financial statements. Management used a provision matrix to calculate expected credit losses ("**ECLs**") for trade receivables. The matrix was initially based on the Group's historical default rates, and specific factors that management considered in the estimation of the rates including the type of customers, ageing of the balances and recent historical payment patterns. Management then calibrated the matrix to adjust the historical credit loss experience with forward-looking information, such as forecasted economic conditions. We focused on this area because it requires a high level of management's judgement and due to the materiality of the amounts involved. Relevant disclosures about significant accounting judgements and estimates and impairment assessment of trade receivables are included in notes 3 and 22 to the consolidated financial statements.	We tested the controls over the Group's collection procedures and the Group's estimation of expected credit losses. We evaluated management's assessment on the allowance of doubtful debts by taking into account the historical cash collection trend, subsequent settlements, ageing analysis of the trade receivables and evaluating the forward-looking adjustment based on current local economic environment and forward-looking information that is available in the market. We also considered the adequacy of the Group's disclosure about the degree of estimation involved in arriving at the allowance amount.

KEY AUDIT MATTERS *(continued)*

Key audit matter	***How our audit addressed the key audit matter***
Impairment of goodwill	
As at 30 June 2019, the Group had recognised goodwill of HK$31,964,000 relating to the acquisition of several subsidiaries through business combinations. Assessment on the impairment of goodwill requires significant management's estimation of the value in use of the cash-generating units to which the goodwill allocated. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate. Relevant disclosures about significant accounting judgements and estimates and impairment testing of goodwill are included in notes 3 and 14 to the consolidated financial statements.	Our audit procedures included, inter alia, evaluating the Group's policies and procedures and assessing the valuation methodology used by management to estimate value in use of the cash-generating units to which goodwill was allocated. We also evaluated the process by which management's future cash flow forecasts were prepared. In addition, we performed a sensitivity analysis and assessed the budgeted gross margins, the growth rate and expenditure assumptions with reference to the Group's historical pattern. We have also involved our internal expert to assist us in evaluating the assumptions and methodologies, including the discount rate, used in the estimation of value in use of the related cash-generating units. Furthermore, we evaluated the adequacy of disclosures on the impairment assessment.
Valuation of financial assets at fair value	
The Group has unlisted equity investments, convertible bonds, derivative financial instruments, investment in redeemable preference shares and unlisted investment funds which are measured at fair value. As at 30 June 2019, the financial assets at fair value amounting to HK$97,958,000 were categorised as Level 3 within the fair value hierarchy. For Level 3 valuation, the Group has applied valuation techniques to determine the fair values of the financial assets at fair value that are not quoted in active markets. These valuation techniques, in particular those that included significant unobservable inputs, involved subjective judgements and assumptions. The sensitivity of the assumptions used may have material impact on the valuation of these financial assets at fair value. Relevant disclosures about significant accounting judgements and estimates and the fair values of financial assets are included in notes 3 and 39 to the consolidated financial statements.	We evaluated the competence, capabilities and objectivity of the independent valuer engaged by the Group. We obtained and reviewed the subscription agreements or sales and purchase agreements of the financial assets. We focused on valuation methodologies and assumptions used for the valuation of financial instruments that were categorised as Level 3 within the fair value hierarchy. We, with the assistance of our internal valuation specialists, evaluated the valuation techniques, inputs and assumptions, such as market comparables, discount rates, volatility, through comparison with the valuation methodologies that are commonly used in the market and checking unobservable inputs used against available market information. Furthermore, we evaluated the adequacy of the related disclosures in the notes to the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sai Yu.

Ernst & Young
Certified Public Accountants
Hong Kong

26 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	5	**528,585**	518,020
Cost of services rendered		**(280,345)**	(274,446)
Gross profit		**248,240**	243,574
Other income and gains	5	**2,553**	755
Administrative expenses		**(212,337)**	(205,307)
Finance costs	7	**(175)**	–
Share of losses of a joint venture		**(3,558)**	(7,236)
PROFIT BEFORE TAX	6	**34,723**	31,786
Income tax expense	10	**(8,376)**	(8,621)
PROFIT FOR THE YEAR		**26,347**	23,165
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(954)**	1,169
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(954)**	1,169
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**25,393**	24,334
Profit/(loss) attributable to:			
Owners of the Company		**26,624**	24,111
Non-controlling interests		**(277)**	(946)
		26,347	23,165
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**25,670**	25,280
Non-controlling interests		**(277)**	(946)
		25,393	24,334
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted		**HK7.2 cents**	HK6.7 cents

Consolidated Statement of Financial Position

30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**17,274**	17,635
Goodwill	14	**31,964**	31,964
Other intangible assets	15	**10,212**	11,824
Investment in a joint venture	16	**3,182**	7,248
Available-for-sale investment	17	**–**	3,500
Financial assets at fair value through other comprehensive income	18	**16,540**	–
Financial assets at fair value through profit or loss	19	**81,418**	–
Loan receivables	20	**10,800**	–
Deposits	23	**18,379**	27,495
Deferred tax assets	30	**1,489**	1,385
Total non-current assets		**191,258**	101,051
CURRENT ASSETS			
Inventories	21	**13,069**	7,493
Trade receivables	22	**33,117**	31,936
Prepayments, deposits and other receivables	23	**9,391**	11,810
Due from a related party	37(b)	**–**	26
Tax recoverable		**1,178**	1,304
Pledged deposits	24	**2,042**	2,039
Cash and cash equivalents	24	**158,622**	187,747
Total current assets		**217,419**	242,355
CURRENT LIABILITIES			
Trade payables	25	**31,108**	25,441
Other payables and accruals	26	**34,136**	32,162
Contract liabilities	27	**5,392**	–
Interest-bearing bank borrowing	29	**9,494**	–
Tax payables		**9,027**	5,043
Total current liabilities		**89,157**	62,646
NET CURRENT ASSETS		**128,262**	179,709
TOTAL ASSETS LESS CURRENT LIABILITIES		**319,520**	280,760
NON-CURRENT LIABILITIES			
Other long term payables	26	**4,053**	4,375
Deferred tax liabilities	30	**1,868**	2,145
Total non-current liabilities		**5,921**	6,520
Net assets		**313,599**	274,240

Consolidated Statement of Financial Position

30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	31	**3,796**	3,615
Reserves	33	**309,803**	269,965
		313,599	273,580
Non-controlling interests		**–**	660
Total equity		**313,599**	274,240

Mr. Chan Kin Ping, JP
Director

Dr. Pang Lai Sheung
Director

Consolidated Statement of Changes In Equity

Year ended 30 June 2019

		Attributable to owners of the Company								
	Notes	Share capital HK$'000	Share premium* HK$'000	Other reserve* HK$'000	Exchange reserve* HK$'000	Share option reserve* HK$'000	Retained profits* HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2017		3,615	164,951	22,591	(1,205)	431	64,552	254,935	1,606	256,541
Profit for the year		–	–	–	–	–	24,111	24,111	(946)	23,165
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		–	–	–	1,169	–	–	1,169	–	1,169
Total comprehensive income for the year		–	–	–	1,169	–	24,111	25,280	(946)	24,334
Final 2017 dividend declared		–	–	–	–	–	(7,230)	(7,230)	–	(7,230)
Equity-settled share option arrangements	32	–	–	–	–	595	–	595	–	595
At 30 June 2018 and 1 July 2018		**3,615**	**164,951**	**22,591**	**(36)**	**1,026**	**81,433**	**273,580**	**660**	**274,240**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**26,624**	**26,624**	**(277)**	**26,347**
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**(954)**	**-**	**-**	**(954)**	**-**	**(954)**
Total comprehensive income for the year		**-**	**-**	**-**	**(954)**	**-**	**26,624**	**25,670**	**(277)**	**25,393**
Acquisition of non-controlling interests		**-**	**-**	**(859)**	**-**	**-**	**-**	**(859)**	**(383)**	**(1,242)**
Equity settled investment	31	**181**	**25,270**	**-**	**-**	**-**	**-**	**25,451**	**-**	**25,451**
Final 2018 dividend declared	11	**-**	**-**	**-**	**-**	**-**	**(10,845)**	**(10,845)**	**-**	**(10,845)**
Equity-settled share option arrangements	32	**-**	**-**	**-**	**-**	**602**	**-**	**602**	**-**	**602**
At 30 June 2019		**3,796**	**190,221**	**21,732**	**(990)**	**1,628**	**97,212**	**313,599**	**-**	**313,599**

* These reserve accounts comprise the consolidated reserves of HK$309,803,000 (2018: HK$269,965,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**34,723**	31,786
Adjustments for:			
Depreciation	6	**10,571**	8,687
Amortisation of other intangible assets	6	**1,612**	1,611
Reversal of write-down of inventories to net realisable value	6	**(538)**	(275)
Share option expenses		**602**	595
Share of losses of a joint venture		**3,558**	7,236
Loss on disposal of items of property, plant and equipment	6	**1**	127
Gain on fair value of investment in financial assets through profit or loss	5	**(1,032)**	–
Underprovision for reinstatement costs	28	**8**	295
Loan interest expenses		**175**	–
Interest income	5	**(1,450)**	(367)
		48,230	49,695
(Increase)/decrease in inventories		**(5,038)**	386
Increase in trade receivables		**(1,181)**	(485)
(Increase)/decrease in prepayments, deposits and other receivables		**833**	(788)
Movement in the balance with a related party		**26**	3
Increase in trade payables		**5,667**	1,778
Increase in other payables and accruals	34	**3,379**	3,540
Increase in contract liabilities		**2,547**	–
Cash generated from operations		**54,463**	54,129
Interest received		**888**	367
Hong Kong profits tax paid, net		**(4,647)**	(7,029)
Net cash flows from operating activities		**50,704**	47,467

Consolidated Statement of Cash Flows

Year ended 30 June 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**59**	41
Acquisition of available-for-sale investment		**–**	(3,500)
Acquisition of financial assets at fair value through profit or loss		**(57,675)**	–
Acquisition of non-controlling interests		**(621)**	–
Increase in loan receivables		**(10,800)**	–
Purchase of items of property, plant and equipment	13,34	**(8,607)**	(8,800)
Settlement of provision	28	**(241)**	(604)
Deposit for property, plant and equipment		**–**	(486)
Deposit for convertible bond		**–**	(10,300)
(Increase)/decrease in time deposits with maturity of more than three months when acquired		**8,845**	(19,725)
Net cash flows used in investing activities		**(69,040)**	(43,374)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loan		**9,994**	–
Repayment of bank loan		**(500)**	–
Bank loan interest paid		**(146)**	–
Dividend paid		**(10,845)**	(7,230)
Net cash flows used in financing activities		**(1,497)**	(7,230)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(19,833)**	(3,137)
Cash and cash equivalents at beginning of year		**165,446**	168,230
Effect of foreign exchange rate changes, net		**(444)**	353
CASH AND CASH EQUIVALENTS AT END OF YEAR		**145,169**	165,446

Consolidated Statement of Cash Flows

Year ended 30 June 2019

	Note	2019 HK$'000	2018 HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**113,787**	143,407
Non-pledged time deposits	24	**44,835**	44,340
Cash and cash equivalents as stated in the consolidated statement of financial position		**158,622**	187,747
Pledged time deposits with maturity less than three months when acquired		**1,036**	2,039
Non-pledged time deposits with maturity more than three months when acquired		**(14,489)**	(24,340)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**145,169**	165,446

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 is principally engaged in the provision of comprehensive, one-stop and quality healthcare services.

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

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	Investment holding
Be Health Specialist Limited	Hong Kong	HK$5,000,100	–	100	Provision of specialties services
Good Standard Limited	Hong Kong	HK$10,000	–	100	Provision of dental services
Human Health Associate Limited	Hong Kong	HK$2	–	100	Provision of general practice services
Human Health (H.K.) Limited	Hong Kong	HK$2	–	100	Head office management
Human Health Medical Services Limited	Hong Kong	HK$2	–	100	Management of cooperation agreements with doctors and dentists
Impact Medical Imaging Centre Company Limited	Hong Kong	HK$7,500,000	–	100	Provision of medical imaging services
Keen Will Aesthetics Limited	Hong Kong	HK$2	–	100	Provision of medical aesthetic services

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 Direct	Indirect	Principal activities
Laserdontics Limited	Hong Kong	HK$1	–	100	Provision of dental services
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
We Health International Limited	BVI	US$12,150	–	100	Investment holding
We Health Medical Diagnostic Limited	Hong Kong	HK$1	–	100	Provision of medical diagnostic services
Win Ocean Limited	Hong Kong	HK$1	–	100	Provision of general practice services
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

\# Wholly-foreign-owned enterprise under PRC Law.

The above table lists the subsidiaries of the company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The 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, except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and an available-for-sale investment which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION *(continued)*

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 2019. 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

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfer of Investment Property*
HK(IFRIC) – Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the above new and revised HKFRSs has had no material impact on these financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

(i) Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 9 ***Financial Instruments*** *(continued)*

(i) Classification and measurement *(continued)*

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 July 2018 is as follows:

	HKAS 39 measurement			HKFRS 9 measurement	
	Category	**Amount**	**Reclassification**	**Amount**	**Category**
		HK$'000	*HK$'000*	*HK$'000*	
Financial assets					
Available-for-sale investment	AFS[1]	3,500	(3,500)	–	N/A
To: Financial assets at fair value through other comprehensive income			(3,500)		–
Financial assets at fair value through other comprehensive income	N/A	–	3,500	3,500	FVOCI[2] (equity)
From: Available-for-sale investment			3,500		

1 AFS: Available-for-sale investment
2 FVOCI: Financial assets at fair value through other comprehensive income

Note: The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investment as financial asset measured at fair value through other comprehensive income.

As of 1 July 2018, the category of loans and receivables under HKAS 39, including cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables and amount due from a related party, were transferred to debt instruments at amortised cost under HKFRS 9.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 9 *Financial Instruments* *(continued)*

(ii) Impairment of financial assets

HKFRS 9 requires an impairment on trade and loan receivables, amount due from a related party, and deposits and other receivables that are not accounted for at fair value under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables. The Group applied general approach and recorded twelve month expected losses on its amount due from a related party, loan receivables, and deposits and other receivables. The adoption of HKFRS 9 has had no significant impact on the impairment of the financial assets of the Group.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. 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 disclosures are included in note 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 July 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 15 *Revenue from Contracts with Customers* *(continued)*

Set out below are the amounts by which each financial statement line item was affected as at 1 July 2018 as a result of the adoption of HKFRS 15:

	Increase/ (decrease)
	HK$'000
Liabilities	
Other payables and accruals (Note)	(2,845)
Contract liabilities (Note)	2,845
	–

Set out below are the amounts by which each financial statement line item was affected as at 30 June 2019 and for the year ended 30 June 2019 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on the Group's performance or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

Consolidated statement of financial position as at 30 June 2019:

	Amounts prepared under		
	HKFRS 15	**Previous HKFRS**	**Increase/ (decrease)**
	HK$'000	*HK$'000*	*HK$'000*
Other payables and accruals (Note)	34,136	39,528	(5,392)
Contract liabilities (Note)	5,392	–	5,392
			–

Note: Before the adoption of HKFRS 15, the Group recognised advances received from customers as other payables. Under HKFRS 15, the amount is classified as contract liabilities.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$2,845,000 from other payables to contract liabilities as at 1 July 2018 in relation to the advances received from customers as at 1 July 2018.

As at 30 June 2019, under HKFRS 15, HK$5,392,000 was reclassified from other payables to contract liabilities.

Notes to the Financial Statements

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.

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC) – Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 July 2020.

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

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 amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC) – Int 15 *Operating Leases – Incentives* and HK(SIC) – Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 July 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 July 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. As disclosed in note 35 to the financial statements, at 30 June 2019, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately HK$100,600,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. The Group is currently assessing the impact of HKFRS 16. Further analysis will be needed to determine the amount of new right-of-use assets and lease liabilities to be recognised, including, but not limited to, incremental borrowing rate to be applied for different leases.

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

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 July 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group expects to adopt the amendments on 1 July 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 July 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

HK(IFRIC) – Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 July 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in a joint venture *(continued)*

The Group's share of the post-acquisition results and other comprehensive income of the joint ventures 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 the 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

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.

Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

Notes to the Financial Statements

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 and medical equipment	25%
Furniture and fixtures	25%
Motor vehicles	25%
Leasehold improvements	33.3% or shorter of lease terms

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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.

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 (policies under HKFRS 9 applicable from 1 July 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 July 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 July 2018) *(continued)*

Initial recognition and measurement *(continued)*

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (policies under HKFRS 9 applicable from 1 July 2018) *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 July 2018)

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 financial assets depends on their classification 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.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets (policies under HKAS 39 applicable before 1 July 2018) *(continued)*

Subsequent measurement *(continued)*

Available-for-sale financial investments (continued)

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition (applicable before 1 July 2018)" below.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 July 2018 and policies under HKAS 39 applicable before 1 July 2018)

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 July 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets (policies under HKFRS 9 applicable from 1 July 2018) *(continued)*

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of financial assets (policies under HKAS 39 applicable before 1 July 2018)

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets (policies under HKAS 39 applicable before 1 July 2018) *(continued)*

Financial assets carried at amortised cost *(continued)*

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.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired. If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities (policies under HKFRS 9 applicable from 1 July 2018 and HKAS 39 applicable before 1 July 2018)

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 payables, financial liabilities included in other payables and accruals, dividend payable and interest-bearing bank borrowing.

Subsequent measurement

The subsequent measurement of loans and borrowing 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 (policies under HKFRS 9 applicable from 1 July 2018 and HKAS 39 applicable before 1 July 2018)

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 July 2018 and HKAS 39 applicable before 1 July 2018)

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition (applicable from 1 July 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from the rendering of integrated healthcare services is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The output method recognises revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services. Given that the integrated healthcare service is generally completed within a very short period of time, the revenue from the rendering of integrated healthcare services is recognised when the services have been rendered.

Notes to the Financial Statements

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (applicable from 1 July 2018) *(continued)*

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue recognition (applicable before 1 July 2018)

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.

Contract liabilities (applicable from 1 July 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 schemes

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 an 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 are translated into Hong Kong dollars at the weighted average exchange rates for the year.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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.

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 2019 was HK$31,964,000 (2018: HK$31,964,000). Further details are given in note 14 to the financial statements.

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

Estimation uncertainty *(continued)*

Impairment of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

Provision for 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 inventory items identified that are expired. The estimated net realisable value of the Group's inventories is based primarily on the latest selling prices and current market conditions. As at 30 June 2019, the carrying amount of inventories was HK$13,069,000 (2018: HK$7,493,000). Further details are given in note 21 to the financial statements.

Fair values of financial assets at fair value

The fair values of financial assets at fair value that are not quoted in active markets are determined by using valuation techniques. Management judgement and estimates are required for the selection of appropriate valuation parameters, assumptions and modeling techniques. As at 30 June 2019, the carrying amount of financial assets at fair value was HK$97,958,000 (2018: HK$3,500,000). Further details are given in notes 17, 18 and 19 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 related medical 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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, management fee income from a related party, 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 other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

4. SEGMENT INFORMATION *(continued)*

	General practice services		Specialties services		Dental services		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Revenue from external customers	**338,687**	331,471	**125,114**	121,668	**64,784**	64,881	**528,585**	518,020
Intersegment sales	**1,731**	781	**4,220**	4,162	**8**	16	**5,959**	4,959
							534,544	522,979
Reconciliation:								
Elimination of intersegment sales							**(5,959)**	(4,959)
							528,585	518,020
Segment results	**81,809**	78,596	**11,802**	6,944	**6,431**	8,465	**100,042**	94,005
Interest income							**1,450**	367
Management fee income from a related party							**-**	159
Corporate and unallocated income							**1,070**	3
Corporate and unallocated expenses							**(64,281)**	(55,512)
Share of losses from a joint venture							**(3,558)**	(7,236)
Profit before tax							**34,723**	31,786
Income tax expense	**(6,654)**	(6,468)	**(1,184)**	(1,464)	**(538)**	(689)	**(8,376)**	(8,621)
Profit for the year							**26,347**	23,165
Segment assets	**189,160**	179,289	**72,211**	77,785	**62,996**	58,211	**324,367**	315,285
Elimination of intersegment receivables							**(28,036)**	(27,886)
Corporate and other unallocated assets							**112,346**	56,007
Total assets							**408,677**	343,406

4. SEGMENT INFORMATION *(continued)*

	General practice services		Specialties services		Dental services		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment liabilities	**49,184**	33,749	**21,395**	19,170	**26,820**	26,527	**97,399**	79,446
Elimination of intersegment payables							**(28,037)**	(27,886)
Corporate and other unallocated liabilities							**25,716**	17,606
Total liabilities							**95,078**	69,166
Other segment information:								
Depreciation	**2,207**	1,413	**3,983**	3,962	**2,644**	2,080	**8,834**	7,455
Amortisation of other intangible assets	**737**	736	**347**	347	**528**	528	**1,612**	1,611
Capital expenditure#	**3,263**	1,794	**3,822**	2,456	**811**	4,089	**7,896**	8,339

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.

Information about 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 2019 and 2018.

5. REVENUE, OTHER INCOME AND GAINS

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

	2019 **HK$'000**	2018 HK$'000
Revenue		
Integrated healthcare services income	**528,585**	518,020

(i) Disaggregated revenue information

	2019 **HK$'000**	2018 HK$'000
Types of services		
General practice services	**338,687**	331,471
Specialties services	**125,114**	121,668
Dental services	**64,784**	64,881
Total revenue	**528,585**	518,020

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

	2019 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Integrated healthcare services income	2,501

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

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

An analysis of the Group's revenue is as follows: *(continued)*

(ii) Performance obligations

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

Provision of Integrated healthcare services

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

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

	2019 HK$'000	2018 HK$'000
Other income and gains		
Bank interest income	**888**	367
Interest income on financial assets at fair value through profit or loss	**400**	–
Interest income on loan receivables	**162**	–
Gain on fair value of financial assets at fair value through profit or loss	**1,032**	–
Management fee income	**–**	159
Others	**71**	229
	2,553	755

6. PROFIT BEFORE TAX

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

	Notes	2019 HK$'000	2018 HK$'000
Cost of pharmaceutical supplies		**55,515**	46,774
Fees payable to doctors and dentists		**223,051**	225,369
Laboratory expenses		**2,317**	2,578
Depreciation	13	**10,571**	8,687
Amortisation of other intangible assets*	15	**1,612**	1,611
Loss on disposal of items of property, plant and equipment		**1**	127
Minimum lease payments under operating leases:			
Land and building		**61,378**	64,953
Contingent rents under operating leases		**–**	42
Auditor's remuneration		**1,775**	1,585
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries		**92,413**	89,824
Equity-settled share option expense		**268**	261
Pension scheme contributions		**3,973**	3,788
		96,654	93,873
Reversal of write-down of inventories to net realisable value#		**(538)**	(275)

* 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.

\# The reversal of 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.

7. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on a bank loan	**175**	–

8. 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:

	2019	2018
	HK$'000	*HK$'000*
Fees	**540**	540
Other emoluments:		
Salaries, allowances and benefits in kind	**7,932**	7,680
Discretionary performance-related bonus	**694**	377
Equity-settled share option expense	**334**	334
Pension scheme contributions	**72**	72
	9,032	8,463
	9,572	9,003

(a) Independent non-executive directors

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

	2019	2018
	HK$'000	*HK$'000*
Dr. Lui Sun Wing	**180**	180
Mr. Chan Yue Kwong Michael	**180**	180
Mr. Sin Kar Tim	**180**	180
	540	540

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

8. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary performance-related bonuses HK$'000	Equity-settled share option expenses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2019						
Executive directors:						
Mr. Chan Kin Ping, JP*	**-**	**2,160**	**195**	**-**	**18**	**2,373**
Dr. Pang Lai Sheung	**-**	**2,160**	**195**	**-**	**18**	**2,373**
Dr. Sat Chui Wan	**-**	**2,076**	**174**	**206**	**18**	**2,474**
Mr. Poon Chun Pong	**-**	**1,536**	**130**	**128**	**18**	**1,812**
	-	**7,932**	**694**	**334**	**72**	**9,032**
2018						
Executive directors:						
Mr. Chan Kin Ping, JP*	–	2,160	106	–	18	2,284
Dr. Pang Lai Sheung	–	2,160	106	–	18	2,284
Dr. Sat Chui Wan	–	1,920	94	206	18	2,238
Mr. Poon Chun Pong	–	1,440	71	128	18	1,657
	–	7.680	377	334	72	8,463

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

* Mr. Chan Kin Ping, JP is also the chief executive officer of the Company during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2018: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2018: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**1,488**	1,392
Discretionary performance-related bonuses	**121**	113
Pension scheme contributions	**18**	18
	1,627	1,523

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

	Number of employees	
	2019	2018
HK$1,000,001 to HK$2,000,000	**1**	1
	1	1

10. 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 Caymans Islands and the British Virgin Islands.

Hong Kong profits tax has been made at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong. For the year ended 30 June 2019, the first HK$2,000,000 of profits earned by one of the group companies will be taxed at a rate of 8.25% whilst the remaining profits will continue to be taxed at 16.5%. No provision for PRC corporate income tax has been made as the Group's PRC subsidiary had no estimated assessable profits for the year (2018: Nil).

	2019	2018
	HK$'000	*HK$'000*
Current		
Charge for the year	**8,814**	9,305
Overprovision in prior years	**(57)**	(554)
Deferred (note 30)	**(381)**	(130)
Total tax charge for the year	**8,376**	8,621

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 are as follows:

	2019	2018
	HK$'000	*HK$'000*
Profit before tax	**34,723**	31,786
Tax at the statutory tax rate of 16.5%	**5,729**	5,245
Adjustments in respect of current tax of previous periods	**(57)**	(554)
Income not subject to tax	**(409)**	(61)
Expenses not deductible for tax	**1,209**	702
Tax losses not recognised	**1,332**	2,095
Tax losses utilised from previous periods	**(139)**	(50)
Losses attributable to a joint venture	**587**	1,194
Others	**124**	50
Tax charge at the Group's effective rate of 24.1% (2018: 27.1%)	**8,376**	8,621

Notes to the Financial Statements

11. DIVIDENDS

	2019 **HK$'000**	2018 *HK$'000*
Proposed final – HK3 cents (2018: HK3 cents) per ordinary share	**11,387**	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.

12. 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$26,624,000 (2018: HK$24,111,000), and the weighted average number of ordinary shares of 371,541,000 (2018: 361,502,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 30 June 2019 and 2018 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Computer HK$'000	Office and medical equipment HK$'000	Furniture and fixtures HK$'000	Motor Vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
30 June 2019						
At 1 July 2018:						
Cost	**9,293**	**38,084**	**3,281**	**1,718**	**38,188**	**90,564**
Accumulated depreciation	**(6,062)**	**(31,479)**	**(2,880)**	**(1,718)**	**(30,790)**	**(72,929)**
Net carrying amount	**3,231**	**6,605**	**401**	**-**	**7,398**	**17,635**
At 1 July 2018, net of accumulated depreciation	**3,231**	**6,605**	**401**	**-**	**7,398**	**17,635**
Additions	**1,879**	**4,328**	**92**	**-**	**3,972**	**10,271**
Disposals	**(9)**	**(12)**	**(5)**	**-**	**(34)**	**(60)**
Depreciation provided during the year	**(1,518)**	**(3,229)**	**(242)**	**-**	**(5,582)**	**(10,571)**
Exchange realignment	**(1)**	**-**	**-**	**-**	**-**	**(1)**
At 30 June 2019, net of accumulated depreciation	**3,582**	**7,692**	**246**	**-**	**5,754**	**17,274**
At 30 June 2019:						
Cost	**10,138**	**41,672**	**3,242**	**1,718**	**40,259**	**97,029**
Accumulated depreciation	**(6,556)**	**(33,980)**	**(2,996)**	**(1,718)**	**(34,505)**	**(79,755)**
Net carrying amount	**3,582**	**7,692**	**246**	**-**	**5,754**	**17,274**
30 June 2018						
At 1 July 2017:						
Cost	7,702	37,772	3,356	1,718	36,066	86,614
Accumulated depreciation	(5,076)	(31,629)	(2,881)	(1,718)	(29,469)	(70,773)
Net carrying amount	2,626	6,143	475	–	6,597	15,841
At 1 July 2017, net of accumulated depreciation	2,626	6,143	475	–	6,597	15,841
Additions	1,855	3,662	192	–	4,939	10,648
Disposals	(8)	(81)	(1)	–	(78)	(168)
Depreciation provided during the year	(1,243)	(3,119)	(265)	–	(4,060)	(8,687)
Exchange realignment	1	–	–	–	–	1
At 30 June 2018, net of accumulated depreciation	3,231	6,605	401	–	7,398	17,635
At 30 June 2018:						
Cost	9,293	38,084	3,281	1,718	38,188	90,564
Accumulated depreciation	(6,062)	(31,479)	(2,880)	(1,718)	(30,790)	(72,929)
Net carrying amount	3,231	6,605	401	–	7,398	17,635

14. GOODWILL

	HK$'000
At 1 July 2017, 30 June 2018, 1 July 2018 and 30 June 2019	
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:

	2019 **HK$'000**	2018 HK$'000
General practice services	**5,897**	5,897
Specialties services	**2,774**	2,774
Dental services	**23,293**	23,293
	31,964	31,964

General practice services cash-generating unit

The recoverable amount of the general practice services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.5% (2018: 11.5%) for the year ended 30 June 2019. The growth rate used to extrapolate the cash flows of the general practice services cash-generating unit beyond the five-year period is 2.5%. 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.

14. GOODWILL *(continued)*

Specialties services cash-generating unit

The recoverable amount of the specialties services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.5% (2018: 11.5%) for the year ended 30 June 2019. The growth rate used to extrapolate the cash flows of the specialties services cash-generating unit beyond the five-year period is 2.5%. This growth rate does not exceed the average growth rate of the healthcare industry. Senior management of the specialties services cash-generating unit believes that this growth rate is justified, given the established business model adopted by the Group. The Group has an extensive medical centre network which has enjoyed the economies of scale to obtain optimum operational efficiency.

Dental services cash-generating unit

The recoverable amount of the dental services cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10.5% (2018: 11.5%) for the year ended 30 June 2019. The growth rate used to extrapolate the cash flows of the dental services cash-generating unit beyond the five-year period is 2.5%. 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. The Group has an extensive medical centre network which has enjoyed the economies of scale to obtain optimum operational efficiency.

Assumptions were used in the value in use calculation of the general practice services, specialties services and dental services cash-generating units at 30 June 2019. 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.

Growth rates – The growth rates are determined with reference to the historical growth rates for the relevant unit, adjusted for expected business, market development and economic condition.

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

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15. OTHER INTANGIBLE ASSETS

	Trademark *HK$'000*	Customer lists *HK$'000*	Total *HK$'000*
30 June 2019			
Cost at 1 July 2018, net of accumulated amortisation	**5,278**	**6,546**	**11,824**
Amortisation provided during the year	**(634)**	**(978)**	**(1,612)**
At 30 June 2019, net of accumulated amortisation	**4,644**	**5,568**	**10,212**
At 30 June 2019:			
Cost	**7,600**	**9,780**	**17,380**
Accumulated amortisation	**(2,956)**	**(4,212)**	**(7,168)**
Net carrying amount	**4,644**	**5,568**	**10,212**
30 June 2018			
Cost at 1 July 2017, net of accumulated amortisation	5,911	7,524	13,435
Amortisation provided during the year	(633)	(978)	(1,611)
At 30 June 2018, net of accumulated amortisation	5,278	6,546	11,824
At 30 June 2018:			
Cost	7,600	9,780	17,380
Accumulated amortisation	(2,322)	(3,234)	(5,556)
Net carrying amount	5,278	6,546	11,824

16. INVESTMENT IN A JOINT VENTURE

	2019	2018
	HK$'000	*HK$'000*
Share of net assets	**3,182**	7,248

On 24 April 2015, Yingjing 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:

			Percentage of			
Name	**Particulars of registered capital**	**Place of registration and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
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 two-thirds of the votes are obtained from the directors. Accordingly, none of the joint venture partner could exercise control over Pingan Yingjian.

Pingan Yingjian is accounted for using the equity method.

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:

	2019	2018
	HK$'000	*HK$'000*
Cash and cash equivalents	**4,080**	6,519
Other current assets	**3,046**	2,620
Current assets	**7,126**	9,139
Non-current assets	**5,099**	7,505
Financial liabilities and current liabilities	**(5,862)**	(2,148)
Net assets	**6,363**	14,496

16. INVESTMENT IN A JOINT VENTURE *(continued)*

	2019 HK$'000	2018 HK$'000
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Carrying amount of the investment	**3,182**	7,248
Revenue	**8,686**	1,398
Interest income	**13**	39
Depreciation	**(2,391)**	(1,966)
Loss and total comprehensive loss for the year	**(7,116)**	(14,472)

17. AVAILABLE-FOR-SALE INVESTMENT

	2019 HK$'000	2018 HK$'000
Unlisted equity securities, at fair value	**–**	3,500

Available-for-sale investment was reclassified to financial assets at fair value through other comprehensive income upon the initial application of HKFRS 9 at 1 July 2018 as disclosed in note 2.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 HK$'000	2018 HK$'000
Unlisted equity investments, at fair value	**16,540**	–

Management irrevocably designated the above equity investments as financial assets at fair value through other comprehensive income, as the Group considers these investments to be strategic in nature.

On 10 December 2018, the Group subscribed 156,667 ordinary shares of Heals Healthcare (Asia) Limited ("**Heals Healthcare**"), an independent third party, at a deemed consideration of HK$13,040,000.

In the prior year, the Group acquired 100,000 ordinary shares of an unlisted company incorporated in Hong Kong, at a consideration of HK$3,500,000. At 30 June 2019, the Group has 10% equity interest in the above-mentioned company. The investment was classified as available-for-sale investment as at 30 June 2018. Upon the adoption of HKFRS 9, the investment was reclassified as financial assets at fair value through other comprehensive income on 1 July 2018.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Convertible bonds	**11,332**	–
Derivative financial instruments	**12,411**	–
Investment in redeemable preference shares	**23,550**	–
Unlisted investment funds	**34,125**	–
	81,418	–

The convertible bonds were issued by Asana Global Group Limited ("**ASANA**"), an unlisted company established in the British Virgin Islands, and were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Convertible bonds subscribed represents convertible rights of approximately 55% of issued share capital at conversion date and are with 5% interest per annum.

Assuming the conversion rights attaching to the convertible bonds are exercised in full only by the Group, conversion shares representing approximately 73.33% of the enlarged issued share capital of ASANA as at the conversion date will be issued to the Group. Assuming both the conversion rights attaching to the convertible bonds and that attaching to the convertible bonds subscribed by another investor are exercised in full by the Group and the other investor, the conversion shares representing approximately 55% of the enlarged issued share capital of ASANA will be issued to the Group.

The derivative financial instruments were embedded options to subscribe the shares of Heals Healthcare and were classified as financial assets at fair value through profit or loss.

During the year ended 30 June 2019, the Group subscribed redeemable preference shares in an unlisted company established in the British Virgin Island, at a consideration of US$3,000,000 (equivalent to HK$23,550,000). As the rights and obligations of the ownership over this redeemable preference shares are substantially different from the ownership of ordinary shares of the unlisted company, the Group's investment in this redeemable preference shares is measured at fair value through profit or loss.

During the year ended 30 June 2019, the Group entered into an amended and restated exempted limited partnership agreement with Inno Healthcare Limited in relation to the formation of New Journey Healthcare LP and subscribed 8.8% of the committed fund size amounting to RMB30,000,000 (equivalent to HK$34,125,000).

Notes to the Financial Statements

20. LOAN RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Loan receivables	**10,800**	–

Loan receivables is with 2% interest per annum and is repayable in 24 months from the first date of utilisation or 36 months from first utilisation with consent from the Group.

21. INVENTORIES

	2019	2018
	HK$'000	*HK$'000*
Pharmaceutical supplies	**13,069**	7,493

22. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**33,117**	31,936

Most of the patients of the medical and dental practices settle in cash and credit cards. Payments by patients using medical cards or corporate customers will normally be settled within 1 to 6 months. The Group allows an average credit period of 70 days to its trade customers under other business activities. The Group seeks to maintain strict control over its outstanding receivables and has personnel to monitor the implementation of measures to minimise the credit risk. 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.

22. TRADE RECEIVABLES *(continued)*

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

	2019	2018
	HK$'000	*HK$'000*
Within 2 months	**24,828**	25,873
2 to 4 months	**5,968**	5,319
4 to 6 months	**1,787**	490
Over 6 months	**534**	254
	33,117	31,936

Impairment under HKFRS 9 for the year ended 30 June 2019

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As at 30 June 2019, the Group assessed the loss allowance and the expected credit loss rates under the application of HKFRS 9 were minimal.

Impairment under HKAS 39 for the year ended 30 June 2018

The ageing analysis of trade receivables as at 30 June 2018 that were neither individually nor collectively to be impaired under HKAS 39 is as follows:

	2018
	HK$'000
Neither past due nor impaired	30,211
Less than 1 month past due	653
1 to 3 months past due	790
Over 3 months past due	282
	31,936

22. TRADE RECEIVABLES *(continued)*

Impairment under HKAS 39 for the year ended 30 June 2018 *(continued)*

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Group were of the opinion that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**1,769**	2,840
Deposits	**25,415**	36,460
Other receivables	**586**	5
	27,770	39,305
Less: Non-current portion	**(18,379)**	(27,495)
	9,391	11,810

Deposits and other receivables mainly represent rental deposits. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 30 June 2019, the Group assessed the loss allowance and the expected credit loss rate under the application of HKFRS 9 were minimal.

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

24. CASH AND CASH EQUIVALENTS

	2019 HK$'000	2018 HK$'000
Cash and bank balances	**113,787**	143,407
Time deposits	**46,877**	46,379
	160,664	189,786
Less: Pledged time deposits for credit facilities	**(2,042)**	(2,039)
	158,622	187,747

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$5,100,000 (2018: HK$5,429,000). 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.

25. TRADE PAYABLES

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

	2019 HK$'000	2018 HK$'000
Within 1 month	**26,635**	22,061
1 to 3 months	**4,422**	3,335
Over 3 months	**51**	45
	31,108	25,441

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

26. OTHER PAYABLES AND ACCRUALS

	2019 **HK$'000**	2018 HK$'000
Other payables	**19,995**	19,460
Accruals	**10,579**	10,549
Provision for reinstatement costs (note 28)	**7,615**	6,528
	38,189	36,537
Less: Non-current portion	**(4,053)**	(4,375)
	34,136	32,162

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

27. CONTRACT LIABILITIES

	2019 **HK$'000**	2018 HK$'000
Short-term advances received from customers		
Integrated healthcare services	**5,392**	–

Contract liabilities represented short-term advances received to render integrated healthcare services. As at 1 July 2018, certain advances received included in other payables and accruals amounting to HK$2,845,000 has been reclassified to contract liabilities. The increase in contract liabilities in 2019 was mainly due to the increase in short-term advances received from customers in relation to the rendering of integrated healthcare services at the end of the year.

28. PROVISIONS

	Reinstatement costs HK$'000
At 1 July 2018	6,528
Additional provision	1,320
Underprovision in prior years	8
Amounts utilised during the year	(241)
At 30 June 2019	7,615

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.

29. INTEREST-BEARING BANK BORROWING

	2019			2018		
	Contractual interest rate (%)	**Maturity**	**HK$'000**	Contractual interest rate (%)	Maturity	HK$'000
Current:						
Bank loan – secured	**HIBOR + 2**	**2024**	**9,494**	–	–	–

	2019 HK$'000	2018 HK$'000
Analysed into:		
Bank loan repayable:		
Within one year or on demand	**9,494**	–

The bank loan is secured by the corporate guarantees of the Company and certain of its subsidiaries.

30. 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 2017	344	2,217	2,561
Deferred tax credited to profit or loss during the year (note 10)	(150)	(266)	(416)
At 30 June 2018 and 1 July 2018	194	1,951	2,145
Deferred tax credited to profit or loss during the year (note 10)	(11)	(266)	(277)
At 30 June 2019	**183**	**1,685**	**1,868**

Deferred tax assets

	Depreciation in excess of depreciation allowance HK$'000
At 1 July 2017	1,671
Deferred tax charged to profit or loss during the year (note 10)	(286)
At 30 June 2018 and 1 July 2018	1,385
Deferred tax credited to profit or loss during the year (note 10)	104
At 30 June 2019	**1,489**

30. DEFERRED TAX *(continued)*

The Group has tax losses arising in Hong Kong of HK$83,825,000 (2018: HK$76,636,000) 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.

31. SHARE CAPITAL

Shares

	2019 ***HK$'000***	2018 *HK$'000*
Issued and fully paid: 379,552,233 (2018: 361,502,000) ordinary shares at HK$0.01 each	**3,796**	3,615

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

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

	Number of shares in issue	**Share capital** *HK$'000*
At 1 July 2017, 30 June 2018 and 1 July 2018	361,502,000	3,615
Share issued (Note)	18,050,233	181
At 30 June 2019	**379,552,233**	**3,796**

Note: On 10 December 2018, the Company issued 18,050,233 ordinary shares at a total consideration of HK$25,451,000 to Heals Healthcare for acquiring tranches of shares of Heals Healthcare, particulars of which are set out in notes 18 and 19 to the financial statements. Upon the issuance of 18,050,233 ordinary shares, amounts of HK$181,000 and HK$25,270,000 were credited to share capital and share premium, respectively.

32. 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 options to be granted under the Scheme shall not in aggregate exceed 10% 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 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 must be at least the higher 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.

32. SHARE OPTION SCHEME *(continued)*

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

	Year ended 30 June			
	2019		2018	
	Weighted average exercise price ***HK$ per share***	**Number of options** ***'000***	Weighted average exercise price *HK$ per share*	Number of options *'000*
At 1 July	**2.196**	**3,200**	2.214	2,740
Granted during the year	**–**	**–**	2.090	460
Lapsed during the year	**2.189**	**(250)**	–	–
At 30 June	**2.197**	**2,950**	2.196	3,200

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

2019

Number of options ***'000***	**Exercise price*** ***HK$ per share***	**Exercise period**
838	**2.214**	**4-10-19 to 3-10-22**
838	**2.214**	**4-10-20 to 3-10-22**
864	**2.214**	**4-10-19 to 3-10-22**
135	**2.090**	**1-6-21 to 31-5-27**
135	**2.090**	**1-6-22 to 31-5-27**
140	**2.090**	**1-6-23 to 31-5-27**
2,950		

32. SHARE OPTION SCHEME *(continued)*

2018

Number of options '000	Exercise price* HK$ per share	Exercise period
904	2.214	4-10-19 to 3-10-22
904	2.214	4-10-20 to 3-10-22
932	2.214	4-10-19 to 3-10-22
152	2.090	1-6-21 to 31-5-27
152	2.090	1-6-22 to 31-5-27
156	2.090	1-6-23 to 31-5-27
3,200		

* The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted on 4 October 2016 and 28 May 2018 were HK$2,251,000 and HK$571,000 respectively. The Group recognised a share option expense of HK$602,000 during the year ended 30 June 2019 (2018: HK$595,000).

The fair value of equity-settled share options granted was estimated as at the date of grant using the Binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

		Options granted on 4 October 2016	**Options granted on 28 May 2018**
Underlying stock price		HK$2.19	HK$2.09
Exercise price		HK$2.214	HK$2.09
Contractual option life		6 years	9 years
Risk-free rate		1.25%	2.86%
Expected dividend yield		0.00%	0.96%
Expected volatility of underlying shares		38%	64%
Exercise multiple	Directors:	2.80	N/A
	Employees:	2.20	2.20
Weighted average estimated fair value for	Directors:	HK$0.8236	N/A
each share option	Employees:	HK$0.8184	HK$1.2413

32. SHARE OPTION SCHEME *(continued)*

Expected volatility was determined by using the historical volatility of the similar industry as the Company's share price over the previous years. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The exit rate in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 2,950,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 2,950,000 additional ordinary shares of the Company and additional share capital of HK$29,500 (before issue expenses) and share premium of HK$9,047,000 (after transfer of the share options' fair value from the share option reserve upon exercise).

At the date of approval of these financial statements, the Company had 2,950,000 share options outstanding under the Scheme, which represented approximately 0.8% of the Company's shares in issue as at that date.

33. 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 91 of the financial statements.

34. NOTE TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the acquisition of property, plant and equipment included the provision for reinstatement costs of HK$1,320,000 (2018: HK$1,848,000) included in the other payables and accruals. Besides, the consideration for the investment in Heals Healthcare amounting to HK$25,451,000 was settled by issuing 18,050,233 ordinary shares of the Company. Further details of the transaction are set out in notes 18 and 19 to the financial statements

(b) Changes in liability arising from financing activities

	Bank loan *HK$'000*
At 1 July 2017, 30 June 2018, 1 July 2018	–
Changes from financing cash flows	9,494
At 30 June 2019	**9,494**

Notes to the Financial Statements

35. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 30 June 2019, the Group had total minimum lease payments under non-cancellable operating leases falling due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**53,460**	55,337
In the second to fifth years, inclusive	**47,140**	43,878
	100,600	99,215

36. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments.

	2019	2018
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Medical equipment	**70**	215
Leasehold improvements	**40**	382
IT equipment	**–**	175
Furniture and fixtures	**–**	7
	110	779

37. 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	**2019** **HK$'000**	2018 HK$'000
Max Health Chinese Medicine Limited	(1)			
Management fee income		(i)	**–**	159
Maxland Limited	(2)			
Rental expenses		(ii)	**2,992**	2,838
Fees payable to doctors and dentists who are related parties	(3)	(iii)	**44,559**	45,227

Nature of transactions

(i) In the prior year, the management fee income was received from this party for the provision of general administrative and accounting services thereto by the Group. The fee had been charged based on an allocation of the headquarter expenses incurred by the Group to this related party based on the number of service points.

(ii) The rental expenses were charged by this related party for the leases of two medical centres at a total amount of HK$249,000 (2018: HK$237,000) per month, on a mutually agreed basis, which approximated to market rates.

(iii) 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.

Relationship of related parties

(1) Mr. Chan Kin Ping, JP, a controlling shareholder of the Company, was the beneficial shareholder of this related party.

(2) Mr. Chan Kin Ping, JP and Dr. Pang Lai Sheung, controlling shareholders of the Company, have beneficial interests in these related parties.

(3) These doctors and dentists are also directors of certain subsidiaries of the Group or senior management of the Group.

37. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balances with a related party

	Note	2019 HK$'000	2018 HK$'000
Due from a related party			
Max Health Chinese Medicine Limited	(i)	–	26

(i) This related party is beneficially owned by the controlling shareholders of the Group.

As at 30 June 2018, the balance with this related party was unsecured, interest-free and had no fixed terms of repayment.

(c) Compensation of key management personnel of the Group

	2019 HK$'000	2018 HK$'000
Salaries, allowances and benefits in kind	8,626	8,057
Equity-settled share option expense	334	334
Pension scheme contributions	72	72
	9,032	8,463

Further details of Directors' emoluments are included in note 8 to the financial statements.

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

38. 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

	Financial assets at fair value through profit or loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
2019				
Financial assets at fair value through other comprehensive income	-	16,540	-	16,540
Financial assets at fair value through profit or loss	81,418	-	-	81,418
Trade receivables	-	-	33,117	33,117
Financial assets included in prepayments, deposits and other receivables	-	-	26,001	26,001
Pledged deposits	-	-	2,042	2,042
Cash and cash equivalents	-	-	158,622	158,622
	81,418	16,540	219,782	317,740

	Loan and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
2018			
Available-for-sale investment	–	3,500	3,500
Financial assets included in prepayments, deposits and other receivables	36,465	–	36,465
Trade receivables	31,936	–	31,936
Due from a related party	26	–	26
Pledged deposits	2,039	–	2,039
Cash and cash equivalents	187,747	–	187,747
	258,213	3,500	261,713

38. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities

	Financial liabilities at amortised cost	
	2019	2018
	HK$'000	*HK$'000*
Financial liabilities included in other payables and accruals	**7,930**	5,740
Trade payables	**31,108**	25,441
Interest-bearing bank borrowing	**9,494**	–
	48,532	31,181

39. 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 2019

	Carrying amount	**Fair value**
	HK$'000	***HK$'000***
Financial assets at fair value through profit or loss	**81,418**	**81,418**
Financial assets at fair value through other comprehensive income	**16,540**	**16,540**
Deposits, non-current portion	**18,379**	**18,379**
	116,337	**116,337**

As at 30 June 2018

	Carrying amount	Fair value
	HK$'000	*HK$'000*
Available-for-sale investment	3,500	3,500
Deposits, non-current portion	27,495	27,495
	30,995	30,995

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

Management has assessed that the fair values of the current portion of deposits, other receivables, trade receivables, an amount due from a related party, cash and cash equivalents, trade payables, other payables and interest-bearing bank borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate to their carrying amounts.

The fair values of unlisted equity investments, investment in redeemable preference shares and unlisted investment funds have been estimated based on market prices of recent transactions of the investments. The fair value of convertible bonds has been estimated with reference to multiples of comparable listed companies, such as the average of price to earnings ratio ("**P/E**"). The fair value of derivatives financial instruments has been estimated using scenario analysis by considering alternative possible outcomes. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss or other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2019:

	Valuation technique	**Significant unobservable input**	**Range**	**Sensitivity of fair value to the input**
Convertible bonds	Market comparable companies	P/E	10.7x	5% comparable increase in P/E multiple would result in increase in fair value by HK$273,000;5% comparable decrease in P/E multiple would result in decrease in fair value by HK$165,000
Derivative financial instruments	Probabilistic approach	Variation changes on future key performance indicator ("KPIs")*	20%–25%	10% comparable increase/(decrease) in variation changes on future KPIs would result in (decrease)/increase) in fair value by HK$292,000

* The KPIs include the respective targets in (i) the total download volume of the mobile application of Heals Healthcare (the "**Heals App**") by end users introduced through the medical network of the Group; (ii) the revenue generated by Heals Healthcare and its subsidiaries on provision of various administration services in the digital healthcare platform to the medical network of the Group; and (iii) the amount of payment in the Heals App made by end users introduced through the medical network of the Group.

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

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets at fair value through other comprehensive income	**-**	**-**	**16,540**	**16,540**
Financial assets at fair value through profit or loss	**-**	**-**	**81,418**	**81,418**
	-	**-**	**97,958**	**97,958**

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale investment:				
Equity investment	–	–	3,500	3,500

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

Fair value hierarchy *(continued)*

The movements in fair value measurements within Level 3 during the year ended are as follows:

	HK$'000
Financial assets at fair value through other comprehensive income	
At 1 July 2017 and 30 June 2018	–
Re-classified from available-for-sale investment – unlisted	3,500
At 1 July 2018	3,500
Additions	13,040
At 30 June 2019	16,540
Financial assets at fair value through profit or loss	
At 1 July 2017, 30 June 2018 and 1 July 2018	–
Additions	81,418
At 30 June 2019	81,418
Available-for-sale investment – unlisted	
At 1 July 2017 and 30 June 2018	3,500
Re-classified to financial assets at fair value through other comprehensive income	(3,500)
At 1 July 2018 and 30 June 2019	–

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

Fair value hierarchy *(continued)*

Assets for which fair values are disclosed:

As at 30 June 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *HK$'000*	**Significant observable inputs (Level 2)** *HK$'000*	**Significant unobservable inputs (Level 3)** *HK$'000*	**Total** *HK$'000*
Deposits, non-current portion	**–**	**18,379**	**–**	**18,379**

As at 30 June 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Deposits, non-current portion	–	27,495	–	27,495

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** *HK'000*	**Increase/ (decrease) in equity** *HK'000*
2019			
Hong Kong dollar	**100**	**(48)**	**(48)**
Hong Kong dollar	**(100)**	**48**	**48**
2018			
Hong Kong dollar	100	–	–
Hong Kong dollar	(100)	–	–

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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging as at 30 June 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 30 June 2019. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables*	–	–	–	33,117	33,117
Financial assets included in prepayments, deposits and other receivables					
– Normal**	26,001	–	–	–	26,001
Pledged deposits					
– Not yet past due	2,042	–	–	–	2,042
Cash and cash equivalents					
– Not yet past due	158,622	–	–	–	158,622
	186,665	–	–	33,117	219,782

* For trade receivables the Group applies the simplified approach for impairment.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Maximum exposure as at 30 June 2018

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, and an amount due from a related party, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

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

	On demand	Less than 3 months	3 to less than 12 months	1 to 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2019					
Financial liabilities included in other payables and accruals	**-**	**7,930**	**-**	**-**	**7,930**
Trade payables	**-**	**31,108**	**-**	**-**	**31,108**
Interest-bearing bank borrowing	**9,494**	**-**	**-**	**-**	**9,494**
	9,494	**39,038**	**-**	**-**	**48,532**
As at 30 June 2018					
Financial liabilities included in other payables and accruals	–	5,740	–	–	5,740
Trade payables	–	25,441	–	–	25,441
	–	31,181	–	–	31,181

In respect of interest-bearing bank borrowing of HK$9,494,000 (2018: Nil), the loan agreement contains a repayment on demand clause giving the bank the unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loan will be called their entirety within 12 months, and they consider that the loan will be repaid in accordance with the maturity dates as set out in the loan agreement.

In accordance with the terms of the loan, the contractual undiscounted payments at 30 June 2019 for the interest-bearing bank borrowing in respect of the Group are HK$601,000 (2018: Nil) within three months, HK$1,769,000 (2018: Nil) in three to twelve months, and HK$8,087,000 (2018: Nil) in one to five years.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

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 2019 and 30 June 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt includes trade payables, other payables and accruals, interest-bearing bank borrowing and contract liabilities,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:

	2019	2018
	HK$'000	*HK$'000*
Interest-bearing bank borrowing	**9,494**	–
Trade payables	**31,108**	25,441
Other payables and accruals (note 26)	**38,189**	36,537
Contract liabilities	**5,392**	–
Less: Cash and cash equivalents and pledged deposits	**(160,664)**	(189,786)
Net cash	**(76,481)**	(127,808)
Equity attributable to owners of the Company	**313,599**	273,580
Capital and net debt	**237,118**	145,772
Gearing ratio	**N/A**	N/A

41. 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:

	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**99**	99
CURRENT ASSETS		
Prepayments, deposits and other receivables	**180**	203
Amounts due from subsidiaries	**159,709**	123,705
Dividend receivable from a subsidiary	**18,000**	18,000
Cash and bank equivalents	**26,991**	36,441
Total current assets	**204,880**	178,349
CURRENT LIABILITIES		
Other payables and accruals	**943**	804
NET CURRENT ASSETS	**203,937**	177,545
Net assets	**204,036**	177,644
EQUITY		
Share capital	**3,796**	3,615
Reserves (Note)	**200,240**	174,029
Total equity	**204,036**	177,644

41. 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	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2017	164,951	99	431	8,712	174,193
Profit and total comprehensive income for the year	–	–	–	6,471	6,471
Dividend declared	–	–	–	(7,230)	(7,230)
Equity-settled share option arrangements	–	–	595	–	595
At 30 June 2018 and 1 July 2018	164,951	99	1,026	7,953	174,029
Profit and total comprehensive income for the year	–	–	–	11,184	11,184
Dividend declared	–	–	–	(10,845)	(10,845)
Equity-settled investment	25,270	–	–	–	25,270
Equity-settled share option arrangements	–	–	602	–	602
At 30 June 2019	**190,221**	**99**	**1,628**	**8,292**	**200,240**

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 September 2019.

Five Years' Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interest of the Group for the last five financial years, as extracted from published audited financial statements and restated/reclassified as appropriate, is set out below:

	Year ended 30 June				
	2015	2016 (Restated)	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	429,538	498,576	481,147	518,020	**528,585**
Net profits attributable to					
Owners of the parent	33,727	23,431	13,469	24,111	**26,624**
Non-controlling interest	1,991	–	(878)	(946)	**(277)**
	35,718	23,431	12,591	23,165	**26,347**

	As at 30 June				
	2015	2016	2017	2018	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	231,920	319,111	320,177	343,406	**408,677**
Total liabilities	(116,921)	(104,409)	(63,636)	(69,166)	**(95,078)**
Non-controlling interest	–	–	(1,606)	(660)	**–**
	114,999	214,702	254,935	273,580	**313,599**