



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



2025
Interim Report



Elevate Your Health Value

Elevate Your Life



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

Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael
Mr. Chan Hey Man (with effect from 1 October 2024)
Mr. Sin Kar Tim (retired on 2 December 2024)

AUDIT COMMITTEE

Mr. Chan Hey Man (*Chairman*)
(with effect from 2 December 2024)
Dr. Lui Sun Wing
Mr. Chan Yue Kwong Michael
Mr. Sin Kar Tim (*Chairman*) (retired on 2 December 2024)

REMUNERATION COMMITTEE

Dr. Lui Sun Wing (*Chairman*)
Mr. Chan Kin Ping, BBS, JP
Mr. Chan Yue Kwong Michael
Mr. Chan Hey Man (with effect from 1 October 2024)
Mr. Sin Kar Tim (retired on 2 December 2024)

NOMINATION COMMITTEE

Mr. Chan Yue Kwong Michael (*Chairman*)
Dr. Lui Sun Wing
Mr. Chan Kin Ping, BBS, JP
Mr. Chan Hey Man (with effect from 1 October 2024)
Mr. Sin Kar Tim (retired on 2 December 2024)

COMPANY SECRETARY

Ms. Man Ching Yan, CFA ACG HKACG

AUTHORISED REPRESENTATIVES

Mr. Poon Chun Pong
Ms. Man Ching Yan

REGISTERED OFFICE

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AUDITOR

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Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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PRINCIPAL BANKER

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WEBSITE

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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

Management Discussions and Analysis

FINANCIAL REVIEW

Financial performance for the six months ended 31 December 2024 (“the Interim Period of FY2025”)

Revenue

Our revenue of Human Health Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”, “**we**” or “**our**”) represents the value of medical and dental services and comprises revenue from general practice services, specialties services and dental services. The following table sets forth the breakdown of our revenue by service type:

	Interim Period of FY2025 HK\$'000	Interim Period of FY2024 HK\$'000	% of change
General practice services	206,609	198,929	3.9%
Specialties services	81,256	65,152	24.7%
Dental services	27,923	31,109	-10.2%
	315,788	295,190	7.0%

In the Interim Period of FY2025, the Group recorded revenue amounted to approximately HK\$315.8 million, representing the increase of approximately HK\$20.6 million or 7.0% as compared with the six months ended 31 December 2023 (the “**Interim Period of FY2024**”).

Our revenue from general practice services increased by approximately HK\$7.7 million or 3.9% from the Interim Period of FY2024 to approximately HK\$206.6 million for the Interim Period of FY2025. The increase was mainly attributed to the increase in patient visits of the general practice services.

Our revenue from specialties services increased by approximately HK\$16.1 million or 24.7% from the Interim Period of FY2024 to approximately HK\$81.3 million for the Interim Period of FY2025. The increase was mainly attributed to the increase in patient visits offset by the decrease in average spending per visit of the specialties services.

Our revenue from dental services decreased by approximately HK\$3.2 million or 10.2% from the Interim Period of FY2024 to approximately HK\$27.9 million for the Interim Period of FY2025. The decrease was mainly attributed to the decrease in average spending per visit of the dental services.

Management Discussions and Analysis

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:

	Interim Period of FY2025 HK\$'000	Interim Period of FY2024 HK\$'000	% of change
Fees payable to doctors and dentists	110,508	97,060	13.9%
Other direct cost	7,944	5,159	54.0%
Cost of pharmaceutical supplies	46,271	50,430	-8.2%
Laboratory expenses	2,047	2,018	1.4%
Write-down of inventories to net realisable value	300	17	1664.7%
	167,070	154,684	8.0%

Our cost of services rendered increased by approximately HK\$12.4 million or 8.0% from the Interim Period of FY2024 to approximately HK\$167.1 million for the Interim Period of FY2025. This increase was mainly due to the increase in fees payable to doctors resulted from the increase of revenue from general practice services and specialties services.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$8.2 million or 5.8% from the Interim Period of FY2024 to approximately HK\$148.7 million for the Interim Period of FY2025. Our gross profit margin slightly decreased to approximately 47.1% for Interim Period of FY2025 from approximately 47.6% for the Interim Period of FY2024 which was mainly due to decrease in gross profit margin for general practice services.

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

	Interim Period of FY2025		Interim Period of FY2024	
	HK\$'000	Gross profit margin %	HK\$'000	Gross profit margin %
General practice services	112,622	54.5%	110,848	55.7%
Specialties services	24,163	29.7%	16,738	25.7%
Dental services	11,933	42.7%	12,920	41.5%
	148,718	47.1%	140,506	47.6%

Management Discussions and Analysis

Our gross profit margin for general practice services decreased from approximately 55.7% for the Interim Period of FY2024 to approximately 54.5% for the Interim Period of FY2025 mainly due to the percentage increase in cost of general practice services rendered being higher than the percentage increase in revenue of such services.

Our gross profit margin for specialties services increased from approximately 25.7% for the Interim Period of FY2024 to approximately 29.7% for the Interim Period of FY2025 mainly due to the percentage increase in revenue of specialties services being higher than the percentage increase in cost of service rendered of such services.

Our gross profit margin for dental services slightly increased from approximately 41.5% for the Interim Period of FY2024 to approximately 42.7% for the Interim Period of FY2025.

Other income and gains, net

Our other income and gains, net decreased by approximately HK\$6.9 million from the Interim Period of FY2024 to approximately HK\$3.6 million for the Interim Period of FY2025 which was mainly due to the net fair value changes on the Group's financial assets at fair value through profit or loss which turned from a net fair value gain of approximately HK\$2.4 million for the Interim Period of FY2024 to a net fair value loss of approximately HK\$2.2 million for the Interim Period of FY2025.

Administrative and other expenses

Our administrative and other expenses increased by approximately HK\$6.8 million or 5.6% from approximately HK\$122.0 million for the Interim Period of FY2024 to approximately HK\$128.9 million for the Interim Period of FY2025 which was mainly due to the increase in staff cost of approximately HK\$6.9 million.

Finance costs

The finance costs were approximately HK\$3.2 million for the Interim Period of FY2025 (Interim period of FY2024: approximately HK\$4.3 million).

Share of losses of associates

Our share of losses of associates was approximately HK\$0.2 million for the Interim Period of FY2025 (Interim period of FY2024: approximately HK\$0.8 million).

Income tax expense

Our income tax expense decreased by approximately HK\$0.7 million from approximately HK\$3.9 million for the Interim Period of FY2024 to approximately HK\$3.2 million for the Interim Period of FY2025 due to the decrease in assessable income. Our effective tax rate slightly decreased from approximately 16.3% for the Interim Period of FY2024 to approximately 16.2% for the Interim Period of FY2025.

Management Discussions and Analysis

Profit for the period

As a result of the foregoing, profit for the period decreased by approximately HK\$3.2 million or 16.0% to approximately HK\$16.8 million for the Interim Period of FY2025 from approximately HK\$20.0 million for the Interim Period of FY2024. Our net profit margin decreased from approximately 6.8% for the Interim Period of FY2024 to approximately 5.3% for the Interim Period of FY2025.

Profit attributable to owners of the Company

The Group's profit attributable to owners of the Company was approximately HK\$16.8 million for the Interim Period of FY2025, representing the decrease of approximately HK\$3.2 million or 16.0% from the Interim Period of FY2024. The decrease was primarily attributable to (i) the net fair value changes on the Group's financial assets at fair value through profit or loss which turned from a net fair value gain of approximately HK\$2.4 million for the Interim Period of FY2024 to a net fair value loss of approximately HK\$2.2 million for the Interim Period of FY2025; (ii) the increase in staff cost of approximately HK\$6.9 million; and (iii) the offset by the increase in gross profit of general practice services and specialties services.

After the exclusion of the fair value changes of financial assets at fair value through profit or loss and the fair value changes of investment properties, the Group's profit attributable to owners of the Company was approximately HK\$22.0 million, representing an increase of approximately HK\$2.9 million or 15.0% as compared with that for the Interim Period of FY2024.

BUSINESS REVIEW AND OUTLOOK

Business Review for the Interim Period of FY2025

The Interim Period of FY2025 marked a vital phase for the Group as it continued to navigate the evolving post-pandemic landscape. During the Interim Period of FY2025, the Group faced challenges amidst a market characterised by uncertainties and shifting commercial dynamics, notably as the Hong Kong economy did not regain its pre-pandemic growth pace as expected. Despite these adversities, the Group demonstrated resilience and adaptability in response to the complex business environment, making substantial progress in enhancing its operational effectiveness and efficiency.

Throughout the Interim Period of FY2025, the Group experienced notable developments in its core business segments. The general practice segment exhibited positive momentum, driven by the expansion of its network and the provision of services to privilege clients. Concurrently, the specialties segment witnessed considerable growth with the engagement of additional specialists, particularly in key services such as Ophthalmology and Orthopaedics. The dental services segment faced revenue decline, mainly as a result of severe competition from Greater Bay Area. However, the Group noticed a gradually upward trend in patient intake as patient started to recognize the difference in service quality between Hong Kong and nearby area.

Management Discussions and Analysis

Despite the challenge posed by market sentiment, the Group managed to achieve a moderate increase in its overall revenue during the Interim Period of FY2025. The Group's strategic initiatives in the general practice and specialties segments underscored its capacity to meet medical demands and capitalise on market opportunities. These efforts reflect the Group's uninterrupted commitment to enhancing performance and stabilising its operational outcomes.

The Group maintained a strategic focus on optimising operational efficiency through cost management measures and streamlined processes. Investments in IT infrastructure and digital capabilities further bolstered operational effectiveness and improved the customer experience, aligning the Group to meet evolving customer expectations and leverage technology for enhanced healthcare delivery. Continuous collaborative efforts and strategic partnerships with the Hong Kong Government and other entities remained instrumental in expanding the Group's market reach and unlocking growth opportunities.

On the whole, the Interim Period of FY2025 posed challenges that tested the Group's resilience and strategic agility. Regardless of the market uncertainties, the Group's ability to navigate these dynamics, optimise operational efficiency, and foster strategic collaborations remained pivotal in sustaining its business performance. The Group's unwavering commitment to delivering stakeholder value and pursuing sustainable growth strategies positions it for continued success in the ever-evolving healthcare landscape.

Stable Performance in the General Practice Segment

All through the Interim Period of FY2025, the Group showcased a stable performance in its general practice segment, reflecting the Group's agility and strategic focus in a dynamic healthcare landscape.

In the Interim Period of FY2025, the general practice segment recorded an increase of approximately 3.9% in revenue as compared to the Interim Period of FY2024. Furthermore, the general practice segment demonstrated growth and improvements across key metrics, including revenue streams, service quality enhancements, customer base expansion, and increased capability in capturing market opportunities, which highlight the Group's commitment to addressing the diverse healthcare needs of customers in a rapidly evolving environment.

Aligned with its strategic vision, the Group continued its strategic expansion of the medical centre network during the Interim Period of FY2025. By the official launching of a new medical centre in Tsuen Wan and relocation and expansion of medical centre in North Point, the Group strengthened its position as an integrated medical service platform, enhancing accessibility and extending its reach to a broader customer population.

The Interim Period of FY2025 experienced stabilizing progress in the general practice segment, portrayed by revenue growth, service optimisation, and a focus on personalised care, reinforcing the Group's position as a trusted provider of comprehensive and accessible primary healthcare services.

Management Discussions and Analysis

Strong Tenacity in Specialties Segment

During the Interim Period of FY2025, the Group continued to make significant strides in its specialties segment, further enhancing its leading position in the healthcare sector.

The revenue generated from specialties services during the Interim Period of FY2025 amounted to approximately HK\$81.3 million (Interim Period of FY2024: approximately HK\$65.2 million), reflecting a year-on-year growth of approximately 24.7%. In the specialties segment, the Group saw continued growth and development, with a particular focus on enhancing specialties services such as Ophthalmology, Orthopedics, Psychiatry and Paediatric surgery. By engaging more specialists in these areas, the Group managed to strengthen its capabilities and expertise, ensuring the delivery of high-quality care to patients seeking specialised treatment in these fields.

Furthermore, the Group strategically expanded its eye healthcare services, with a specific emphasis on Ophthalmology services as a core revenue driver within the specialties segment. The introduction of the POLYEYE eye care centre during the year ended 30 June 2024, alongside the engagement of additional ophthalmologists, further solidified the Group's position as a comprehensive and specialised eye care services provider, catering to a diverse range of patient needs.

Strategic Progress in Dental Segment

During the Interim Period of FY2025, the Group's dental services had a decrease in revenue when compared to the Interim Period of FY2024 due to the challenges from the convergence within the Greater Bay Area. The revenue from dental services amounted to approximately HK\$27.9 million during the Interim Period of FY2025, as compared to approximately HK\$31.1 million for the Interim Period of FY2024. In the dental segment, the Group navigated market challenges with resilience and foresight. Despite the recent challenges in this segment, the Group was still causally optimistic in the future of the dental industry in Hong Kong, as a result, the Group has announced the acquisition of Monarch Dental Clinic Limited (previously known as Monarch Medical Services Limited) on 3 January 2025, a strategic move that could enhance its presence and offerings in the dental services market. Further details regarding this acquisition are disclosed in the "Events After the Interim Period of FY2025" section of this interim report.

Expansion of the Pilot Rehabilitation Programme

In the Interim Period of FY2025, the Group recorded additional cases in the expanded "Pilot Rehabilitation Programme for Employees Injured at Work" (the "**Pilot Rehabilitation Programme**"). This initiative, which initially targeted the construction industry, was extended to include sectors like catering, hospitality, transportation, and logistics, resulting in a wider reach and greater impact.

The programme's expansion ushered in a wave of positive outcomes, demonstrating tangible benefits for employees who had suffered work-related injuries. Through a strategic collaboration with CUHK Medical Centre Limited, the Group provided tailored rehabilitation and case management services to participants, leading to significant improvements in their recovery and overall well-being.

Management Discussions and Analysis

The success of the Pilot Rehabilitation Programme was evident in the increased rate of return to work for injured employees, underlining the effectiveness of the rehabilitation interventions implemented by the Group. By focusing on personalised care and rehabilitation solutions, the Group not only helped individuals regain their health but also supported their reintegration into the workforce, contributing to a more productive and inclusive working environment.

The Pilot Rehabilitation Programme's impact reverberated across the industries it served, with participants reporting higher levels of satisfaction and improved quality of life post-injury. These positive outcomes underscored the Group's commitment to excellence in rehabilitation services and its ability to deliver meaningful results that improve the lives of those it serves.

Enduring Development of Healthy Square H2

During the Interim Period of FY2025, Healthy Square H2, situated at Star House in Tsim Sha Tsui, carried on its journey of stable and healthy development.

Underpinned by a steadfast dedication to personalised and customer-centered care, Healthy Square H2 maintained its position as a premier destination for healthcare solutions. Through the provision of a comprehensive array of services, Healthy Square H2 ensured convenient access to a wide range of healthcare services tailored to individual needs.

The health hub's multifunctional event venue continued to serve as a focal point for health promotion efforts, hosting regular health lectures and workshops aimed at emphasising the importance of well-being and enhancing public awareness of health-related matters. By nurturing enduring relationships with customers and promoting a culture of trust and continuity of care, Healthy Square H2 further enriched the overall experience of customers, aligning with the Group's overarching mission of delivering exceptional and personalised healthcare services.

Sustainability and Resilience in the PRC Market

During the Interim Period of FY2025, the Group maintained a stable and enduring presence in its operations within mainland China. The Group's business activities in the People's Republic of China (the "PRC") continued to uphold a strong commitment to customer-centered services and operational excellence.

Operating in the PRC primarily through the Shanghai Human Health Integrated Medical Centre (上海盈健門診部), managed by Pingan Yingjian Medical Management (Shanghai) Limited* (平安盈健醫療管理(上海)有限公司), an associate of the Group, the Group remained dedicated to providing high-quality medical aesthetic services to its clientele in the PRC.

* for identification purpose only

Management Discussions and Analysis

Regardless of the prevailing economic challenges and shifting consumer trends impacting the PRC market, the demand for medical aesthetic services exhibited resilience and growth potential during the Interim Period of FY2025. Maintaining a steadfast focus on customer satisfaction and service excellence, the Group continued to enhance the overall customer experience by investing in facility upgrades and implementing continuous improvement initiatives. By leveraging its expertise and adaptability to market dynamics, the Group reinforced its reputation as a trusted provider of comprehensive health and wellness services in the PRC.

Acknowledging Brand Recognitions and Accolades

The Group maintained its trajectory of success, receiving esteemed awards that underscored its commitment to excellence, customer satisfaction, and community well-being. These accolades not only recognised the Group's dedication to sustainability as well as corporate social responsibility but also affirmed its position as a leader in the healthcare industry.

The Group proudly garnered the following prestigious awards during the Interim Period of FY2025:

- Happy Company Award (開心工作間): Conferred by the Promoting Happiness Index Foundation and the Hong Kong Productivity Council for more than 10 consecutive years, recognizing the Group's commitment to fostering a positive work environment and employee well-being.
- Health Partnership Award 2024 — Outstanding Integrated Medical and Health Service Award (2024健康同行夥伴大獎 — 傑出綜合醫健服務獎): Presented by ETNet, acknowledging the Group's excellence in providing comprehensive medical and health services that meet the diverse needs of the community.
- Hong Kong Power Brand 2023/2024: Recognised by HKIM, this award celebrates the Group's strong brand presence and influence in the Hong Kong market, highlighting its commitment to delivering quality healthcare services and products.

Management Discussions and Analysis

Professional Services Provided by the Group

As at 31 December 2024, the Group operated 54 medical centres, 1 day procedure centre, 3 retail centres and 1 community pharmacy in Hong Kong under the following brand names with 106 service points.



As a leading and comprehensive healthcare service provider in Hong Kong, the Group sustained its position during the Interim Period of FY2025 by delivering a broad spectrum of healthcare services which encompass, but are not limited to, general practice services, specialties services, dental services, eye care services, physiotherapy, outreach, rehabilitation and case management, diagnostics and imaging, day procedure and endoscopy, Chinese medicine, medical aesthetic and wellness services as well as sale of healthcare products and services. This extensive portfolio catered to the diverse medical and wellness needs of customers, guaranteeing a comprehensive approach to their healthcare requirements.

Management Discussions and Analysis

During the Interim Period of FY2025, the Group provided the following comprehensive healthcare services:

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

The Group attributes its eminent market standing to its proficient and seasoned cadre of healthcare specialists. Its committed team comprises of general practitioners, specialists, dentists, as well as other specialised professionals such as clinical psychologist, physiotherapist, radiographer, optometrist, registered nurse, pharmacist, dental hygienist, nutritionist, case manager and rehabilitation manager, etc. With a total of 484 members, this diverse and talented team ensures the delivery of comprehensive, professional, and customer-centered care services to the community.

Management Discussions and Analysis

Business Outlook

Amidst the backdrop of ongoing global economic uncertainties and weakened consumer confidence, the healthcare sector stands as a dynamic arena ripe with challenges and prospects. The board of directors of the Company (the “**Board**”) continues to embrace a cautiously optimistic stance towards the second half of FY2025, recognising the need for agile responses to market shifts and the potential for growth opportunities. Positioned strategically, the Group is geared to navigate evolving landscapes and harness emerging trends to propel its business trajectory forward.

Efficacious Expansion Strategies and Revenue Diversification

The Group has embarked on a proactive journey towards exploring avenues for strategic growth and revenue diversification since past years and throughout the Interim Period of FY2025. Through exploration of innovative partnerships and insightful market analysis, the Group intends to further broaden its market footprint and serve a more diverse customer base. Embracing digital transformation initiatives remains a cornerstone in enhancing patient care standards and operational efficiencies. In the meantime, the Group’s commitment to operational excellence signifies its efforts to refine supply chains, streamline processes, and leverage data-driven strategies to optimise efficiencies, curtail expenditures, and deliver sustainable value to stakeholders.

Sustained Collaboration with the Hong Kong Government for Enhanced Community Healthcare

Throughout the Interim Period of FY2025, the Group maintained its commitment to working closely with the Hong Kong Government, continuing to offer essential healthcare services under government-led initiatives. These initiatives included, among others, the Seasonal Influenza Vaccination Subsidy Scheme, the Chronic Disease Co-Care Pilot Scheme (CDCC), the Colorectal Cancer Screening Program (CRC), and the Pilot Rehabilitation Programme. These collaborative efforts exemplify the Group’s dedication to public health and community well-being, fostering a healthier and more resilient society.

Looking ahead to the second half of FY2025, the Group remains steadfast in its pursuit of strengthening its partnership with the Hong Kong Government. By continuing to engage in these collaborative programs, the Group aims to further enhance the accessibility and quality of healthcare services offered to the community. Through sustained participation in community care-related initiatives, the Group is dedicated to providing comprehensive, coordinated, and person-centered care services to the Hong Kong population and to promoting the health and wellness of the community.

Continued Digital Investments

During the Interim Period of FY2025, the Group launched its self-developed integrated clinical platform at its general practices centres and extended to specialties centres, emphasising enhanced patient care standards and operational efficiency. This strategic step highlights the Group’s commitment to streamlining medical processes and optimising treatment coordination for a seamless healthcare experience. Leveraging technology and best practices, the Group aims to streamline operations, enhance customer experience and satisfaction, and improve resource utilisation within specialties centres.

Management Discussions and Analysis

Simultaneously, the Group intensified its digital investments during the Interim Period of FY2025, enhancing IT infrastructure to drive digital transformation. In a bid to enhance service efficiency and quality, the Group introduced an omnichannel messaging platform such as WhatsApp enquiry function to expedite responses to public inquiries. This initiative aims to smoothen communication processes, enabling quicker and more responsive interactions with customers. By incorporating this feature, the Group reinforces its commitment to enhancing customer engagement and providing a seamless and personalised experience.

Looking at the second half of FY2025, the Group will continue to enhance its digital capabilities. The Group intends to explore advanced technologies for data management, telemedicine services, and customer engagement tools to elevate healthcare delivery.

Panorama for the Second Half of FY2025

Moving forward into the second half of FY2025, the Group is poised to focus on strategic initiatives aimed at fortifying its position as a leading provider of high-quality healthcare services. Amidst the evolving landscape of healthcare demands and economic uncertainties, the Group is steadfast in its commitment to enhancing operational excellence, digitalisation, and engaging with top talents to ensure the seamless delivery of exceptional healthcare services.

To drive sustainable growth and proactively expand its service offerings, the Group will prioritise appropriate network expansion initiatives. By strategically enhancing its medical centre network and coverage as well as service offerings, the Group aims to broaden its reach, ensuring increased accessibility to comprehensive healthcare services for a wider patient demographic.

Digitalisation remains a key focus for the Group in the upcoming period. By leveraging advanced technologies and innovative digital solutions, the Group aims to further strengthen customer engagement, operational efficiency, and healthcare delivery standards. Through the continued integration of digital tools and platforms, the Group is dedicated to provide personalised and person-centered care experiences.

Moreover, the Group will prioritise engagement with professional talents, particularly in specialties services, to expand the range of specialised medical services and expertise available. By attracting and collaborating with a diverse pool of healthcare professionals, the Group aims to offer a broader spectrum of healthcare options, ensuring that patients receive tailored and exceptional services across various specialties.

The Group continues the collaborations and partnerships with its strategic partners, along with the establishment of the mega health hub Healthy Square H2, targets to capitalise on the benefits and synergies generated through these business alliances. This positions the Group for sustainable growth and solidifies its leading posture in the formation of the medical and wellness ecosystem and contributes to the overall development of the healthcare sector.

At the core of its operations, the Group upholds a robust commitment to ethical conduct and social responsibility. Prioritising environmental sustainability, community engagement, and ethical practices, the Group's corporate social responsibility (CSR) initiatives are intricately woven into its mission of fostering human health and well-being. By championing diversity, equity, inclusivity, and positive societal contributions, the Group aligns its values with actions that aim to uplift community well-being and create long-lasting impacts.

Management Discussions and Analysis

In conclusion, the Group's outlook for the second half of FY2025 underlines its unwavering commitment to continuous improvement, person-centered service delivery, and the provision of comprehensive healthcare solutions. By focusing on network expansion, operational excellence, digitalisation, and talent engagement, the Group is well-positioned to strengthen its position as a premier provider of exceptional and personalised healthcare experiences, delivering sustainable value to all stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had net current assets of approximately HK\$417.1 million (as at 30 June 2024: approximately HK\$397.8 million), which included cash and cash equivalents and pledged deposits of approximately HK\$480.9 million (as at 30 June 2024: approximately HK\$490.6 million). As at 31 December 2024, the Group had interest-bearing bank borrowings of approximately HK\$28.5 million (as at 30 June 2024: approximately HK\$31.5 million) which comprise (i) a revolving loan of HK\$20.0 million (as at 30 June 2024: Nil) at an interest of Hong Kong Interbank Offered Rate plus 1.5%; and (ii) a bank mortgage loan of approximately HK\$8.5 million (as at 30 June 2024: bank mortgage loans of approximately HK\$31.0 million) which will be matured in 2036 at an interest of Hong Kong Interbank Offered Rate plus 1.2%. As at 31 December 2024, the Group had unutilized loan facilities of approximately HK\$80.0 million (as at 30 June 2024: approximately HK\$20.2 million). All the interest-bearing bank borrowings and unutilized loan facilities were held in Hong Kong dollars and the cash and cash equivalents and pledged deposits were held in Hong Kong dollars and Renminbi.

As at 31 December 2024, the Group's gearing ratio, which is net debt (represent interest-bearing bank borrowings) divided by the adjusted capital plus net debt, was approximately 3.6% (as at 30 June 2024: approximately 4.0%).

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the Interim Period of FY2025. The capital of the Company comprises ordinary shares and other reserves.

CHARGES ON GROUP ASSETS

As at 31 December 2024, a fixed deposit of approximately HK\$1.0 million (as at 30 June 2024: approximately HK\$1.0 million) has been pledged to a bank as collateral security for banking facilities granted to the extent of HK\$1.0 million. Properties which were held by the Group have been pledged to a bank for the bank mortgage loan of approximately HK\$8.5 million (as at 30 June 2024: bank mortgage loans of approximately HK\$31.0 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 instruments to hedge against the fluctuations in the exchange rate between Renminbi and Hong Kong dollars. However, the Group monitors foreign exchange exposure regularly and would consider if there is a need to hedge against significant foreign currency exposure when necessary.

Management Discussions and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as the acquisition as disclosed in the “Events After the Interim Period of FY2025” section of this interim report, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the Interim Period of FY2025 and up to the date of this interim report.

SIGNIFICANT INVESTMENTS

On 29 May 2019, Actwise Limited (“**Actwise**”), a wholly owned subsidiary of the Company, and Inno Healthcare Limited (“**Inno Healthcare**”), the general partner of New Journey Healthcare LP, a Cayman Islands exempted limited partnership (“**Limited Partnership**”), entered into a subscription agreement (the “**LP Subscription Agreement**”), pursuant to which Actwise subscribed for partnership interests in the Limited Partnership with the capital commitment of RMB30 million. Following the acceptance of the LP Subscription Agreement by Inno Healthcare on the same day, Actwise is admitted as a limited partner to the Limited Partnership by entering into a limited partnership agreement (the “**Limited Partnership Agreement**”). As at 31 December 2024, Actwise was the holder of approximately 73.2% of the partnership interest in the Limited Partnership and the Limited Partnership was registered as the holder of 1,684,808 shares of New Journey Health Group Limited (formerly known as New Journey Hospital Group Limited).

The investment objective of the Limited Partnership is to invest in New Journey Health Group Limited, a holding company of an integrated hospital group in the PRC which primarily engages in the operation of hospitals, primary medical care, internet medical care services, cross border medical care services, elderly care services, supply chain centres and radiotherapy services. Details of the LP Subscription Agreement and the Limited Partnership Agreement are set out in the announcements of the Company dated 29 May 2019, 9 July 2019 and 10 January 2020.

The investment in the Limited Partnership is stated at fair value and is recorded as “Financial assets at fair value through profit or loss” in the consolidated statement of financial position. As at 31 December 2024, the fair value of the investment in the Limited Partnership amounted to approximately HK\$58.7 million, which represents approximately 5.7% of the total assets of the Group as at 31 December 2024. A fair value loss of approximately HK\$3.2 million was recorded as at 31 December 2024. No dividend was received from this investment by the Group for the Interim Period of FY2025.

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.

Management Discussions and Analysis

As disclosed in the announcement of the Company dated 10 July 2024, the term of the Limited Partnership has been expired on 29 May 2023 and has been extended for one year to 28 May 2024 pursuant to the Limited Partnership Agreement. Inno Healthcare and the limited partners entered into an amendment agreement to the Limited Partnership Agreement on 10 July 2024 to amend the Limited Partnership Agreement for the further extension of term until 31 December 2024. As disclosed in the announcement of the Company dated 23 December 2024, Inno Healthcare and the limited partners entered into a consent of extension of term of the Limited Partnership Agreement to further extend the term until 30 June 2025. For further details, please refer to the Company's announcements dated 10 July 2024 and 23 December 2024.

Save as disclosed above, the Group did not hold any significant investments during the Interim Period of FY2025.

CAPITAL COMMITMENTS

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Contracted, but not provided for: Capital expenditures	2,059	179

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

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2024 (as at 30 June 2024: Nil).

EMPLOYEES

As at 31 December 2024, the Group had 388 full-time employees (as at 31 December 2023:386) and 377 part-time employees (as at 31 December 2023: 403).

We recruit personnel from the open market and we formulate our recruitment policy based on market conditions, our business demands 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, optometrist, pharmacist, registered nurse, dental hygienist, nutritionist, case manager and rehabilitation manager, etc and take into account a number of factors such as experience, skills and competencies. We assess their credentials and suitability through interviews and aptitude tests as appropriate. We also provide training programmes regularly for our employees at different levels.

Management Discussions and Analysis

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Interim Period of FY2025 (the Interim Period of FY2024: Nil).

EVENTS AFTER THE INTERIM PERIOD OF FY2025

On 3 January 2025, the Company, Rank Best Group Limited ("**Rank Best**", an indirect wholly-owned subsidiary of the Company), Monarch Medical Holdings Limited (the "**Vendor**") and Dr. Cheung Yu Lung ("**Dr. Cheung**"), entered into the sale and purchase agreement, pursuant to which Rank Best conditionally agreed to purchase, and the Vendor conditionally agreed to sell, 7,500 ordinary shares of Monarch Dental Clinic Limited (the "**Target Company**", previously known as Monarch Medical Services Limited), representing 75% of the total issued share capital of the Target Company for a consideration of HK\$38,850,000 (subject to adjustments) (the "**Acquisition**").

Upon completion of the Acquisition (the "**Completion**"), Rank Best will hold 75% of the issued share capital of the Target Company, which will become an indirect non wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Group. Dr. Cheung will, upon Completion, through the Vendor, hold the remaining 25% of the issued share capital of the Target Company.

As part of the shareholders' agreement in relation to the Target Company to be entered into by the Target Company, Rank Best and the Vendor upon Completion (the "**Shareholders' Agreement**"), the Vendor will be granted the put option (the "**Put Option**") to require Rank Best to purchase all of its shares in the Target Company in accordance with the terms and conditions of the Shareholders' Agreement.

As the highest applicable percentage ratio in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**").

As the highest applicable percentage ratio in respect of the grant of the Put Option, when aggregated with the Acquisition, is more than 5% but less than 25%, the grant of the Put Option, when aggregated with the Acquisition, constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the Acquisition and the Put Option are set out in the announcement of the Company dated 3 January 2025 and the supplemental announcement of the Company dated 25 February 2025.

Other Information

CORPORATE GOVERNANCE PRACTICE

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

The Board has reviewed the Company’s corporate governance practices to ensure its continuous compliance with the CG Code. Save for the deviations from code provision C.2.1 of Part 2 of the CG Code as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code, and adopted the recommended best practice of the CG Code in so far as they are relevant and practical during the Interim Period of FY2025.

Under the code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Chan Kin Ping, BBS, JP as both the chairman and the chief executive officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership of the Group and enables more effective and efficient overall strategic planning. In addition, since the major decisions of the Group, including but not limited to material transactions undertaken by the Group and corporate governance, will require discussion and approval by all Board members, the Board believes that the other Board members have sufficient power in scrutinising and/or monitoring the exercise of power by the chairman and chief executive officer. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman and chief executive officer of the Company as and when appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by the directors of the Company (the “**Directors**”). In response to a specific enquiry made by the Company, all Directors have confirmed their compliance with the required standard as set out in the Model Code during the Interim Period of FY2025.

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

SHARE SCHEMES

(1) Share Option Scheme

The Company adopted the share option scheme pursuant to the written resolution of the Shareholders on 17 February 2016 (the “**Share Option Scheme**”), which was subsequently amended on 7 December 2023. The Directors confirm that the terms of the Share Option Scheme comply with the requirements under Chapter 17 of the Listing Rules.

On 4 October 2016 and 28 May 2018, the Group granted share options to certain eligible persons to subscribe for 2,740,000 ordinary shares of the Company (the “**Shares**”) and 460,000 ordinary Shares respectively (the “**Share Options**”) pursuant to the Share Option Scheme. As at 31 December 2024, 3,200,000 Share Options were granted and 150,000 Share Options remained outstanding. No Share Option has been granted, exercised, cancelled or lapsed during the Interim Period of FY2025.

During the Interim Period of FY2025, details of movements of the Share Options granted under the Share Option Scheme were as follow:

Name of Grantees	Position held with the Group as at 31 December 2024	Offer Date	Exercise Price per Share Option	Exercise Period	Number of	Number of	Number of	Number of	Number of	
					Outstanding Share Options as at 1 July 2024	Share Options Granted during the Interim Period of FY2025	Share Options Exercised during the Interim Period of FY2025	Share Options Lapsed during the Interim Period of FY2025	Share Options Cancelled during the Interim Period of FY2025	Outstanding Share Options as at 31 December 2024
Other eligible persons – employees (in aggregate)	-	28 May 2018	HK\$2.09 ⁽ⁱ⁾	1 June 2021 to 31 May 2027 ⁽ⁱⁱ⁾	50,000	-	-	-	-	50,000
Other eligible persons – suppliers (in aggregate) ⁽ⁱ⁾	-	28 May 2018	HK\$2.09 ⁽ⁱ⁾	1 June 2021 to 31 May 2027 ⁽ⁱⁱ⁾	100,000	-	-	-	-	100,000
Total					150,000	-	-	-	-	150,000

Notes:

- (i) 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:
- The first 33% of the Share Options shall be exercisable from 1 June 2021 to 31 May 2027;
 - The second 33% of the Share Options shall be exercisable from 1 June 2022 to 31 May 2027; and
 - The remaining 34% of the Share Options shall be exercisable from 1 June 2023 to 31 May 2027.

Other Information

- (ii) HK\$2.09 per Shares which represented the higher of (i) the closing price of HK\$2.09 per Share as stated on the daily quotation sheet issued by the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 May 2018 (being the date of grant); (ii) the average closing price of HK\$1.978 per Share as stated on the daily quotation sheet issued by the Stock Exchange for the five (5) business days immediately preceding the date of grant; and (iii) the nominal value of the Share. The closing price of the Shares immediately before the date on which the Share Options were granted on 28 May 2018 was HK\$2.02 per Share.
- (iii) The grantee who is supplier of the Company is Dr. Seto Siu Keung ("**Dr. Seto**"), who is a co-head of dental unit of the Group. Dr. Seto was granted 100,000 Share Options. The Share Options were granted to the grantee based on the fact that the grantee had provided great contributions to the development of the dental unit of the Group, particularly on the high-end dental services and management of the dentists team. The Board considered that the grantee had provided contributions to the Group in his practice area and reward should be given to the grantee.
- (iv) No performance target is required to be met before exercise of the Share Options.

(2) Share Award Scheme

The Company adopted the share award scheme (the "**Share Award Scheme**") by ordinary resolution of the shareholders of the Company in the annual general meeting held on 7 December 2023 (the "**Adoption Date**"). As at 31 December 2024, no share award has been granted pursuant to the Share Award Scheme. During the Interim Period of FY2025, no share award was granted, issued, vested, cancelled or lapsed pursuant to the Share Award Scheme. The Directors confirm that the terms of the Share Award Scheme comply with the requirements under Chapter 17 of the Listing Rules.

Share Option Scheme and Share Award Scheme

The maximum number of new Shares which may be issued in respect of all share awards to be granted under the Share Award Scheme, all share options to be granted under the Share Option Scheme, and all share options and share awards to be granted under any other share scheme(s) involving the grant of awards or options over Shares adopted or to be adopted by the Company from time to time ("**Share Schemes**") shall not be, in aggregate, more than 37,955,223 Shares, representing approximately 10% of the Shares in issue as at the Adoption Date. The maximum number of new Shares which may be issued in respect of all share awards to be granted under the Share Award Scheme, all share options to be granted under the Share Option Scheme, and all share options and share awards to be granted under any other Share Schemes to the service providers of the Company, shall not be, in aggregate, more than 30,364,178 Shares, representing approximately 8% of the Shares in issue as at the Adoption Date.

The number of share options and share awards available for grant under the scheme mandate at the beginning and at the end of the Interim Period of FY2025 was 37,805,223 Shares respectively. The number of share options and share awards available for grant under the service provider sublimit at the beginning and at the end of the Interim Period of FY2025 was 30,264,178 Shares respectively.

The total number of Shares that may be issued in respect of the share options and share awards granted under the Share Option Scheme and the Share Award Scheme during the Interim Period of FY2025 divided by the weighted average number of Shares in issue (excluding treasury Shares, if any) for the period was nil.

Other Information

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

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) (a) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Interests in Shares or underlying Shares

Name of Director	Capacity in which the Shares were held	Number of Shares held	Approximate percentage of total issued Shares ^{(Note (iii))}
Mr. Chan Kin Ping, BBS, 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%
Mr. Poon Chun Pong	Beneficial owner	486,000	0.13%

Notes:

- (i) Mr. Chan Kin Ping, BBS, JP ("**Mr. Chan**"), Dr. Pang Lai Sheung ("**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 Share pursuant to Part XV of the SFO.
- (iii) The percentages were calculated based on the total number of issued Shares as at 31 December 2024.

Other Information

Interests in shares of Treasure Group (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, BBS, 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 31 December 2024.

All the above interests in the Shares and the shares of the Associated Corporation were long positions and the class of shares in which the interests are held are ordinary shares of the respective companies.

Save as disclosed above, as at 31 December 2024, 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.

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

As at 31 December 2024, 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 (ii))}
Treasure Group Global Limited	Beneficial owner ^{(Note (i))}	252,346,286	66.49%

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 percentages were calculated based on the total number of issued Shares as at 31 December 2024.

Other Information

All the above interests in the Shares were long positions and the class of Shares in which the interests are held are ordinary Shares.

Save as disclosed above, the Directors are not aware of any other corporations or person who, as at 31 December 2024, 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.

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

During the Interim Period of FY2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury Shares). As at 31 December 2024, the Company did not hold any treasury Shares.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed, with the management of the Company, the unaudited consolidated interim results for the Interim Period of FY2025, including the accounting principles and practices adopted by the Group, and discussed the internal controls, going concern issues and financial reporting matters related to the preparation of the interim results of the Group for the Interim Period of FY2025.

On behalf of the Board
Chan Kin Ping, BBS, JP
Chairman

Hong Kong, 26 February 2025

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 31 December 2024

		Six months ended 31 December	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
	Notes		
REVENUE	4	315,788	295,190
Cost of services rendered		(167,070)	(154,684)
Gross profit		148,718	140,506
Other income and gains, net	4	3,611	10,482
Administrative and other expenses		(128,854)	(122,019)
Finance costs	6	(3,230)	(4,275)
Share of losses of associates		(179)	(760)
PROFIT BEFORE TAX	5	20,066	23,934
Income tax expense	7	(3,244)	(3,901)
PROFIT FOR THE PERIOD		16,822	20,033
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income, net		(1,324)	(3,086)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(167)	136
OTHER COMPREHENSIVE LOSS FOR THE PERIOD		(1,491)	(2,950)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		15,331	17,083
Profit attributable to:			
Owners of the Company		16,822	20,033
Total comprehensive income attributable to:			
Owners of the Company		15,331	17,083
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		HK4.4 cents	HK5.3 cents
Diluted		HK4.4 cents	HK5.3 cents

Interim Condensed Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	193,677	206,424
Investment properties		18,200	21,100
Goodwill	11	31,964	31,964
Other intangible assets		1,425	2,156
Investments in associates		9,708	9,887
Loan to an associate		11,130	11,235
Financial assets at fair value through other comprehensive income	12	5,729	7,053
Financial assets at fair value through profit or loss	13	97,881	100,120
Prepayments, deposits and other receivables		46,452	49,978
Deferred tax assets		3,141	2,842
Total non-current assets		419,307	442,759
CURRENT ASSETS			
Inventories		24,035	32,284
Trade receivables	14	57,767	43,699
Prepayments, deposits and other receivables		27,059	23,729
Tax recoverable		20,822	23,298
Pledged deposits		1,025	1,021
Cash and cash equivalents		479,837	489,583
Total current assets		610,545	613,614
CURRENT LIABILITIES			
Trade payables	15	54,474	51,641
Other payables and accruals		43,627	52,165
Lease liabilities		46,310	49,022
Contract liabilities		19,113	20,765
Interest-bearing bank borrowings		28,500	31,542
Tax payable		1,374	10,685
Total current liabilities		193,398	215,820
NET CURRENT ASSETS		417,147	397,794
TOTAL ASSETS LESS CURRENT LIABILITIES		836,454	840,553

Interim Condensed Consolidated Statement of Financial Position

31 December 2024

	Note	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Other long-term payables		7,424	7,562
Lease liabilities		57,351	65,896
Deferred tax liabilities		309	429
		<hr/>	<hr/>
Total non-current liabilities		65,084	73,887
		<hr/>	<hr/>
NET ASSETS			
		771,370	766,666
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	3,796	3,796
Reserves		767,574	762,870
		<hr/>	<hr/>
Total equity		771,370	766,666
		<hr/>	<hr/>

Mr. Chan Kin Ping, BBS, JP
Director

Dr. Pang Lai Sheung
Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 31 December 2024

		Attributable to owners of the Company						
	Note	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	Total equity HK\$'000
At 1 July 2023 (audited)		3,796	190,221	27,411	(1,973)	223	588,539	808,217
Profit for the period		-	-	-	-	-	20,033	20,033
Other comprehensive loss for the period that will not be reclassified to profit or loss:								
Fair value loss on financial assets at fair value through other comprehensive income, net		-	-	(3,086)	-	-	-	(3,086)
Other comprehensive income for the period that may be reclassified to profit or loss in subsequent periods:								
Exchange differences on translation of foreign operations		-	-	-	136	-	-	136
Total comprehensive income/(loss) for the period		-	-	(3,086)	136	-	20,033	17,083
Final 2023 dividend	8	-	-	-	-	-	(60,728)	(60,728)
At 31 December 2023 (unaudited)		<u>3,796</u>	<u>190,221</u>	<u>24,325</u>	<u>(1,837)</u>	<u>223</u>	<u>547,844</u>	<u>764,572</u>
At 1 July 2024 (audited)		3,796	190,221	22,560	(2,134)	186	552,037	766,666
Profit for the period		-	-	-	-	-	16,822	16,822
Other comprehensive loss for the period that will not be reclassified to profit or loss:								
Fair value loss on financial assets at fair value through other comprehensive income		-	-	(1,324)	-	-	-	(1,324)
Other comprehensive loss for the period that may be reclassified to profit or loss in subsequent periods:								
Exchange differences on translation of foreign operations		-	-	-	(167)	-	-	(167)
Total comprehensive income/(loss) for the period		-	-	(1,324)	(167)	-	16,822	15,331
Final 2024 dividend	8	-	-	-	-	-	(10,627)	(10,627)
At 31 December 2024 (unaudited)		<u>3,796</u>	<u>190,221</u>	<u>21,236</u>	<u>(2,301)</u>	<u>186</u>	<u>558,232</u>	<u>771,370</u>

* These reserve accounts comprise the consolidated reserves of HK\$767,574,000 as at 31 December 2024 (30 June 2024: HK\$762,870,000) in the condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 31 December 2024

	Notes	Six months ended 31 December	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		20,066	23,934
Adjustments for:			
Depreciation	5	32,098	32,310
Amortisation of other intangible assets	5	731	806
Write-down of inventories to net realisable value	5	300	17
Share of losses of associates		179	760
Loss/(gain) on disposal of items of property, plant and equipment, net	5	17	(15)
Gain on early termination of leases	5	(582)	–
Changes in fair value of investment properties	4	2,900	1,500
Fair value loss/(gain) of financial assets at fair value through profit or loss, net	4	2,239	(2,430)
Underprovision for reinstatement costs		29	235
Interest on bank borrowings	6	468	1,084
Interest on lease liabilities	6	2,657	3,090
Interest in discounted amounts of provision for reinstatement costs arising from the passage of time	6	105	101
Interest in discounted amounts of rental deposits arising from the passage of time	4	(118)	(113)
Interest income	4	(7,866)	(8,499)
		53,223	52,780
Decrease/(increase) in inventories		7,949	(4,450)
(Increase)/decrease in trade receivables		(14,068)	53,289
Decrease in prepayments, deposits and other receivables		793	2,484
Increase/(decrease) in trade payables		2,833	(2,865)
Decrease in other payables and accruals		(9,896)	(29,336)
Decrease in contract liabilities		(1,652)	(4,716)
Cash generated from operations		39,182	67,186
Interest received		7,594	8,228
Hong Kong profits taxes paid, net		(10,498)	(112,123)
Net cash flows from/(used in) operating activities		36,278	(36,709)

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of items of property, plant and equipment	–	17
Purchase of items of property, plant and equipment	(2,607)	(26,356)
Settlement of provision	(181)	(386)
Decrease in time deposits with maturity of more than three months when acquired	271,271	45,945
	<hr/>	<hr/>
Net cash flows from investing activities	268,483	19,220
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loan	20,000	–
Repayment of bank loans	(23,042)	(3,235)
Bank loan interest paid	(452)	(923)
Lease interest	(2,657)	(3,090)
Repayment of principal portion of lease liabilities	(26,406)	(25,565)
Dividend paid	(10,613)	(60,646)
	<hr/>	<hr/>
Net cash flows used in financing activities	(43,170)	(93,459)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	261,591	(110,948)
Cash and cash equivalents at beginning of period	136,097	295,104
Effect of foreign exchange rate changes, net	(62)	51
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	397,626	184,207
	<hr/>	<hr/>

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 31 December 2024

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	191,274	184,207
Non-pledged time deposits	288,563	300,205
	<hr/>	<hr/>
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	479,837	484,412
Non-pledged time deposits with maturity more than three months when acquired	(82,211)	(300,205)
	<hr/>	<hr/>
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	397,626	184,207
	<hr/>	<hr/>

Notes to Interim Condensed Consolidated Financial Statements

1. CORPORATE INFORMATION

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

The Company is an investment holding company. During the period, the Group was 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.

2.1. BASIS OF PREPARATION AND PRESENTATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accounts (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2024.

The unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to nearest thousand except when otherwise indicated.

Notes to Interim Condensed Consolidated Financial Statements

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2024, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Agreements</i>

The adoption of the revised HKFRSs has no material effect on these unaudited interim condensed financial statements. The Group has not early adopted any new and revised HKFRSs that has been issued but not yet effective in the current accounting period.

3. SEGMENT INFORMATION

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

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

Notes to Interim Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (continued)

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

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.

Six months ended 31 December

	General practice services		Specialties services		Dental services		Total	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Segment revenue								
Revenue from external customers	206,609	198,929	81,256	65,152	27,923	31,109	315,788	295,190
Intersegment sales	393	704	3,357	3,005	14	9	3,764	3,718
Total segment sales							319,552	298,908
Reconciliation:								
Elimination of intersegment sales							(3,764)	(3,718)
Total revenue							315,788	295,190
Segment results	54,136	55,833	(1,035)	(16,621)	3,999	4,274	57,100	43,486
Reconciliation:								
Interest income							7,866	8,612
Corporate and unallocated income							678	4,555
Corporate and unallocated expenses							(44,898)	(30,869)
Finance costs							(501)	(1,090)
Share of losses of associates							(179)	(760)
Profit before tax							20,066	23,934
Income tax credit/(expense)	(3,362)	(3,483)	-	-	118	(418)	(3,244)	(3,901)
Profit for the period							16,822	20,033

Notes to Interim Condensed Consolidated Financial Statements

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Integrated healthcare services income	315,788	295,190
Disaggregated revenue information		
Types of services		
General practice services	206,609	198,929
Specialties services	81,256	65,152
Dental services	27,923	31,109
Total	315,788	295,190

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

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

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income and gains, net		
Bank interest income	7,594	8,228
Interest income from loan to an associate	272	271
Interest in discounted amounts of rental deposits arising from the passage of time	118	113
Fair value (loss)/gain of financial assets at fair value through profit or loss, net	(2,239)	2,430
Fair value loss of investment properties, net	(2,900)	(1,500)
Government subsidies*	79	351
Rental income from investment properties	312	260
Others	375	329
Total	3,611	10,482

* At the end of the reporting period, there were no unfulfilled conditions or other contingencies attaching to the government subsidies that had been recognised by the Group.

Notes to Interim Condensed Consolidated Financial Statements

5. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of pharmaceutical supplies	46,271	50,430
Fees payable to doctors and dentists	110,508	97,060
Laboratory expenses	2,047	2,018
Other direct cost (note iii)	7,944	5,159
Write-down of inventories to net realisable value	300	17
	<hr/>	<hr/>
Total cost of services rendered	167,070	154,684
	<hr/>	<hr/>
Depreciation charge (note i)	32,098	32,310
Amortisation of other intangible assets (note i)	731	806
Loss/(gain) on disposal of items of property, plant and equipment	17	(15)
Gain on early termination of leases	(582)	–
Auditor's remuneration	1,185	1,056
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	62,699	58,329
Pension scheme contributions (defined contribution schemes) (note ii)	2,580	2,531
	<hr/>	<hr/>
Total	65,279	60,860
	<hr/>	<hr/>

Notes:

- (i) The depreciation charge and amortisation of other intangible assets for the period is included in administrative and other expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income.
- (ii) As at 31 December 2024 and 2023, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.
- (iii) Other direct cost includes HK\$3,360,000 (six months ended 31 December 2023: HK\$2,800,000) of other employee benefit expense for the period ended 31 December 2024.

Notes to Interim Condensed Consolidated Financial Statements

6. FINANCE COSTS

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Interest on bank borrowings	468	1,084
Interest on lease liabilities	2,657	3,090
Interest in discounted amounts of provision for reinstatement costs arising from the passage of time	105	101
Total	<u>3,230</u>	<u>4,275</u>

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 31 December 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 31 December 2023: HK\$2,000,000) are taxed at 8.25% (six months ended 31 December 2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 31 December 2023: 16.5%). No provision for the People's Republic of China ("PRC") corporate income tax has been made as the Group's PRC subsidiary had no estimated assessable profits for the period (six months ended 31 December 2023: Nil).

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Current		
Charge for the period	3,663	3,307
Overprovision in prior years	–	(6)
Deferred	(419)	600
Total tax charge for the period	<u>3,244</u>	<u>3,901</u>

Notes to Interim Condensed Consolidated Financial Statements

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

On 7 December 2024, the Company approved the declaration of the final dividend of HK2.8 cents for the year ended 30 June 2024 (for the year ended 30 June 2023: HK16 cents) per ordinary share amounting to HK\$10,627,000 (for the year ended 30 June 2023: HK\$60,728,000).

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

The calculation of the basic earnings per share amount is based on the unaudited consolidated profit for the period attributable to ordinary equity holders of the Company of HK\$16,822,000 (six months ended 31 December 2023: HK\$20,033,000), and the weighted average number of ordinary shares of 379,552,233 (six months ended 31 December 2023: 379,552,233) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 31 December 2024 and 31 December 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2024, additions of property, plant and equipment amounted to HK\$2,607,000 (six months ended 31 December 2023: HK\$13,316,000).

In addition, the Group has entered into several leases for centres in Hong Kong during the six months ended 31 December 2024. Addition of right-of use assets amounted to HK\$16,780,000 (six months ended 31 December 2023: HK\$19,940,000) has been recognised for the current period.

11. GOODWILL

	HK\$'000
At 1 July 2023, 30 June 2024, 1 July 2024 and 31 December 2024	
Cost	31,964
Accumulated impairment	—
	<hr/>
Net carrying amount	<u>31,964</u>

Notes to Interim Condensed Consolidated Financial Statements

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Unlisted equity investments, at fair value		
– Heals Healthcare	351	1,212
– Unlisted company	5,378	5,841
	<hr/> 5,729 <hr/>	<hr/> 5,841 <hr/>
Total	5,729	7,053

Management designated the above 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. On 3 May 2021, the Group disposed of 51,804 shares at a consideration of HK\$10,361,000.

On 24 January 2018, the Group acquired 100,000 ordinary shares of an unlisted company incorporated in Hong Kong, at a consideration of HK\$3,500,000. On 26 July 2021, the Group acquire additional 38,793 ordinary shares at a consideration of \$45,000. At 31 December 2024, The Group has 10.29% of equity interest in the above-mentioned company.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Investment in redeemable preference shares	31,315	30,808
Unlisted investment funds	58,667	61,829
Other unlisted investment	7,899	7,483
	<hr/> 97,881 <hr/>	<hr/> 7,483 <hr/>
Total	97,881	100,120

During the year ended 30 June 2019, the Group subscribed redeemable preference shares in an unlisted company established in the British Virgin Islands, 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.

Notes to Interim Condensed Consolidated Financial Statements

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

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 (“**Limited Partnership**”) and subscribed 8.8% of the committed fund size amounting to RMB30,000,000 (equivalent to HK\$34,125,000). As detailed in the Company’s announcement dated 10 January 2020, following the change of composition of the Limited Partnership in late 2019, the Group was the holder of approximately 73.2% of the partnership interest in the Limited Partnership as at 31 December 2024 and 30 June 2024, and the Limited Partnership invested in New Journey Health Group Limited. Pursuant to the terms of the limited partnership agreement, the directors of the Company considered the control of the limited partnership remained with the general partner and the Group as a limited partner does not have any controlling power nor exert any significant influence over the Limited Partnership.

During the year ended 30 June 2023, the Group invested in an unlisted investment, which represents a convertible loan issued by a private company in BVI of US\$850,000 (equivalent to HK\$6,680,000).

14. TRADE RECEIVABLES

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Trade receivables	68,937	54,869
Impairment	(11,170)	(11,170)
Net carrying amount	57,767	43,699

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

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

Notes to Interim Condensed Consolidated Financial Statements

14. TRADE RECEIVABLES *(continued)*

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

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Within 2 months	45,879	33,209
2 to 4 months	7,755	6,384
4 to 6 months	2,017	1,674
Over 6 months	2,116	2,432
Total	57,767	43,699

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

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
At beginning of year	11,170	11,943
Reversal of impairment losses, net	–	(773)
At end of year/period	11,170	11,170

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.

Notes to Interim Condensed Consolidated Financial Statements

15. 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:

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Within 1 month	51,382	46,987
1 to 3 months	3,055	4,642
Over 3 months	37	12
Total	54,474	51,641

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

The trade payables of the Group included fees payable to doctors and dentists who are related parties of the Group for the amount of HK\$1,888,000.

16. SHARE CAPITAL

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
Issued and fully paid 379,552,233 (30 June 2024: 379,552,233) ordinary shares of HK\$0.01 each	3,796	3,796

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

Notes to Interim Condensed Consolidated Financial Statements

17. SHARE OPTION SCHEME AND SHARE AWARD SCHEME

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 “**2016 Share Option 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. To bring the terms of the 2016 Share Option Scheme in line with the amended Chapter 17 of the Listing Rules, the Company sought and obtained the approval from the shareholders at the annual general meeting of the Company held on 7 December 2023 (the “**Adoption Date**”) to make certain amendments to the 2016 Share Option Scheme and to adopt the amended share option scheme (the “**2023 Share Option Scheme**”). Eligible participants of the 2023 Share Option Scheme include any director of a Group Company (as defined in the 2023 Share Option Scheme), any employee (whether full time or part time) of a Group Company, any director or employee of any holding company or fellow subsidiary or associated company of the Company, and service providers (as defined in the 2023 Share Option Scheme) of the Group. The 2023 Share Option Scheme became effective on the Adoption Date, unless otherwise cancelled or amended, will remain in force for 10 years from 1 April 2016.

The maximum number of new Shares which may be issued in respect of all share awards to be granted under the Share Award Scheme (as defined below), all share options to be granted under the 2023 Share Option Scheme, and all share options and share awards to be granted under any other share schemes of the Company shall not be, in aggregate, more than 37,955,223 Shares, representing approximately 10% of the Shares in issue as at the Adoption Date. The maximum number of new Shares which may be issued in respect of all share awards to be granted under the Share Award Scheme, all share options to be granted under the 2023 Share Option Scheme, and all share options and share awards to be granted under any other share schemes of the Company to the service providers of the Company, shall not be, in aggregate, more than 30,364,178 Shares, representing approximately 8% of the Shares in issue as at the Adoption Date. The maximum number of Shares issuable in respect of share options to each eligible participant in the 2023 Share Option 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 and/or share awards 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 and/or share awards 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, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

Notes to Interim Condensed Consolidated Financial Statements

17. SHARE OPTION SCHEME AND SHARE AWARD SCHEME *(continued)*

Share Option Scheme *(continued)*

The offer of a grant of share options may be accepted within 28 days from the date of grant. The exercise period of the share options granted is determinable by the directors, and commences after the date on which the option is duly accepted by the grantee in accordance with the terms of the 2023 Share Option Scheme (“**Commencement Date**”) and ends on a date not later than the last day of the 10-year period after the Commencement Date.

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; and (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.

The following share options were outstanding under the 2023 Share Option Scheme during the period:

	Six months ended 31 December			
	2024		2023	
	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	2.090	150	2.090	180
Lapsed during the period	–	–	–	–
At 31 December	<u>2.090</u>	<u>150</u>	<u>2.090</u>	<u>180</u>
Exercisable at the end of the period	<u>2.090</u>	<u>150</u>	<u>2.090</u>	<u>180</u>

As at 31 December 2024, the Option outstanding have a weighted average remaining contractual life of 2.4 years (31 December 2023: 3.4 years) and the weighted average exercise price is HK\$2.090 (31 December 2023: HK\$2.090).

Notes to Interim Condensed Consolidated Financial Statements

17. SHARE OPTION SCHEME AND SHARE AWARD SCHEME *(continued)*

Share Option Scheme *(continued)*

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

At 31 December 2024

Number of options '000	Exercise price* HK\$ per share	Exercise period
49	2.090	1-6-21 to 31-5-27
49	2.090	1-6-22 to 31-5-27
52	2.090	1-6-23 to 31-5-27
<hr/> 150		

At 31 December 2023

Number of options '000	Exercise price* HK\$ per share	Exercise period
59	2.090	1-6-21 to 31-5-27
59	2.090	1-6-22 to 31-5-27
62	2.090	1-6-23 to 31-5-27
<hr/> 180		

* The exercise price of the 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 share options granted on 28 May 2018 were HK\$223,000. The Group did not recognise share option expense during the six months ended 31 December 2024 (six months ended 31 December 2023: Nil).

Notes to Interim Condensed Consolidated Financial Statements

17. SHARE OPTION SCHEME AND SHARE AWARD SCHEME *(continued)*

Share Option Scheme *(continued)*

The fair values 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 28 May 2018	
Underlying stock price		HK\$2.09
Exercise price		HK\$2.09
Contractual option life		9 years
Risk-free rate		2.86%
Expected dividend yield		0.96%
Expected volatility of underlying shares		64%
Exercise multiple	Directors:	N/A
	Employees:	2.20
Weighted average estimated fair value for each share option	Directors:	N/A
	Employees:	HK\$1.2413

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. The fair value of the option is subject to the above inputs and the limitation to the binomial model.

Notes to Interim Condensed Consolidated Financial Statements

17. SHARE OPTION SCHEME AND SHARE AWARD SCHEME *(continued)*

Share Option Scheme *(continued)*

At the end of the reporting period, the Company had 150,000 share options outstanding under the 2023 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 150,000 additional ordinary shares of the Company and additional share capital of HK\$1,500 (before issue expenses) and share premium of HK\$498,000 (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 150,000 share options outstanding under the 2023 Share Option Scheme, which represented approximately 0.04% of the Company's shares in issue as at that date.

The share option reserve comprises the fair value of share options granted which are yet to be exercised. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expired or be forfeited.

Share Award Scheme

The Company adopted the share award scheme (the "**Share Award Scheme**") by ordinary resolution of the shareholders of the Company in the annual general meeting held on 7 December 2023. The purposes and objectives of the Share Award Scheme are to recognize the contributions by certain eligible participants, provide them with incentives in order to retain them for the continual operation and development of the Group, and attract suitable personnel for further development of the Group.

No share award was granted, issued, vested, cancelled or lapsed pursuant to the Share Award Scheme during and end of the reporting period.

Notes to Interim Condensed Consolidated Financial Statements

18. CAPITAL COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period.

	31 December 2024 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Audited)
IT equipment	204	179
Leasehold improvement	1,855	–
Total	2,059	179

19. 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 period:

	Relationship	Nature	Six months ended 31 December 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Fees payable to doctors and dentists who are related parties	(1)	(i)	5,884	7,313
Integrated healthcare services income charged to a related party	(2)	(ii)	8,583	8,431
Donation to a related party	(2)	(iii)	–	2,024

Notes to Interim Condensed Consolidated Financial Statements

19. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Nature of transactions

- (i) The fees represented the professional fee payable to these doctors and dentists for their professional services rendered to the Group. The fees were determined based on the terms as set out in the respective service contracts entered into by the parties and at a rate considered by the directors to be the market rate.
- (ii) The income represented the service income charged for the integrated healthcare services provided by the Group. The income was determined based on the terms as set out in the respective service contract entered into by the parties and at a rate considered by the directors to be the market rate.
- (iii) During the six months ended 31 December 2023, a subsidiary of the Company donated HK\$2,024,000 to a related party for public welfare services.

Relationship of related parties

- (1) These doctors and dentists are also directors of certain subsidiaries of the Group or senior management of the Group.
- (2) Mr. Chan Kin Ping, BBS, JP, controlling shareholder of the Company, is also a director of the related party.

Notes to Interim Condensed Consolidated Financial Statements

19. RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation of key management personnel of the Group

	Six months ended 31 December	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	5,820	3,648
Pension scheme contributions	27	27
Total	5,847	3,675

Fees payable to Dr. Pang Lai Sheung, Dr. Lau Wai Man and Dr. Seto Siu Keung included in note (a) item (i) above also contribute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

20. 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 31 December 2024 (unaudited)

	Carrying amount HK\$'000	Fair value HK\$'000
Loan to an associate	11,130	11,130
Financial assets at fair value through profit or loss	97,881	97,881
Financial assets at fair value through other comprehensive income	5,729	5,729
Deposits, non-current portion	31,571	31,571
Total	146,311	146,311

Notes to Interim Condensed Consolidated Financial Statements

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

Financial assets *(continued)*

As at 30 June 2024 (audited)

	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Loan to an associate	11,235	11,235
Financial assets at fair value through profit or loss	100,120	100,120
Financial assets at fair value through other comprehensive income	7,053	7,053
Deposits, non-current portion	<u>34,857</u>	<u>34,857</u>
Total	<u>153,265</u>	<u>153,265</u>

Management has assessed that the fair values of the current portion of financial assets included in prepayments, deposits and other receivables, trade receivables, pledged deposits, cash and cash equivalents, and financial liabilities included in trade payables, other payables and accruals and interest-bearing bank borrowings 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 and loan to an associate 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.

Notes to Interim Condensed Consolidated Financial Statements

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

Financial assets *(continued)*

The fair values of Heals Healthcare were estimated based on the Black-Scholes option pricing model with reference to enterprise value to sales ("**EV/Sales**") and discount for lack of marketability ("**DLOM**") as at 31 December 2024 and 30 June 2024.

The valuation methodology on estimating the fair value of the unlisted investment funds was the Black-Scholes option pricing model with reference to adjusted prices of recent transactions of the investment as at 31 December 2024 and 30 June 2024.

The fair values of the investment in redeemable preference shares were estimated based on the Black-Scholes option pricing model with reference to adjusted prices of recent transactions of the investment as at 31 December 2024 and 30 June 2024.

The fair values of the unlisted company were estimated based on the price-to-book ratio ("**P/B**") and DLOM as at 31 December 2024 and 30 June 2024.

The Group has estimated the fair value of another unlisted investment, which refers to convertible loans issued by a private company in the BVI by using the binomial model with reference to EV/Sales and DLOM as well as the market interest rates of instruments with similar risk and time to maturity as at 31 December 2024 and 30 June 2024.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the interim condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in interim condensed profit or other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Notes to Interim Condensed Consolidated Financial Statements

20. 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:

As at 31 December 2024 (unaudited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through other comprehensive income	–	–	5,729	5,729
Financial assets at fair value through profit or loss	–	–	97,881	97,881
Total	–	–	103,610	103,610

As at 30 June 2024 (audited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through other comprehensive income	–	–	7,053	7,053
Financial assets at fair value through profit or loss	–	–	100,120	100,120
Total	–	–	107,173	107,173

Notes to Interim Condensed Consolidated Financial Statements

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

Fair value hierarchy *(continued)*

Assets for which fair value are disclosed:

As at 31 December 2024 (unaudited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Loan to an associate	–	11,130	–	11,130
Deposit, non-current portion	–	31,571	–	31,571
Total	–	42,701	–	42,701

As at 30 June 2024 (audited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Loan to an associate	–	11,235	–	11,235
Deposit, non-current portion	–	34,857	–	34,857
Total	–	46,092	–	46,092

Notes to Interim Condensed Consolidated Financial Statements

21. EVENTS AFTER THE REPORTING PERIOD

On 3 January 2025, the Company, Rank Best Group Limited ("**Rank Best**", an indirect wholly-owned subsidiary of the Company), Monarch Medical Holdings Limited (the "**Vendor**") and Dr. Cheung Yu Lung ("**Dr. Cheung**"), entered into the sale and purchase agreement, pursuant to which Rank Best conditionally agreed to purchase, and the Vendor conditionally agreed to sell, 7,500 ordinary shares of Monarch Dental Clinic Limited (the "**Target Company**", previously known as Monarch Medical Services Limited), representing 75% of the total issued share capital of the Target Company for a consideration of HK\$38,850,000 (subject to adjustments) (the "**Acquisition**").

Upon completion of the Acquisition (the "**Completion**"), Rank Best will hold 75% of the issued share capital of the Target Company, which will become an indirect non wholly-owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Group. Dr. Cheung will, upon Completion, through the Vendor, hold the remaining 25% of the issued share capital of the Target Company.

Details of the Acquisition are set out in the announcement of the Company dated 3 January 2025 and the supplemental announcement of the Company dated 25 February 2025.