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Union Medical Healthcare Limited

香港醫思醫療集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2138)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

ANNUAL RESULTS HIGHLIGHTS OF THE YEAR

- Revenue increased by 5.2% from HK\$1,852.5 million for the year ended 31 March 2019 to HK\$1,948.5 million for the year ended 31 March 2020.
- Net profit decreased by 19.3% from HK\$384.5 million for the year ended 31 March 2019 to HK\$310.3 million for the year ended 31 March 2020.
- Revenue contributed by the PRC clients as a percentage to the revenue decreased from 38.0% for the year ended 31 March 2019 to 32.0% for the year ended 31 March 2020.
- Our number of full-time and exclusive Registered Practitioners was 96 as at 31 March 2020.
- Basic earnings per share decreased by 20.7% from 36.7 HK cents for the year ended 31 March 2019 to 29.1 HK cents for the year ended 31 March 2020.
- The Board recommended the declaration of a final dividend of 8.0 HK cents per Share in cash for the year ended 31 March 2020 which is subject to the approval of the shareholders at the AGM. If the above final dividend is approved, the total amount of dividend attributable to the full financial year ended 31 March 2020 will be 23.0 HK cents (2019: 35.0 HK cents) per Share.
- The Group continues to be the largest medical service provider (non-hospital) in Hong Kong, in terms of revenue in 2019 according to Frost and Sullivan.

* For identification purposes only

The Board is pleased to announce the consolidated financial results of the Group for the Reporting Period together with the comparative figures for the corresponding prior period as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

(Expressed in Hong Kong dollars)

		2020	2019
			(Restated)
			(Note)
	Notes	HK\$	HK\$
REVENUE	5	1,948,500,643	1,852,452,059
Other net income and gains	6	38,571,647	20,536,990
Cost of inventories and consumables		(215,636,061)	(227,286,741)
Registered practitioner expenses		(297,275,711)	(207,277,549)
Employee benefit expenses		(539,871,422)	(446,391,375)
Marketing and advertising expenses		(124,443,256)	(154,538,138)
Rental and related expenses		(42,662,695)	(175,578,191)
Credit card expenses		(50,218,456)	(46,723,372)
Depreciation — right-of-use assets		(162,870,997)	—
Depreciation — owned property, plant and equipment		(69,963,994)	(48,987,080)
Charitable donations		(1,736,885)	(3,273,956)
Finance costs	7	(18,063,642)	(2,743,135)
Other expenses		(103,926,837)	(113,481,088)
Share of profits less losses of joint ventures		121,046	3,372,057
PROFIT BEFORE TAX	8	360,523,380	450,080,481
Income tax	9	(50,251,407)	(65,575,517)
PROFIT FOR THE YEAR		310,271,973	384,504,964
Attributable to:			
Equity shareholders of the Company		286,576,155	361,105,819
Non-controlling interests		23,695,818	23,399,145
		310,271,973	384,504,964
EARNINGS PER SHARE	10		
Attributable to equity shareholders of the Company			
Basic		29.1 HK cents	36.7 HK cents
Diluted		29.0 HK cents	36.6 HK cents

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach, under which the comparative information is not restated. See note 3.

For the year ended 31 March 2020, the Group has recorded as revenue for the provision of performance marketing and related services and the comparative information is restated to conform with current year's presentation. See note 21.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2020

(Expressed in Hong Kong dollars)

	2020	2019
	<i>HK\$</i>	<i>(Note)</i> <i>HK\$</i>
PROFIT FOR THE YEAR	310,271,973	384,504,964
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$nil tax	<u>1,181,215</u>	<u>497,941</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>311,453,188</u>	<u>385,002,905</u>
Attributable to:		
Equity shareholders of the Company	<u>287,757,370</u>	361,603,760
Non-controlling interests	<u>23,695,818</u>	<u>23,399,145</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>311,453,188</u>	<u>385,002,905</u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach, under which the comparative information is not restated. See note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

(Expressed in Hong Kong dollars)

		2020	2019
	Notes	HK\$	(Note) HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	11	725,180,462	294,686,071
Investment properties	11	189,000,000	232,000,000
Goodwill		155,437,016	99,099,208
Intangible assets		115,086,308	89,493,118
Interest in joint ventures		50,729,399	37,051,803
Rental and other deposits	14	51,837,382	35,847,456
Prepayments	14	102,782,281	104,513,425
Financial assets at fair value through profit or loss	15	90,584,807	37,356,812
Deferred tax assets		22,324,635	12,239,612
		<u>1,502,962,290</u>	<u>942,287,505</u>
Total non-current assets			
CURRENT ASSETS			
Inventories	12	59,633,764	52,080,763
Trade receivables	13	79,025,977	104,668,285
Prepayments, deposits and other receivables	14	188,887,999	198,690,058
Deferred costs	5	73,014,766	80,455,099
Financial assets at fair value through profit or loss	15	110,960,036	599,830,857
Tax recoverable		19,392,130	–
Pledged time deposits	16	–	2,001,612
Time deposits with original maturity over 3 months	16	950,000	–
Cash and cash equivalents	16	520,441,937	366,969,663
		<u>1,052,306,609</u>	<u>1,404,696,337</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables	17	35,719,130	21,879,324
Other payables and accruals		122,876,724	144,054,378
Bank borrowings	18	261,950,991	497,713,680
Lease liabilities		161,190,926	5,882,739
Deferred revenue	5	436,619,721	420,461,620
Current tax payable		50,938,562	34,936,345
		<u>1,069,296,054</u>	<u>1,124,928,086</u>
Total current liabilities			
NET CURRENT (LIABILITIES)/ASSETS		<u>(16,989,445)</u>	<u>279,768,251</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,485,972,845</u>	<u>1,222,055,756</u>

		2020	2019
	<i>Notes</i>	<i>HK\$</i>	<i>(Note)</i> <i>HK\$</i>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		11,127,747	6,159,759
Lease liabilities		296,761,978	40,889,102
Provision for reinstatement costs		8,550,000	9,110,000
		<u>316,439,725</u>	<u>56,158,861</u>
Total non-current liabilities		<u>316,439,725</u>	<u>56,158,861</u>
NET ASSETS		<u>1,169,533,120</u>	<u>1,165,896,895</u>
CAPITAL AND RESERVES			
Share capital	19	9,853	9,845
Reserves		1,002,717,654	1,041,988,419
		<u>1,002,727,507</u>	<u>1,041,998,264</u>
Total equity attributable to equity shareholders of the Company		<u>1,002,727,507</u>	<u>1,041,998,264</u>
Non-controlling interests		<u>166,805,613</u>	<u>123,898,631</u>
TOTAL EQUITY		<u>1,169,533,120</u>	<u>1,165,896,895</u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach, under which the comparative information is not restated. See note 3.

NOTES TO THE ANNOUNCEMENT

1. CORPORATE INFORMATION

The Group is principally engaged in the provision of medical and healthcare services. The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at L50 Langham Place Office Tower, 8 Argyle Street, Mong Kok, Hong Kong.

2. BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2020 and 2019 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The consolidated financial statements for the year ended 31 March 2020 comprise the Group and the Group's interest in joint ventures.

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 below provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the Group's consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this announcement of annual results. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 which remain substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The change in the definition on a lease does not have any material impact on the Group's lease arrangements.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to leases of properties.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 2.7%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 <i>HK\$</i>
Operating lease commitments at 31 March 2019	523,876,288
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(7,986,567)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	<u>40,295,275</u>
	556,184,996
Less: total future interest expenses	<u>(26,674,681)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019	529,510,315
Add: finance lease liabilities recognised as at 31 March 2019	<u>46,771,841</u>
Total lease liabilities recognised at 1 April 2019	<u><u>576,282,156</u></u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of “obligations under finance leases”, these amounts are included within “lease liabilities”, and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 HK\$	Capitalisation of operating lease contracts HK\$	Carrying amount at 1 April 2019 HK\$
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	294,686,071	529,510,315	824,196,386
Total non-current assets	942,287,505	529,510,315	1,471,797,820
Lease liabilities (current)	5,882,739	142,966,897	148,849,636
Current liabilities	1,124,928,086	142,966,897	1,267,894,983
Net current assets	279,768,251	(142,966,897)	136,801,354
Total assets less current liabilities	1,222,055,756	386,543,418	1,608,599,174
Lease liabilities (non-current)	40,889,102	386,543,418	427,432,520
Total non-current liabilities	56,158,861	386,543,418	442,702,279
Net assets	1,165,896,895	–	1,165,896,895

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the profit before tax (excluding finance costs) in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated cash flow statement.

d. Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as the Group previously elected to apply HKAS 40, *Investment properties* to account for all of its leasehold properties that were held for investment properties as at 31 March 2019. Consequentially, these leasehold investment properties continued to be carried at fair value.

e. *Lessor accounting*

The Group leases out certain properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their services and products. Upon the acquisition of Prime Inspire Limited (see note 20), management also identifies performance marketing as an identifiable segment. Accordingly, the Group has three reporting segments as follows:

- (a) Medical;
- (b) Aesthetic medical, beauty and wellness and sale of skincare, healthcare and beauty products; and
- (c) Performance marketing.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's management monitors the results attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investment properties, interest in joint ventures and financial assets at fair value through profit or loss. Segment liabilities include trade payables, other payables and accruals, provision for reinstatement costs, lease liabilities relating to properties leased for own use, deferred revenue, current tax payable and deferred tax liabilities.

The segment revenue of the Group is based on the type of services provided to the customers. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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 bank interest income, unrealised and realised gains/losses on financial assets at fair value through profit or loss, net, rental income from investment properties, fair value gain/loss on investment properties, dividend income from unlisted investment funds, interest income from listed debt investments, share of profits less losses of joint ventures and head office and other corporate expenses are excluded from such measurement.

	Medical		Aesthetic medical, beauty and wellness and sale of skincare, healthcare and beauty products		Performance marketing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$ (restated)	HK\$	HK\$ (restated) (Note)
Reportable segment revenue	623,247,783	522,841,849	1,262,392,463	1,313,956,512	66,247,605	15,653,698	1,951,887,851	1,852,452,059
Less: Inter-segment revenue	-	-	-	-	(3,387,208)	-	(3,387,208)	-
Revenue from external customers	623,247,783	522,841,849	1,262,392,463	1,313,956,512	62,860,397	15,653,698	1,948,500,643	1,852,452,059
Segment result	56,049,915	57,188,124	290,095,654	414,637,249	2,572,552	218,446	348,718,121	472,043,819
Bank interest income							726,088	626,279
Interest income from listed debt investments							359,326	11,390,581
Dividend income from unlisted investment funds							33,557	5,013,624
Unrealised and realised gains/ (losses) on financial assets at fair value through profit or loss, net							18,116,197	(9,207,775)
Fair value (loss)/gain on investment properties							(6,000,000)	1,417,000
Rental income from investment properties							4,003,087	7,073,525
Share of profits less losses of joint ventures							121,046	3,372,057
Others							(5,554,042)	(41,648,629)
Consolidated profit before tax							360,523,380	450,080,481
Depreciation and amortisation for the year	90,259,158	25,360,486	150,678,095	35,788,555	4,846,042	596,121	245,783,295	61,745,162
Impairment loss on goodwill	-	-	-	7,279,594	-	-	-	7,279,594
Impairment loss on other receivables	-	-	3,621,029	-	-	-	3,621,029	-

	Medical		Aesthetic medical, beauty and wellness and sale of skincare, healthcare and beauty products		Performance marketing		Total	
	2020	2019	2020	2019 (restated)	2020	2019 (restated)	2020	2019 (restated) (Note)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Reportable segment assets	741,508,079	561,868,745	1,291,834,224	841,034,651	80,652,354	37,840,974	2,113,994,657	1,440,744,370
Investment properties							189,000,000	232,000,000
Interest in joint ventures							50,729,399	37,051,803
Financial assets at fair value through profit or loss							201,544,843	637,187,669
Consolidated total assets							<u>2,555,268,899</u>	<u>2,346,983,842</u>
Additions to non-current segment assets during the year (excluding business acquisitions)	25,222,579	128,373,379	61,676,208	158,841,360	850,868	268,005	87,749,655	287,482,744
Reportable segment liabilities	306,465,117	82,800,068	725,569,551	543,796,633	50,657,923	10,004,725	1,082,692,591	636,601,426
Bank borrowings							261,950,991	497,713,680
Lease liabilities							41,092,197	46,771,841
Consolidated total liabilities							<u>1,385,735,779</u>	<u>1,181,086,947</u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach, under which the comparative information is not restated. See note 3.

During the year ended 31 March 2020, the Group's management also identified performance marketing as an identifiable segment. The comparative information is also restated to conform with the current year's presentation.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, intangible assets, goodwill and interest in joint ventures and non-current portion of prepayments ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on (i) the physical location of the asset, in the case of investment properties and property, plant and equipment, (ii) the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and (iii) the location of operations, in the case of interest in joint ventures and non-current portion of prepayments.

Information about geographical areas

	Revenue from external customers		Specified non-current assets	
	2020	2019 (restated)	2020	2019
	HK\$	HK\$	HK\$	HK\$
Hong Kong	1,814,326,578	1,734,854,402	1,267,398,141	821,533,844
Macau	45,720,770	39,272,276	4,658,647	1,278,001
The PRC	88,453,295	78,325,381	66,158,678	34,031,780
	<u>1,948,500,643</u>	<u>1,852,452,059</u>	<u>1,338,215,466</u>	<u>856,843,625</u>

Information about major customers

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

5. REVENUE

Revenue represents the value of services rendered and the net invoiced value of goods sold, excluding value added tax or other sales taxes and is after deduction of trade discounts. An analysis of revenue and deferred balance is as follows:

	2020	2019 (Restated) (Note)
	<i>HK\$</i>	<i>HK\$</i>
Revenue		
Medical services	623,247,783	522,841,849
Aesthetic medical services	780,991,660	835,193,379
Beauty and wellness services	419,220,564	399,751,560
Skincare, healthcare and beauty products	62,180,239	79,011,573
Performance marketing and related services	62,860,397	15,653,698
	<u>1,948,500,643</u>	<u>1,852,452,059</u>

Note: For the year ended 31 March 2020, the Group has recorded as revenue for the provision of performance marketing and related services and the comparative information is restated to conform with the current year's presentation. See note 21.

All of the above revenue is recognised in accordance with HKFRS 15.

Deferred balances

The following table provides information about deferred liabilities from contracts with customers and related deferred costs.

	2020	2019
	<i>HK\$</i>	<i>HK\$</i>
Deferred revenue	(436,619,721)	(420,461,620)
Deferred costs	<u>73,014,766</u>	<u>80,455,099</u>

The deferred costs primarily relate to the incremental costs of obtaining a contract with a customer, which represent sales commissions and bonus paid or payable to the staff and third party agents, are recognised in the consolidated statement of financial position. Such costs are recognised in profit or loss in the period in which the deferred revenue to which they relate is recognised as revenue.

All of the capitalised deferred costs are expected to be recognised in profit or loss within one year.

6. OTHER NET INCOME AND GAINS

	2020	2019 (Restated)
	<i>HK\$</i>	<i>HK\$</i>
Bank interest income	726,088	626,279
Interest income from listed debt investments	359,326	11,390,581
Dividend income from unlisted investment funds	33,557	5,013,624
Unrealised and realised gains/(losses) on financial assets at fair value through profit or loss, net	18,116,197	(9,207,775)
Fair value (loss)/gain on investment properties	(6,000,000)	1,417,000
Rental income from investment properties	4,003,087	7,073,525
Impairment loss on goodwill	–	(7,279,594)
Gain on disposal of subsidiaries (<i>note</i>)	3,367,632	2,149,749
Others	17,965,760	9,353,601
	<u>38,571,647</u>	<u>20,536,990</u>

Note: During the year ended 31 March 2020, the Group disposed of a non-wholly-owned subsidiary, which is principally engaged in provision of marketing services, at a cash consideration of HK\$5,150,000. The net assets of this subsidiary immediately before the disposal was HK\$1,945,355, while the goodwill attributable to the operations of this subsidiary was HK\$790,237.

During the year ended 31 March 2019, the Group disposed of two non-wholly-owned subsidiaries, which are principally engaged in provision of beauty and wellness services, at a cash consideration of HK\$102. The net liabilities of these two subsidiaries immediately before the disposal was HK\$24,276,261, while the goodwill attributable to the operations of these two subsidiaries was HK\$9,988,483.

7. FINANCE COSTS

	2020	2019 (<i>Note</i>)
	<i>HK\$</i>	<i>HK\$</i>
Interest on bank borrowings and overdrafts	4,201,036	2,712,119
Interest on lease liabilities	13,862,606	31,016
	<u>18,063,642</u>	<u>2,743,135</u>

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach, under which the comparative information is not restated.

8. PROFIT BEFORE TAX

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

	2020	2019
	<i>HK\$</i>	<i>HK\$</i>
Total minimum lease payments for leases previously classified as operating leases under HKAS 17#		
— Land and buildings	–	146,783,868
— Equipment	–	306,896
Auditors' remuneration	2,677,400	2,630,760
Depreciation		
— owned property, plant and equipment#	69,963,994	48,987,080
— right-of-use assets#	162,870,997	–
Amortisation of intangible assets	12,948,304	12,758,082
Losses/(gains) on disposals and write-off of property, plant and equipment	37,732	(4,098,377)
Impairment loss on other receivables	3,621,029	–
Foreign exchange differences, net	1,069,237	404,162
Rental income from investment properties less direct outgoings of HK\$566,004 (2019: HK\$618,093)	(3,437,083)	(6,455,432)

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment are also identified as right-of-use assets. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 3.

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2020	2019
	<i>HK\$</i>	<i>HK\$</i>
Current — Hong Kong		
Provision for the year	63,840,184	77,644,379
Over-provision in respect of prior years	(6,433,555)	(7,032,855)
	57,406,629	70,611,524
Current — Outside Hong Kong		
Provision for the year	4,335,851	3,716,626
	61,742,480	74,328,150
Deferred tax	(11,491,073)	(8,752,633)
Tax charge for the year	50,251,407	65,575,517

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% (2019: 16.5%) on the estimated assessable profits for the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of HK\$286,576,155 (2019: HK\$361,105,819) and the weighted average share of 985,085,236 ordinary shares (2019: 983,875,783 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2020	2019
Issued ordinary shares at the beginning of the financial year	984,519,948	983,429,948
Effect of share options exercised	<u>565,288</u>	<u>445,835</u>
Weighted average number of ordinary shares at 31 March	<u><u>985,085,236</u></u>	<u><u>983,875,783</u></u>

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$286,576,155 (2019: HK\$361,105,819), and the weighted average number of ordinary shares of 988,375,274 (2019: 986,636,181) shares is calculated as follows:

Weighted average number of ordinary shares (diluted):

	2020	2019
Weighted average number of ordinary shares at 31 March	985,085,236	983,875,783
Effect of deemed issue of shares under the Company's share option scheme	<u>3,290,038</u>	<u>2,760,398</u>
Weighted average number of ordinary shares (diluted) at 31 March	<u><u>988,375,274</u></u>	<u><u>986,636,181</u></u>

11. PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

As discussed in note 3, the Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance leased assets which were previously included in property, plant and equipment are also identified as right-of-use assets.

During the year ended 31 March 2020, the Group entered into a number of lease agreements for use of clinics, and therefore recognised the additions to right-of-use assets of HK\$23,655,767 (excluding those arising from business acquisitions).

(b) Owned property, plant and equipment

During the year ended 31 March 2020, additions of owned property, plant and equipment amounted to HK\$64,093,888 (2019: HK\$276,212,743).

During the year ended 31 March 2020, an investment property with carrying amount of HK\$37,000,000 was transferred to leasehold land and building held for own use upon change in use.

12. INVENTORIES

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

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Skincare, healthcare and beauty products	12,091,544	13,268,932
Medications, consumables and other supplies	47,542,220	38,811,831
	<u>59,633,764</u>	<u>52,080,763</u>

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

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Carrying amount of inventories sold and consumed	<u>215,636,061</u>	<u>227,286,741</u>

13. TRADE RECEIVABLES

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Trade receivables	<u>79,025,977</u>	<u>104,668,285</u>

All of the trade receivables are receivables from contracts with customers within the scope of HKFRS 15.

The Group's trading terms with its customers are mainly on credit card settlements and other institutional customers in respect of provision of medical services and performance marketing and related services. The credit period is generally 1 to 120 days for the credit card settlements from the respective financial institutions and other institutional customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Within 1 month	55,992,432	95,616,865
1 to 3 months	14,359,334	7,323,003
Over 3 months	8,674,211	1,728,417
	<u>79,025,977</u>	<u>104,668,285</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Prepayments	149,934,657	181,687,300
Deposits	68,307,273	64,968,908
Other receivables	125,265,732	92,394,731
	343,507,662	339,050,939
Portion classified as non-current		
— Rental and other deposits	(51,837,382)	(35,847,456)
— Prepayments	(102,782,281)	(104,513,425)
Current portion	188,887,999	198,690,058

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Financial assets at fair value through profit or loss		
<i>Non-Current</i>		
— Unlisted equity investments	46,166,625	37,356,812
— Unlisted fund investments	44,418,182	—
	90,584,807	37,356,812
<i>Current</i>		
— Unlisted fund investments	110,960,036	176,383,259
— Listed debt investments	—	423,447,598
	110,960,036	599,830,857
	201,544,843	637,187,669

The performance of the Group's financial assets at fair value through profit or loss under current assets for the year ended 31 March 2020 is as follows:

Descriptions (with bond interest rate and maturity date if applicable)	ISIN numbers	Percentage of shareholdings or offering of the debt at 31 March 2020	Carrying amount at		Additions during the year	Disposals during the year	Net fair value gain/(loss) for the year	Carrying amount at 31 March 2020	Percentage of total financial assets at fair value through profit or loss at 31 March 2020	Percentage of total assets of the Group at 31 March 2020
			31 March 2019	1 April 2019						
				HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Agricultural BK China/HK 3.08875%	XS1897393200	N/A	1,570,431	–	–	(1,566,254)	(4,177)	–	N/A	N/A
Bank of China Hong Kong (2.77%; 8 MAR 2021)	XS1785829414	N/A	62,811,588	–	–	(62,548,912)	(262,676)	–	N/A	N/A
Bank of China Hong Kong (6.75%; 23 OCT 2049)	XS1122780106	N/A	21,863,737	–	–	(24,637,415)	2,773,678	–	N/A	N/A
Bank of China London (3.15%; 7 JUN 2023)	XS1832452103	N/A	15,681,387	–	–	(15,808,170)	126,783	–	N/A	N/A
Barclays Plc (3.70%; 16 MAY 2024)	US06738EBC84	N/A	11,520,829	–	–	(11,670,963)	150,134	–	N/A	N/A
BOC Aviation Limited (3.41%; 2 MAY 2021)	US09681MAG33	N/A	23,672,799	–	–	(23,832,168)	159,369	–	N/A	N/A
CDBL Funding Two (3.49%; 18 JUL 2021)	XS1845139515	N/A	31,460,949	–	–	(31,409,843)	(51,106)	–	N/A	N/A
CICC HK Finance 2016 Mtn (3.52%; 11 SEP 2021)	XS1852578431	N/A	23,598,618	–	–	(23,663,441)	64,823	–	N/A	N/A
China Minsheng Bkg (3.11%; 9 MAR 2023)	XS1789639884	N/A	9,423,716	–	–	(9,473,340)	49,624	–	N/A	N/A
Gam Star Fund Plc	IE00BYLYLN74	N/A	8,962,056	–	–	(9,067,443)	105,387	–	N/A	N/A
Goldman Sachs Group Inc (3.48%; 16 MAY 2024)	US38141GXD14	N/A	27,032,373	–	–	(27,202,901)	170,528	–	N/A	N/A
HSBC Holdings Plc (6.25%; 23 MAR 2049)	US404280BN80	N/A	29,880,546	–	–	(30,418,211)	537,665	–	N/A	N/A
ICBC (6.00%; 10 DEC 2049)	USY39656AA40	N/A	23,861,901	–	–	(24,326,300)	464,399	–	N/A	N/A
ICBC London (3.05%; 14 JUN 2021)	XS1830984628	N/A	48,815,991	–	–	(48,656,537)	(159,454)	–	N/A	N/A
ICBCIL Finance Company Limited (3.45%; 15 MAY 2023)	XS1810003928	N/A	62,554,114	–	–	(62,741,091)	186,977	–	N/A	N/A
Inventive Global Investment Limited (3.18%; 19 SEP 2021)	XS1879568894	N/A	7,864,322	–	–	(7,879,131)	14,809	–	N/A	N/A
PIMCO Funds GIS Plc (HKD)	IE00BYXVW909	N/A	60,226,142	–	–	(60,338,983)	112,841	–	N/A	N/A
Red Arc Term Liquidity Fund	IE00BYZ7Y673	2.90%	107,195,061	–	–	–	1,480,672	108,675,733	97.94%	4.25%
Societe Generale (6.75%; 6 APR 2049)	USF8586CBQ45	N/A	21,834,297	–	–	(23,644,648)	1,810,351	–	N/A	N/A
Yuanming Prudence — Healthcare fund	N/A	N/A	–	2,356,640	–	–	(72,337)	2,284,303	2.06%	0.09%
				<u>599,830,857</u>	<u>2,356,640</u>	<u>(498,885,751)</u>	<u>7,658,290</u>	<u>110,960,036</u>	<u>100%</u>	<u>4.34%</u>

16. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

(a) Cash and cash equivalents and time deposits comprise:

	2020 HK\$	2019 HK\$
Cash at bank and in hand	520,441,937	366,969,663
Time deposits	<u>950,000</u>	<u>2,001,612</u>
	521,391,937	368,971,275
Less: Pledged time deposits for banking facilities as security for credit card instalments programme	–	(2,001,612)
Time deposits with original maturity over 3 months	<u>(950,000)</u>	<u>–</u>
Cash and cash equivalents	<u>520,441,937</u>	<u>366,969,663</u>

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

Included in cash and cash equivalents, HK\$27,258,682 (2019: HK\$13,504,197) are denominated in Renminbi and deposited with the banks in the PRC. These deposits are not freely convertible and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

17. TRADE PAYABLES

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

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Within 1 month	25,346,736	12,631,726
1 to 2 months	3,195,707	1,384,677
2 to 3 months	2,514,437	2,930,877
Over 3 months	4,662,250	4,932,044
	<u>35,719,130</u>	<u>21,879,324</u>

18. BANK BORROWINGS

At 31 March 2020, the bank borrowings were repayable as follows:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Bank borrowings repayable within 1 year without repayable on demand clause	–	356,114,245
Portion of bank borrowings due for repayment within 1 year which contain a repayable on demand clause	135,088,268	23,261,204
Portion of bank borrowings due for repayment after 1 year which contain a repayable on demand clause	126,862,723	118,338,231
	<u>261,950,991</u>	<u>497,713,680</u>
	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Bank borrowings		
— secured	246,796,385	476,712,254
— unsecured	15,154,606	21,001,426
	<u>261,950,991</u>	<u>497,713,680</u>

At 31 March 2020, investment properties of HK\$189,000,000 (2019: HK\$163,000,000), ownership interests in leasehold land and building held for own use of HK\$36,164,217 (2019: HK\$nil) and financial assets at fair value through profit or loss of HK\$nil (2019: HK\$492,635,797) were pledged to various banks to secure the bank borrowings of HK\$174,658,785 (2019: HK\$120,598,009), HK\$72,137,600 (2019: HK\$nil) and HK\$nil (2019: HK\$356,114,245) respectively granted to the Group.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's or relevant subsidiaries' financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities may be subject to repayment immediately.

At 31 March 2020 and 2019, none of the covenants relating to drawn down facilities has been breached.

19. SHARE CAPITAL AND DIVIDENDS

(a) Dividends

- (i) Dividends payables by the Company to equity shareholders:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Interim dividend declared and paid of 15.0 HK cents per ordinary share (2019: 15.0 HK cents per ordinary share)	147,775,867	147,564,742
Final dividend of 8.0 HK cents (2019: 6.5 HK cents) per ordinary share and special dividend of nil HK cents (2019: 13.5 HK cents) per ordinary share proposed after the end of the Reporting Period	78,822,196	196,978,990
	<u>226,598,063</u>	<u>344,543,732</u>

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

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2020	2019
Final and special dividends in respect of the previous financial year, approved and paid during the year of 20.0 HK cents per ordinary share (2019: 14.5 HK cents per ordinary share)	<u>197,034,490</u>	<u>142,640,117</u>

(b) Share capital

	2020		2019	
	Number of shares	HK\$	Number of shares	HK\$
Authorised				
Ordinary shares of HK\$0.00001 each	<u>38,000,000,000</u>	<u>380,000</u>	<u>38,000,000,000</u>	<u>380,000</u>
Ordinary shares, issued and fully paid				
At 1 April	984,519,948	9,845	983,429,948	9,834
Exercise of share options	<u>757,500</u>	<u>8</u>	<u>1,090,000</u>	<u>11</u>
At 31 March	<u><u>985,277,448</u></u>	<u><u>9,853</u></u>	<u><u>984,519,948</u></u>	<u><u>9,845</u></u>

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

20. BUSINESS ACQUISITIONS

Summary of acquisitions for the year ended 31 March 2020

The fair value of the net assets acquired through business acquisitions as at the date of acquisitions is as follows:

	Prime Kids Limited HK\$	Prime Inspire Limited HK\$	Total HK\$
Total identifiable net assets	29,759,751	6,490,804	36,250,555
Non-controlling interests	(14,582,278)	(2,596,322)	(17,178,600)
Goodwill on acquisitions	<u>35,822,527</u>	<u>21,305,518</u>	<u>57,128,045</u>
Consideration for the acquisitions	51,000,000	25,200,000	76,200,000
Cash and cash equivalents acquired	<u>(381,339)</u>	<u>(8,613,061)</u>	<u>(8,994,400)</u>
Net outflow of cash and cash equivalents included in cash flows of investing activities	<u><u>50,618,661</u></u>	<u><u>16,586,939</u></u>	<u><u>67,205,600</u></u>

The Group measured the non-controlling interests at their proportionate share of these subsidiaries' net identifiable assets.

21. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach, under which comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

For the year ended 31 March 2020, upon the acquisition of Prime Inspire Limited, the Group has recorded as revenue for the provision of performance marketing and related services and the "performance marketing" is identified as a separable operating segment. Accordingly, the comparative information has been restated to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group continued to be the leading non-hospital medical service provider in Hong Kong¹, achieving strong business growth while maintaining competitive operating efficiencies. We have evolved to provide a full spectrum of medical and healthcare services and related services to create sustainable value to our stakeholders. We are also the largest medical aesthetic service provider in Hong Kong¹.

The Group will continue to focus its deployment of resources in IT, services and brands to sustain and enhance its competitive advantage as a leader in the market, and further expand its market share in the primary healthcare market.

Even with the effects from the social unrest in Hong Kong and global pandemic over majority of the Reporting Period, the Group was able to remain steady. During the Reporting Period, the average spending per individual customers² increased by 7.8% from the previous year to HK\$19,923, and the Group's revenue increased by 5.2% and net profit decreased by 19.3% from the previous year to HK\$1,948.5 million and HK\$310.3 million respectively. The Group strives to setup additional medical disciplines to satisfy the continuous increase in the demand of customers. Medical services continue to be the key growth driver of the Group. During the Reporting Period, the revenue contributed by medical services increased by 19.2% from the previous year to HK\$623.2 million.

The net profit attributable to equity shareholders of the Company decreased by 20.6% from HK\$361.1 million for the year ended 31 March 2019 to HK\$286.6 million for the year ended 31 March 2020. Basic earnings per Share amounted to 29.1 HK cents as compared to 36.7 HK cents for the previous period.

We are well-positioned to broaden the coverage of medical disciplines. As at 31 March 2020, including our two flagships in Hong Kong and six clinics in the Mainland China, we operate 56 clinics and service centres occupying an aggregate of approximately 301,000 sq. ft. of floor area with 96 full-time and exclusive Registered Practitioners across Hong Kong, the Mainland China and Macau.

¹ according to the independent research conducted by Frost and Sullivan in terms of revenue in 2018 and 2019

² based on sales volume

In addition to establishing the vaccination centre in our Langham Place Flagship in June 2019, the Group has also acquired a paediatric clinic and child development assessment and therapy centre in August 2019.

The Centre for Health Protection (CHP) of the Department of Health of Hong Kong offers free vaccination to respective residents. In order to enhance the service offerings and to facilitate the Government, the Group became one of the vaccination outreach team for Childhood Immunisation Programme in 2019 and exclusive designated centres for free measles, mumps and rubella (MMR) Vaccination in Kowloon since February 2020.

Our clinics and services centres have suffered from decrease in client visits during the coronavirus outbreak. Further to the issuing of Ethical Guidelines on Practice of Telemedicine by the Medical Council of Hong Kong in December 2019, the Group subsequently commenced to offer telemedicine services to facilitate the basic medical and healthcare needs of customers since February 2020, making healthcare more accessible and affordable to individuals.

To further enhance our capabilities in customer acquisition, the Group acquired a digital marketing company during the Reporting Period.

The Group is committed to generating sustainable and consistent returns for our Shareholders. The Board resolved to recommend a cash dividend of 8.0 HK cents per Share for the year ended 31 March 2020, subject to the approval of the shareholders at the AGM. If approved at the AGM, the total aggregate cash dividend for the full financial year ended 31 March 2020, including the interim cash dividend of 15.0 HK cents per Share, would be 23.0 HK cents per Share.

Business Analysis

Medical and aesthetic medical services continue to be the Group's growth driver. The table below sets forth our client demographics during the Reporting Period:

	For the year ended 31 March		
	2019	2020	Change
Based on treatment delivered			
Number of Individual Customers	99,524	85,783	(13.8%)
Number of New Customers	57,516	45,011	(21.7%)
Number of Existing Customers	42,008	40,772	(2.9%)
Contribution to treatment delivered			
Number of New Customers	36%	24%	
Number of Existing Customers	64%	76%	

Retention rate of our customers is 80%.

The table below sets forth the average spending of our client by key business segment based on sales volume during the Reporting Period:

	For the year ended 31 March		Change
	2019	2020	
Number of Clients			
Medical	59,697	78,922	32.2%
Aesthetic Medical	34,410	23,397	(32.0%)
Beauty and Wellness	31,338	35,554	13.5%
Average Spending per Client (HKD)			
Medical	8,475	7,992	(5.7%)
Aesthetic Medical	25,757	33,497	30.1%
Beauty and Wellness	13,865	12,481	(10.0%)

Our Professionals and Other Staff

We continued to be a reliable partner to the medical experts. As at 31 March 2020, we had 96 full time and exclusive Registered Practitioners, 86 Medical Professionals, 286 relationship managers and 374 Trained Therapists. The following table summarises our Registered Practitioners as at 31 March 2020:

Type of Registered Practitioners	Location	Number of Registered Practitioners
Registered medical practitioners on the General Register	Hong Kong	17
Registered medical practitioners on the Specialist Register		
Cardio-thoracic Surgery	Hong Kong	1
Clinical Microbiology & Infection	Hong Kong	1
Gastroenterology & Hepatology	Hong Kong	1
General Surgery	Hong Kong	3
Geriatric Medicine	Hong Kong	1
Medical Oncology	Hong Kong	1
Neurosurgery	Hong Kong	2
Orthopaedic & Traumatology	Hong Kong	4
Otorhinolaryngology	Hong Kong	2
Paediatrics	Hong Kong	6
Plastic Surgery	Hong Kong	2
Psychiatry	Hong Kong	1
Radiology	Hong Kong	3
Urology	Hong Kong	1
Chinese medicine practitioners	Hong Kong	2
Chiropractors	Hong Kong	23
Dentists	Hong Kong	10
Mainland China Doctors	Mainland China	12
Macau Doctors	Macau	3
		96

Internal Control Protocols

Safety and risk management professionalism have always been our core values. Our experienced and well-trained Registered Practitioners perform and oversee all medical related operations, as well as participating in our senior management. Both our Registered Practitioners and supporting staff attend medical related trainings on a regular and ongoing basis to update their knowledge and skill sets. Before performing any procedure to a client, we require our talents servicing client directly, including but not limited to, Registered Practitioners, Medical Professionals and Trained Therapists to explain the procedures and associated risks involved and obtain a written consent and acknowledgement in a designated form which is to be signed by our clients. We apply certain medical standards even to our non-medical services, such as recommending our clients to consult doctors before receiving any of our services. Internal control measures regarding selling practices and unutilised prepaid packages are in place. We have implemented a series of internal control measures, including a number of measures that refer to applicable “best practice” guidelines issued by governmental bodies (such as the Hong Kong Consumer Council and the Commerce and Economic Development Bureau of Hong Kong), in order to help prevent our staff from engaging in coercive selling practices, we ensure we are:

- adopting a refund policy which includes a fourteen-day cooling off period whereby our clients are allowed to request a full refund within fourteen days of purchase of any prepaid packages;
- adopting a policy that commission is not paid to our sales staff for contracted sales which are subsequently refunded;
- establishing procedures for recording and handling complaints;
- having written terms and conditions with clients;
- sharing media reports of forced selling cases with our staff to highlight the potential adverse consequences of such practices.

During the Reporting Period, the refunds and settlement of the material unfavourable feedback represents only 0.04% (FY2019: 0.02%) of the Group’s total revenue.

THE OUTBREAK OF NOVEL CORONAVIRUS

The outbreak of novel coronavirus (“COVID-19”) around the world has threatened the life and health of all mankind for months, culminating in the World Health Organization declaring it a “pandemic” in March 2020. Many countries have implemented travel restrictions and temporary suspension of businesses in the commercial and industrial sectors, further curtailed economic recovery and is bringing a slowdown on a global scale. The tourism, hotel and retail have almost come to a standstill.

There is uncertainty as to whether the epidemic can be controlled in the next few months in Hong Kong and around the world. It is pre-mature to assess the impact of this pandemic will have on the global economy. The economy of Hong Kong is forecasted to continue to decline and unemployment rate will further increase, small and medium-sized businesses will continue to face difficulties.

The Government of Hong Kong announced the establishment of the HK\$30 billion Anti-epidemic Fund in mid-February 2020. In late February 2020, the Government further announced the counter-cyclical measures involving more than HK\$120 billion in the Budget, including but not limited to,

- the disbursement of HK\$10,000 to all Hong Kong permanent residents aged 18 or above;
- a concessionary low-interest loan with Government guarantee for enterprises capped at HK\$4 million;
- waiving of profits tax, salaries tax and tax under personal assessment each subject to a ceiling of HK\$20,000;
- introduction of a fixed-rate Mortgage Pilot Scheme up to HK\$10 million each to homebuyers;
- funding of HK\$700 million for the Hong Kong Tourism Board to step up promotion;
- waiving rates for residential properties subject to a ceiling of HK\$1,500 per quarter; and
- wage subsidy under Employment Support Scheme with a wage cap at HK\$18,000 per employee per month for six months.

The Company had been monitoring the COVID-19 situation closely and had implemented certain measures to safeguard the health and safety of the customers, talents and business partners since February 2020. Reference can be made to the announcements of the Company dated 2 April 2020, 8 April 2020, 9 April 2020 and 20 April 2020, respectively.

The Group had applied for the relevant subsidies with total amounts of approximately HK\$30.8 million in Hong Kong, the Mainland China and Macau.

The Group implemented the following precautions measures published by the Government of Hong Kong on 1 April 2020 to safeguard the health of individuals since February 2020:

- all individuals shall be subject to compulsory body temperature check before entering into the Group's premises and anyone with a body temperature higher than 37.3 degree Celsius will not be given access to the Group's premises;
- all individuals are required to wear appropriate face masks at all time during their presence in the Group's premises; and
- alcohol rubs/hand sanitizers will be provided in the Group's premises.

The overall business has been affected by the social unrest in Hong Kong and the COVID-19 pandemic since August 2019 and February 2020 respectively. The Group responded to the latter by temporarily closing certain service centers for a period ranging from 3 to 8 weeks imposed by local governments in an attempt to contain the spreading of the pandemic. The aforesaid outlets were all resumed operation since 8 May 2020.

The Group's establishments or premises for (a) medical treatment operated by a medical practitioner registered under the Medical Registration Ordinance (Cap. 161); (b) physiotherapy operated by a physiotherapist registered under the Supplementary Medical Professions Ordinance (Cap. 359); (c) practising Chinese medicine operated by a registered Chinese medicine practitioner or listed Chinese medicine practitioner as defined in section 2 of the Chinese Medicine Ordinance (Cap. 549); and (d) for chiropractic operated by a chiropractor registered under the Chiropractors Registration Ordinance (Cap. 428), continued to operate as usual. The Group had been responsive in adjusting its measures and plans for epidemic prevention and control, operations and business development accordingly, as and when appropriate.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and based on the management sales record of the Group, Sales Volume of the Group is expected to be no less than HK\$400 million during the period from 1 April 2020 to 28 June 2020, representing no less than 14.0% increase from the period between 1 January 2020 to 31 March 2020.

We foresee the operation of the Group shall continue to be challenging in the near future. However, we are confident that our business model and flexibility together with the Group being customer and IT centric will facilitate the Group to thrive during recovery.

OUTLOOK AND STRATEGIES

Medical service is essential to individuals. With medical efficacy as a foundation, we are committed to offering the top notch consumer experiences. We contemplate and formulate our strategies for growth in a fast moving healthcare market environment with rapid technological advancements, studying the development of long-term trends on a global scale.

Competitive Landscape

Hong Kong

The social unrest in Hong Kong since mid-2019 and the pandemic since February 2020 had affected inbound tourism and domestic consumption in the near term. Hong Kong entered into recession driven by the downturn in tourists and by locals pulling back on spending. According to the Immigration Department of Hong Kong Government, passenger traffic in 2019 dropped by 4.3% from 2018 to 301.3 million.

The Private Healthcare Facilities (“PHFs”) Bill was passed by the Legislative Council on 15 November 2018. Four types of PHFs will be subject to regulation, namely hospitals, day procedure centres, clinics and health services establishments. The regulatory regime will be imposed in phases based on the types of PHFs and their risk levels. The registration for private hospitals under the new Ordinance commenced in 2019. The registration for day procedure centres and clinics are tentatively scheduled for 2020 and 2021 respectively. The new Ordinance will further protect patient safety and consumer rights through the introduction of a new regulatory regime for PHFs. It will also facilitate the sustainable development of the healthcare system.

The Medical Council of Hong Kong has issued the Ethical Guidelines on Practice of Telemedicine in December 2019 and the Group was able to respond timely by rolling out the telemedicine services in February 2020.

In encountering the current challenges in Hong Kong, the Group (i) adopted proactive client engagement to retain loyal local customers; (ii) continues to develop new medical services to fulfil the essential needs of our customers; (iii) offered additional promotions to drive new local customers or customers from medical tourism; and (iv) implemented further prudent finance management approach with proactive implementation of cost control initiatives. In the long run, the Group believes that its agility will retain through our core competency in brand, services and information technology.

Looking forward into 2020, business leaders in Hong Kong face tough organizational challenges such as sustaining a culture in which mainland and local talents to work effectively, and persuading Hong Kong talents to continue to take opportunities in the Mainland China. Despite the unprecedented challenges, Hong Kong’s institutional strengths and core competitiveness are unscathed.

Mainland China

Domestic consumption and investment will remain the key economic drivers, and the PRC will deploy targeted stimuli to maintain momentum. High growth sectors in 2020 will be clustered in consumer facing services, many internet-enabled. Healthcare, education, travel, and leisure will all remain strong.

The Greater Bay Area initiative remains a priority. As the region covers around 15% of the PRC’s GDP and is the center of innovation for many of the PRC’s priority industries, the Greater Bay Area’s success is also important for national economic growth. The Greater Bay Area will become more concrete in 2020 as key pieces of its physical infrastructure are built. Bridges, roads, and railways to connect its east and west more closely will start construction. Young talents are willing to migrate into this vibrant hub for work.

Guangdong, Hong Kong and Macao’s gradual introduction of the liberalisation measures under the CEPA and Greater Bay Area plan has attracted many mainland professional service providers to step up co-operation with their Hong Kong and Macao counterparts in providing more cross border services to Mainland enterprises operating in the Greater Bay Area.

With respect to consumer behaviour, the survey by the Hong Kong Trade Development Council (“HKTDC”) also found that the average number of visits paid by the respondents to shopping malls or physical stores was 1.08 times a week, with female consumers (1.21 times a week) and young consumers aged 26–35 (1.16 times) recording higher frequencies. The online and offline consumer markets in the nine mainland Greater Bay Area cities are deeply integrated. While consumers have already become accustomed to going online to shop for their favourite products, they also visit physical stores to experience products and enjoy services. Although online shopping offers convenience, many consumers still like to visit physical stores to experience the products they are thinking of buying. As the spending power of consumers continues to rise, their demand for special offline shops increases. In view of this, Hong Kong companies capable of mapping out strategies using both online and offline marketing channels are likely to have a greater chance of seizing the huge business opportunities arising from the consumer market in the nine mainland cities in the Greater Bay Area.

Although the population is covered by public health insurance, public health insurance generally does not offer complete coverage. The Chinese government has been undertaking effort to cut healthcare costs, and initiatives for private health insurances have been facilitated. In order to cater for localisation of medical services, we are exploring acquisition targets as well as partnership opportunities with local players in the Mainland China proactively, in addition to establish clinics/services centres organically.

Integrated Multi-Discipline Strategy

The Group will continue its dedication to enhance its brand, service and IT. It is the priority of the Group in improving patient care to provide a high degree of patient satisfaction. Our brand shall build on the ongoing positive feedbacks from clients. We will also continue to seek new ways to raise productivity standards through increased digitalisation, innovation and technology.

As the leading medical group in Hong Kong, the Group aims to expand the depth of existing medical disciplines and extend the coverage of disciplines with demand. We will continue to secure new clientele who are health-conscious and will eventually seek easy access to other medical and healthcare needs. By enhancing the ambiance of our facilities and client convenience through digitalization, retention of client shall be maintained within our enclosed eco-system where integrated medical services can be offered.

We are actively exploring partnerships in Hong Kong to form strategic alliances to broaden its breadth and depth of our healthcare and wellness service offerings. We will expand market share by identifying potential acquisition targets or via an organic expansion in the Greater Bay Area, currently plans to reach 30 to 50 outlets in the next three to five years, with a focus in discretionary medical and healthcare services including but not limited to medical aesthetic, chiropractic, dental and paediatric services.

We are exploring acquisition targets as well as partnership opportunities with local medical players in the PRC cautiously, including but not limited to reputable medical service and healthcare service providers, suppliers and investors, to fuel our sustainable growth in this market with immense potential.

FINANCIAL REVIEW

Revenue

Our revenue increased by 5.2% from HK\$1,852.5 million for the year ended 31 March 2019 to HK\$1,948.5 million for the year ended 31 March 2020, primarily attributable to the significant increase in the revenue generated from medical services as a result of the increase in the number of active clients and their spending during the Reporting Period.

Medical

Medical represents all medical services (excluding aesthetic medical services and any Beauty and Wellness Services) offered by the Group. Our revenue from medical represents 32.0% of the total revenue (2019: 28.2%) and increased remarkably by 19.2% from HK\$522.8 million for the year ended 31 March 2019 to HK\$623.2 million for the year ended 31 March 2020, primarily attributable to the increase in the variety of medical services that the Group is offering, including but not limited to pediatric and cardiology, and an increase in the number of clients receiving medical services.

Aesthetic Medical Services

Aesthetic medical services represent medical aesthetics and dental services offered by the Group. Our revenue from aesthetic medical services represents 40.1% of the total revenue (2019: 45.1%) and decreased slightly by 6.5% from HK\$835.2 million for the year ended 31 March 2019 to HK\$781.0 million for the year ended 31 March 2020, primarily attributable to the decrease in the number of clients receiving medical aesthetic services, during the Reporting Period.

Beauty and Wellness Services

Beauty and wellness services represents traditional beauty, haircare and ancillary wellness services. Our revenue from beauty and wellness services represents 21.5% of the total revenue (2019: 21.6%) and increased slightly by 4.9% from HK\$399.8 million for the year ended 31 March 2019 to HK\$419.2 million for the year ended 31 March 2020, primarily attributable to the increase in clients receiving such services.

Skincare, healthcare and beauty products

Our revenue from the sale of skincare, healthcare and beauty products decreased by 21.3% from HK\$79.0 million for the year ended 31 March 2019 to HK\$62.2 million for the year ended 31 March 2020, and represents only 3.2% of our total revenue (2019: 4.3%).

Performance marketing and related services

Our revenue from performance marketing and related services represents 3.2% of the total revenue (2019: 0.8%) and increased by 301.6% from HK\$15.7 million for the year ended 31 March 2019 to HK\$62.9 million for the year ended 31 March 2020. Such significant increase was primarily due to the acquisition of a performance marketing company during the Reporting Period.

Operating Segment Information

An analysis of the Group's revenue and contribution to results by business segments of the operations for the Reporting Period is set out in note 4.

Other net income and gains

For the year ended 31 March 2020, our other net income and gains were approximately HK\$38.6 million, representing an increase of approximately HK\$18.0 million or 87.8% when compared to the year ended 31 March 2019, primarily due to the unrealised and realised fair value gains on financial assets at fair value through profit or loss of HK\$18.1 million (2019: fair value loss of HK\$9.2 million).

Cost of inventories and consumables

Our cost of inventories and consumables represents 11.1% of the total revenue (2019: 12.3%), which decreased by 5.1% from HK\$227.3 million for the year ended 31 March 2019 to HK\$215.6 million for the year ended 31 March 2020, primarily attributable to a decrease in the volume of medication and service consumables used, which was in line with the decrease in the volume of service procedures performed.

Registered practitioner expenses

For the year ended 31 March 2020, we incurred Registered Practitioner expenses of approximately HK\$297.3 million, representing 15.3% of the total revenue (2019: 11.2%) and an increase of approximately HK\$90.0 million or 43.4% as compared to the year ended 31 March 2019, primarily attributable to an increase in the number of full-time and exclusive Registered Practitioners from 87 as at 31 March 2019 to 96 as at 31 March 2020.

Employee benefit expenses and remuneration policy

For the year ended 31 March 2020, we incurred employee benefit expenses of approximately HK\$539.9 million, representing 27.7% of the total revenue (2019: 24.1%) and an increase of approximately HK\$93.5 million or 20.9% as compared to the year ended 31 March 2019, primarily due to an increase in salaries paid to additional employees during the Reporting Period. Our overall headcount was 1,617 as at 31 March 2020 (excluding Registered Practitioners).

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

Certain share options have been granted. The Company confirms that all grantees of share options under the “employees and consultants” comprises employees of the Group at the material times.

Marketing and advertising expenses

For the year ended 31 March 2020, the Group incurred marketing and advertising expenses of approximately HK\$124.4 million, representing 6.4% of the total revenue (2019: 8.3%) and a decrease of approximately HK\$30.1 million or 19.5% when compared to the year ended 31 March 2019, primarily due to positive synergy after acquisition of performance marketing company and development online platform which allowed us to capture new customer more effectively.

Rental and related expenses and depreciation of right-of-use assets

For the year ended 31 March 2020, the Group incurred rental and related expenses and depreciation of right-of-use assets of approximately HK\$205.5 million (2019: HK\$175.6 million), representing 10.5% of the total revenue and an increase of 17.1% as compared to the same period last year which was in line with the increase in the g.f.a of service centres and clinics to approximately 301,000 sq. ft. as at 31 March 2020.

Credit card expenses

For the year ended 31 March 2020, the Group incurred credit card expenses of approximately HK\$50.2 million, representing 2.6% of the total revenue (2019: 2.5%) and an increase of approximately HK\$3.5 million or 7.5% as compared to the year ended 31 March 2019. Such increase is significantly higher than the increase in sales volume primarily due to the increase in business generated from credit card transactions.

Other expenses

For the year ended 31 March 2020, the Group incurred other operating expenses of approximately HK\$103.9 million, representing a decrease of approximately HK\$9.6 million or 8.4% as compared to the year ended 31 March 2019, primarily due to cost control initiatives implemented by the Group.

Profit Before Tax

For the year ended 31 March 2020, the Group has profit before tax of approximately HK\$360.5 million, representing 18.5% of the total revenue which is slightly decreased when compared to that of the year ended 31 March 2019 because of the outbreak of COVID-19 and social unrest.

Income Tax Expense

For the year ended 31 March 2020, the Group incurred income tax expense of approximately HK\$50.3 million, representing decrease of approximately HK\$15.3 million or 23.4% as compared to the year ended 31 March 2019, primarily due to the decrease in profit before tax.

Profit for the Year/Profit Margin

For the year ended 31 March 2020, the Group recorded profit of approximately HK\$310.3 million, representing a decrease of HK\$74.2 million or 19.3% as compared to the year ended 31 March 2019, primarily due to our development of new businesses and efficiently leverage on our integrated multi-discipline strategy. Our profit margin decreased from 20.8% for the year ended 31 March 2019 to 15.9% for the year ended 31 March 2020.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

We continue to maintain a strong financial position with cash and cash equivalents and time deposits of HK\$521.4 million and with investment-grade financial instruments with high liquidity of HK\$111.0 million as at 31 March 2020. Our working capital, excluding those lease liabilities relating to properties leased for own use, was HK\$138.8 million. With our steady cash inflow from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

During the Reporting Period, the majority of our cash and bank balances were in Hong Kong dollar, and as we continue to expand our operations in the PRC, there will be an increasing amount of our assets and transactions denominated in Renminbi.

SUBSEQUENT EVENTS

Co-Ownership Plan was approved by the independent shareholders at the extraordinary general meeting of the Company held on 16 April 2020. Please refer to the announcements of the Company dated 25 February 2020 and 16 March 2020 and the circular of the Company dated 31 March 2020.

On 8 May 2020, the Company allotted and issued 8,078,927 new Shares to our landlord of Langham Place Flagship. For details, please refer to the announcement of the Company dated 29 April 2020.

On 18 May 2020, the Company entered into a sale and purchase agreement to acquire majority stake of a specialist group. For details, please refer to the announcement of the Company dated 18 May 2020.

On 24 April 2020, Dr. Wang David Guowei resigned as a non-executive Director and Dr. Wang Steven Dasong was appointed as a non-executive Director. For details, please refer to the announcement of the Company dated 24 April 2020.

CAPITAL EXPENDITURE AND COMMITMENTS

All proceeds from the IPO has been fully utilized during the Reporting Period.

Capital Expenditure

Our capital expenditures during the year ended 31 March 2020 were primarily related to the establishment of new clinics and services centres, purchases of operation equipment, which mainly included medical, dental and beauty devices, and expenditure in leasehold improvements. We have financed our capital expenditures mainly through cash flows generated from operating activities.

Capital Commitment

The estimated budget in establishing the advanced imaging centre in Yuen Long, Hong Kong is approximately HK\$15 million. Save for the above, we do not have any capital commitments in respect of acquisition of property, plant and equipment as at 31 March 2020.

INDEBTEDNESS

Interest-bearing Liabilities

As at 31 March 2020, the Group had outstanding interest-bearing bank borrowings of HK\$262.0 million and lease liabilities, except for those relating to the properties leased for own use, of HK\$41.1 million.

Contingent Liabilities and Guarantees

As at 31 March 2020, the Group had no significant contingent liabilities and guarantees.

Charge of Assets

As at 31 March 2020, investment properties of HK\$189.0 million and ownership interests in land and building held for own use of HK\$36.2 million were pledged for certain bank borrowings.

Further, motor vehicles and operation equipment of HK\$0.2 million and HK\$49.7 million respectively were pledged under financing arrangement with banks.

Gearing Ratio

Gearing ratio equals total debt (excluding lease liabilities relating to properties leased for own use) divided by total equity. As at 31 March 2020, the Group had interest-bearing liabilities, except for lease liabilities relating to properties leased for own use, of HK\$303.0 million and the gearing ratio is 25.9%.

Foreign Currency Risk

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

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

Interest Rate Risk

The Group has no significant interest rate risk. Nevertheless, whilst the Group has loan facilities with floating interest rates. As at 31 March 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately HK\$2.5 million. Other components of consolidated equity would not be affected in response to a general increase/decrease in interest rates.

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

On 14 June 2019, Team Expert Investment Limited ("Team Expert", as purchaser), a wholly-owned subsidiary of the Company entered into a sale and purchase agreement ("the Prime Inspire SPA") with three shareholders (as sellers) of Prime Inspire Limited ("Prime Inspire") to acquire 60% of the issued share capital of Prime Inspire at the cash consideration of HK\$25,200,000. Prime Inspire, through its subsidiaries, operates marketing solution services.

Under the Prime Inspire SPA, the sellers have given a guarantee over the consolidated earnings before interest, tax, depreciation and amortisation of Prime Inspire ("EBITDA Guarantee"), respectively for the period from July 2019 to June 2021, and July 2021 to June 2024, failing which the sellers shall payback Team Expert such amounts as determined under the Prime Inspire SPA.

This acquisition enables the Group to enhance its promotional and marketing activities. The acquisition was completed on 17 June 2019 and Prime Inspire has become a 60%-owned subsidiary of the Company.

For details of the transaction and the EBITDA Guarantee, please refer to the announcement of the Company dated 14 June 2019.

On 1 August 2019, the Group acquired 51% equity interest in Prime Kids Limited, which is principally engaged in child clinic operation and medical services. The said acquisition does not constitute a connected transaction or a notifiable transaction under the Listing Rules.

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

There are other transactions entered into by the Group in the prior years which profit guarantees were given. However, the profit guarantee period has not yet expired as at 31 March 2020 nor the date of this announcement.

ANNUAL GENERAL MEETING

The 2020 annual general meeting of the Company is proposed to be held on 21 August 2020. A notice convening the AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Articles of Association and the Listing Rules in due course.

DIVIDEND

The Board recommends the declaration of a final dividend of 8.0 HK cents per Share in cash for the year ended 31 March 2020 which is subject to the approval of the shareholders at the AGM. The proposed final dividend, if approved by the Shareholders at the AGM, will be paid on or around 11 September 2020 to the Shareholders whose names appear on the register of members of the Company on 3 September 2020 (the record date). There will be no closure of the register of members for ascertaining Shareholders' entitlement for the proposed dividends. All transfer of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty Ltd, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 pm on 3 September 2020.

If the above final dividend is approved, the total amount of dividend attributable to the full financial year ended 31 March 2020 will be 23.0 HK cents (2019: 35.0 HK cents) per Share.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 August 2020 to 21 August 2020, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. All transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty. Ltd., at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on 14 August 2020.

CORPORATE GOVERNANCE PRACTICE

The Board acknowledges the vital importance of good governance to the Group's success and sustainability by providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency, accountability and shareholder value.

The Board has committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance emphasising on transparency, independence, accountability, responsibility and fairness.

The Company has adopted the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules. The Company has complied with all code provisions set out in the CG Code during the Reporting Period, save for the deviation from code provision A.2.1 as disclosed below.

Code Provision A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. The roles of chairman and chief executive officer of the Company have been performed by Mr. Tang. Although the dual roles of chairman and chief executive officer is a deviation from the code provision A.2.1 of the CG Code, the Board considers that having Mr. Tang acting as both the chairman and chief executive officer of the Company provides a strong and consistent leadership to the Company and allow the Company to have more effective planning and management. Further, in view of Mr. Tang's extensive experience in the industry, personal profile and role in the Group and the development of the Group, the Board considers that it is appropriate and beneficial to the business prospects of the Group that Mr. Tang continues to act as both the chairman and chief executive officer of the Company. The Board intends to regularly review the operations of the Company under Mr. Tang's leadership, and does not believe that this arrangement will have a negative influence on the balance of power between the Board and the management of the Group.

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 March 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all the Directors, and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

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

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

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated financial statements for the year ended 31 March 2020. The audit committee of the Company has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control, risk management and financial reporting matters.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement of the Company is published on the Company's website at www.umhgp.com and Hong Kong Exchanges and Clearing Limited website at www.hkexnews.hk. The annual report of the Company for the Reporting Period will be dispatched to the Shareholders and made available on the above websites in due course.

DEFINITION

“AGM”	the annual general meeting of the Company to be convened and held on 21 August 2020
“Articles of the Association”	the Company's articles of the association
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
“Company”	Union Medical Healthcare Limited (香港醫思醫療集團有限公司*), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“g.f.a.”	gross floor area
“Greater Bay Area”	city cluster cross the Guangdong-Hong Kong-Macau region, consisting of Hong Kong, Macau and nine cities in Guangdong Province, namely, Dongguan, Foshan, Guangzhou, Huizhou, Jiangmen, Shenzhen, Zhaoqing, Zhongshan and Zhuhai
“Group”	the Company and its subsidiaries
“Healthcare Professionals”	person(s) registered with the respective boards or councils before he/she is allowed to practise in Hong Kong under the relevant laws of Hong Kong as may be amended, supplemented or otherwise modified from time to time. The 13 healthcare professionals comprise Chinese medicine practitioners, chiropractors, dental hygienists, dentists, medical laboratory technologists, medical practitioners, midwives, nurses, pharmacists, occupational therapists, optometrists, physiotherapists and radiographers
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IPO”	initial public offering of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Doctor(s)”	doctor(s) licensed by and registered with the department of health in Macau (澳門特別行政區政府衛生局)
“Medical Professionals”	Healthcare Professionals, excluding Registered Practitioners
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Tang”	Mr. Tang Chi Fai, the chairman, executive Director and the chief executive officer of the Company
“PRC”	the People’s Republic of China

“PRC Doctor(s)”	medical practitioner(s) with the qualification of a doctor (醫師) or assistant doctor (執業助理醫師) under the PRC Law on Medical Practitioners (中華人民共和國執業醫師法) and practicing at a medical or healthcare institution
“Registered Practitioner(s)”	registered dentist within the meaning of the Dentists Registration Ordinance (Cap. 156), registered medical practitioner within the meaning of the Medical Registration Ordinance (Cap. 161), registered chiropractor within the meaning of the Chiropractors Registration Ordinance (Cap. 428), listed or registered Chinese medicine practitioner within the meaning of the Chinese Medicine Ordinance (Cap. 549), Macau Doctors and PRC Doctors
“Reporting Period”	financial year ended 31 March 2020
“Sales Volume”	being the total sales volume generated from contracted sales entered into, and all products and services offered by the Group
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of HK\$0.00001 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trained Therapists”	our employees who have completed mandatory internal training developed by our Registered Practitioners to provide quasi-medical services and/or traditional beauty services under our internal licensing programme
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Union Medical Healthcare Limited
Siu Chun Pong Raymond
Company Secretary

Hong Kong, 29 June 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Tang Chi Fai, Mr. Lee Gabriel, Mr. Lee Heung Wing and Mr. Wong Chi Cheung, the non-executive Directors are Mr. Luk Kun Shing Ben and Dr. Wang Steven Dasong, and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Lam Chi Hang Josekin.