Town Health International Medical Group Limited
康健國際醫療集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 3886)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

For the Year:

– The Group recorded revenue of approximately HK$1,069,045,000 (2019: approximately HK$1,128,932,000).

– The Group recorded a loss of approximately HK$258,450,000 (2019: profit of approximately HK$10,519,000).

As at 31 December 2020:

– The Group held bank balances and cash of approximately HK$1,070,835,000 (2019: approximately HK$1,840,856,000).

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 6.34 (2019: 7.42) and a gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) of 0.44% (2019: 0.44%).

The Board does not recommend the payment of a final dividend for the Year (2019: Nil).

FINAL RESULTS

The Board is pleased to announce the audited consolidated results of the Company and its subsidiaries for the Year, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000* (Restated)
Revenue	3	**1,069,045**	1,128,932
Cost of sales		**(784,465)**	(752,568)
Gross profit		**284,580**	376,364
Other income	5	**90,779**	60,264
Administrative expenses		**(333,289)**	(352,071)
Other gains and losses, net	6	**(66,134)**	(72,004)
Allowance of expected credit loss recognised on promissory note		**(207,693)**	(4,544)
Finance costs	7	**(5,279)**	(6,117)
Share of results of associates		**7,466**	37,422
Share of results of joint ventures		**(3,285)**	(541)
(Loss) profit before tax		**(232,855)**	38,773
Income tax expenses	8	**(25,595)**	(28,254)
(Loss) profit for the year	9	**(258,450)**	10,519

	Note	2020 HK$'000	2019 HK$'000 (Restated)
Other comprehensive income (expense) for the year			
Items that will not be reclassified to profit or loss:			
Fair value change in equity instruments at fair value through other comprehensive income		**(18,421)**	(25,581)
Fair value change in revaluation of properties upon transfer from "property, plant and equipment" to "investment properties"		**49,574**	12,048
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations		**59,777**	(16,635)
Share of other comprehensive income (expense) of associates and joint ventures		**896**	(399)
		91,826	(30,567)
Total comprehensive expense for the year		**(166,624)**	(20,048)
(Loss) profit for the year attributable to:			
Owners of the Company		**(281,038)**	(8,414)
Non-controlling interests		**22,588**	18,933
		(258,450)	10,519
Total comprehensive expense attributable to:			
Owners of the Company		**(205,447)**	(34,917)
Non-controlling interests		**38,823**	14,869
		(166,624)	(20,048)
Loss per share *(HK cent(s))*			
Basic and diluted	11	**(3.73)**	(0.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Investment properties		**535,570**	567,416
Property, plant and equipment		**382,812**	361,941
Right-of-use assets		**114,323**	124,081
Loans receivable		**3,271**	4,216
Goodwill		**485,834**	483,354
Intangible assets		**334,769**	336,352
Interests in associates		**308,768**	319,528
Interests in joint ventures		**19,892**	22,005
Equity instruments at fair value through other comprehensive income		**39,609**	59,609
Fixed bank deposits		**71,258**	–
		2,296,106	2,278,502
CURRENT ASSETS			
Inventories		**34,522**	24,589
Trade and other receivables	12	**306,485**	219,724
Financial assets at fair value through profit or loss		**6,774**	6,411
Loans receivable		**876**	41,137
Promissory notes		**117,763**	325,456
Amounts due from associates		**1,421**	1,164
Tax recoverable		**2,025**	732
Fixed bank deposits		**745,832**	–
Bank balances and cash		**1,070,835**	1,840,856
		2,286,533	2,460,069

	Notes	**2020** *HK$'000*	2019 *HK$'000*
CURRENT LIABILITIES			
Trade and other payables	13	**206,865**	165,990
Contract liabilities		**2,557**	3,570
Amount due to an investee		**298**	300
Amounts due to non-controlling interests		**41,715**	42,971
Bank borrowing	14	**16,623**	17,730
Lease liabilities		**68,551**	67,027
Tax payable		**23,773**	34,005
		360,382	331,593
NET CURRENT ASSETS		**1,926,151**	2,128,476
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,222,257**	4,406,978
NON-CURRENT LIABILITIES			
Lease liabilities		**54,709**	62,772
Deferred tax liabilities		**41,416**	41,195
		96,125	103,967
		4,126,132	4,303,011
CAPITAL AND RESERVES			
Share capital	15	**75,261**	75,261
Reserves		**3,735,220**	3,940,286
Equity attributable to owners of the Company		**3,810,481**	4,015,547
Non-controlling interests		**315,651**	287,464
Total equity		**4,126,132**	4,303,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL

The Company is registered in Bermuda as an exempted company under the laws of Bermuda.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The address of the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The address of the principal place of business of the Company is 6th Floor, Town Health Technology Centre, 10–12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

As disclosed in the consolidated financial statements for the years ended 31 December 2017, 2018 and 2019, the Securities and Futures Commission ("SFC") has on 27 November 2017 issued a direction to suspend trading in the shares of the Company with effect from 27 November 2017 ("Suspension") as it appears to the SFC that, inter alia, the Company's interim report for the six months ended 30 June 2016 published by the Company on 7 September 2016 and the Company's annual report for the year ended 31 December 2016 published by the Company on 27 April 2017 included materially false, incomplete or misleading information.

On 18 December 2017, the Company announced that in view of the Suspension, the board of directors ("Board") of the Company has established an independent board committee ("IBC") comprising all the independent non-executive directors of the Company, whose scope of the primary duties includes:

(i) conducting an independent investigation on the issues and matters arising from or relating to the Suspension;

(ii) making recommendations to the Board on appropriate action to be taken; and

(iii) working towards the goal of having the shares of the Company resumed in trading on the Stock Exchange.

As at the date of approval for issuance of the consolidated financial statements for the financial year ended 31 December 2017, the investigation by the independent forensic accountant engaged by the IBC to investigate the issues and matters arising from or relating to the direction issued by the SFC has been completed and reported to the IBC. After reviewing the findings and conclusion of the independent forensic accountant ("First Forensic Report"), the IBC had adopted the First Forensic Report. With reference to the First Forensic Report, the IBC accepted that the matters leading to the SFC's concerns on the materially false, incomplete or misleading information contained in the Company's interim report for the six months ended 30 June 2016 published by the Company on 7 September 2016 and the Company's annual report for the year ended 31 December 2016 published by the Company on 27 April 2017 are not substantiated. Hence, the Board has determined that no restatement of figures stated in the accounts contained in these previously issued annual and interim reports is necessary, and no disclosures contained in these accounts need to be amended. The consolidated financial statements of the Group for the year ended 31 December 2017 have therefore been prepared on the above basis.

On 31 January 2019, the Company announced that as a result of recent communication with the SFC, the IBC has engaged the independent forensic accountant to conduct further inquiry and investigation into the matters and make recommendations to the Board. After reviewing the findings and conclusion of the independent forensic accountant report ("Second Forensic Report"), the IBC had adopted the Second Forensic Report. With reference to the Second Forensic Report, the IBC accepts that the matters leading to the SFC's concerns on the materially false, incomplete or misleading information contained in the Company's interim report for the six months ended 30 June 2016 published by the Company on 7 September 2016 and the Company's annual report for the year ended 31 December 2016 published by the Company on 27 April 2017 are not substantiated. Hence, the Board has determined that no restatement of figures stated in the accounts contained in these previously issued annual and interim reports is necessary, and no disclosures contained in these accounts need to be amended. The consolidated financial statements of the Group for the year ended 31 December 2018 have therefore been prepared on the above basis.

As disclosed in the announcement of the Company dated 31 October 2019, the Board resolved on 31 October 2019, among other things, to call each director to resign and each resigning director shall be eligible to put himself/herself forward for re-election at the special general meeting of the Company convened and held on 2 December 2019.

The Board proposes for a change of its composition as the Board believes that reorganisation of the Board would enable the Company to move forward and to develop a new development strategy for the Company.

On 10 January 2020, the Company announced that it received a letter from the Stock Exchange dated 7 January 2020 ("Letter") stating that:

(i) the Stock Exchange's guidance letter states that the Stock Exchange would discuss with the SFC before exercising its right to delist an issuer suspended under Section 8 of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) ("SMLR"); and

(ii) after consultation with the SFC, the Stock Exchange confirms that the Stock Exchange will, until further notice, withhold exercising its right to delist the Company under Rule 6.01A(2)(b)(i) of the Listing Rules should trading in the Company's securities remain suspended on 31 January 2020.

The Letter further states that the above is without prejudice to the Stock Exchange exercising its right under Rule 6.01A of the Listing Rules at a later stage when the Stock Exchange considers appropriate. The Stock Exchange also reserves all its rights under the Listing Rules. In particular, the Company is reminded of its obligation to procure a resumption of trading as soon as possible.

On 29 April 2020, 31 July 2020, 30 October 2020 and 2 February 2021, the Company has announced that the Company has continued communicating with the SFC on the resumption application made by the Company to the SFC under section 9 of the SMLR.

On 26 February 2021, the Company announced that, as disclosed in previous announcements of the Company, the Company has been communicating with the SFC on the resumption application made by the Company under section 9 of the SMLR. At the request of the SFC, a reputable independent consultant (as agreed by the SFC) ("Consultant") has been engaged to conduct a review of the Company's internal control. Such review has now been completed and a report ("IC Report") has been issued to the Company and the SFC. The Board confirms that the Company is now being managed by new Board members and senior management who are free from the control of or influence from Dr. Cho Kwai Chee, a former non-executive director retired on 29 June 2018 and Dr. Hui Ka Wah, Ronnie, a former executive director resigned on 2 December 2019, in their conduct of the Company's businesses and operations. The Company has been informed that the SFC has considered the IC Report and other documents and information submitted by the Company, and the SFC has, by notice to the Stock Exchange and pursuant to section 9(3) of the SMLR, permitted the dealings in the shares of the Company to recommence subject to the following conditions (collectively, "Resumption Conditions"):

(i) the Company shall publish the announcement relating to resumption of trading;

(ii) the Company undertakes: (a) to implement all the recommendations made by the Consultant in the IC Report by the target completion date with respect to each recommendation as set out in the IC Report; (b) to procure the Consultant to perform a follow-up review as at 31 October 2021 to assess whether the recommendations in the IC Report have been properly implemented by the Company; (c) to procure the Consultant to submit a report following the follow-up review to the Company and the SFC Executive for concurrent review; and

(iii) the Company shall publish an announcement regarding the results of the follow-up review report.

The Company fulfilled the first Resumption Condition by publishing the announcement dated 26 February 2021.

With reference to the second Resumption Condition, the Company will (i) implement all the recommendations made by the Consultant in the IC Report by the target completion date with respect to each recommendation as set out in the IC Report; (ii) procure the Consultant to perform a follow-up review as at 31 October 2021 to assess whether the Consultant's recommendations in the IC Report have been properly implemented by the Company; and (iii) procure the Consultant to submit a report following such follow-up review to the Company and the SFC for concurrent review. Further announcement will be made in respect of the follow-up review report as required under the third Resumption Condition. The SFC has permitted dealings in the shares of the Company to recommence from 09:00 a.m. on 1 March 2021.

Trading in the shares of the Company on the Stock Exchange resumed with effect from 9:00 a.m. on 1 March 2021.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, in the preparation of the consolidated financial statements for the year ended 31 December 2020, the Group has early applied the Amendments to HKFRS 16 COVID-19-Related Rent Concessions, which are mandatorily effective for annual reporting periods beginning on or after 1 June 2020.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. Rent concessions relating to lease contracts that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group has derecognised the part of lease liabilities that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK$8,251,000 which has been recognised as variable lease payments in profit or loss for the current year.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. There is no seasonality and cyclicality of the operations of the Group. The performance obligation is part of a contract that has an original expected duration of one year or less. Disaggregation of revenue from contracts with the customers are as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue recognised under HKFRS 15		
Hong Kong medical services		
– Medical services	**304,195**	425,064
– Dental services	**53,640**	61,280
	357,835	486,344
Hong Kong managed care business	**419,380**	477,251
Mainland hospital management and medical services	**270,088**	139,754
Others		
– Miscellaneous healthcare related services	**9,227**	10,121
	1,056,530	1,113,470
Revenue recognised under other accounting standard		
Others		
– Rental income	**12,515**	15,462
Total	**1,069,045**	1,128,932

	2020	2019
Revenue recognised under HKFRS 15		
Timing of revenue recognition		
At point in time	**965,936**	999,722
Over time	**90,594**	113,748
	1,056,530	1,113,470

Revenue from Hong Kong medical services including provision of medical and dental services, majority of Hong Kong managed care business, Mainland medical services including selling healthcare and pharmaceutical products and provision of medical and dental services and miscellaneous healthcare related services are recognised at a point in time when the related medical services are rendered to the customer. Payment of the transaction price is due immediately at the point the customer obtains the related medical services.

Mainland hospital management services has 180 days credit term upon the services provided, and they are recognised on over time basis which the transaction price is fixed on the agreement for such services.

Revenue for the services recognised on gross basis and net basis for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
	HK$'000	*HK$'000*
Gross basis	**1,053,747**	1,086,293
Net basis	**2,783**	27,177
Total revenue	**1,056,530**	1,113,470

4. SEGMENT INFORMATION

During the year ended 31 December 2019, there were four reportable and operating segments, which were based on the different types of major businesses. This is also the basis upon which the Group is organised and managed. During the year ended 31 December 2020, the chief operating decision maker, being the chief executive officer ("CEO"), reassessed the current business units of the Group.

Specifically, the Group's operating and reportable segments for the year ended 31 December 2020 are as follows:

- Hong Kong medical services – Provision of medical and dental services in Hong Kong
- Hong Kong managed care business – Managing healthcare networks & provision of third party medical network administrator services in Hong Kong
- Mainland hospital management and medical services – Provision of medical and dental services in the People's Republic of China ("PRC"), provision of hospital management services and related services
- Others – Provision of miscellaneous healthcare related services and leasing of properties

As such, comparative figures for the segment information presented in the consolidated financial statements have been restated to conform with the current year's presentation of segment information.

No segment information of assets and liabilities is provided to the CEO for the assessment of performance of different segments. Accordingly, no segment information of assets and liabilities is presented.

Segment revenues and results

For the year ended 31 December 2020

	Hong Kong medical services *HK$'000*	Hong Kong managed care business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue						
External sales	**357,835**	**419,380**	**270,088**	**21,742**	**–**	**1,069,045**
Inter-segment sales	**36,385**	**–**	**–**	**–**	**(36,385)**	**–**
	394,220	**419,380**	**270,088**	**21,742**	**(36,385)**	**1,069,045**
Segment results	**(47,810)**	**29,424**	**19,149**	**(203,766)**	**–**	**(203,003)**
Finance costs						**(572)**
Unallocated other income						**9,650**
Unallocated corporate expenses						**(38,930)**
Loss before tax						**(232,855)**

For the year ended 31 December 2019 (Restated)

	Hong Kong medical services *HK$'000*	Hong Kong managed care business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue						
External sales	486,344	477,251	139,754	25,583	–	1,128,932
Inter-segment sales	48,138	–	–	–	(48,138)	–
	534,482	477,251	139,754	25,583	(48,138)	1,128,932
Segment results	22,335	45,812	31,359	(10,064)	–	89,442
Unallocated other income						6,386
Finance costs						(749)
Unallocated other gains and losses						(4,682)
Unallocated corporate expenses						(51,624)
Profit before tax						38,773

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, directors' remuneration, certain finance costs, certain items of other gains and losses and other income. This is the measure reported to the CEO for the purposes of resources allocation and performance assessment.

Revenue from provision of miscellaneous services

Provision of miscellaneous services are mainly related to provision of health management services and other healthcare related services. No analysis of revenue from provision of miscellaneous services is presented as the management of the Group considers the cost to develop it would be excessive.

Other segment information

For the year ended 31 December 2020

	Hong Kong medical services *HK$'000*	Hong Kong managed care business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Total for segments *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit (loss):							
Interest income	–	–	–	(44,670)	(44,670)	–	(44,670)
Dividend income	(270)	–	–	–	(270)	–	(270)
Fair value changes on investment properties	–	–	–	47,566	47,566	–	47,566
Share of results of associates	(5,677)	–	329	(2,118)	(7,466)	–	(7,466)
Share of results of joint ventures	–	–	3,245	40	3,285	–	3,285
Depreciation of property, plant and equipment	14,709	3,645	12,771	14,562	45,687	1,225	46,912
Depreciation of right-of-use assets	59,602	10,444	6,621	–	76,667	–	76,667
Amortisation of intangible assets	–	7,251	3,150	–	10,401	–	10,401
Loss on disposal/written off of property, plant and equipment	31	–	–	1,668	1,699	–	1,699
Loss on disposal of a subsidiary	–	–	370	–	370	–	370
Impairment loss on goodwill	–	6,736	8,286	–	15,022	–	15,022
Impairment loss on property, plant and equipment	4,187	–	–	–	4,187	–	4,187
Impairment loss on right-of-use assets	3,653	–	–	–	3,653	–	3,653
Allowance of expected credit loss on promissory note	–	–	–	207,693	207,693	–	207,693
Finance costs	3,041	940	726	–	4,707	572	5,279
Amounts included in the information regularly provided to the CEO:							
Additions to property, plant and equipment	8,094	2,597	12,917	11,696	35,304	–	35,304

For the year ended 31 December 2019 (Restated)

	Hong Kong medical services *HK$'000*	Hong Kong managed care business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Total for segments *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit:							
Interest income	–	–	–	(46,994)	(46,994)	–	(46,994)
Dividend income	(4,058)	–	–	–	(4,058)	–	(4,058)
Fair value change on investment properties	–	–	–	51,529	51,529	–	51,529
Share of results of associates	(10,797)	–	259	(26,884)	(37,422)	–	(37,422)
Share of results of joint ventures	–	–	515	26	541	–	541
Depreciation of property, plant and equipment	19,397	6,536	7,449	10,088	43,470	3,047	46,517
Depreciation of right-of-use assets	60,754	10,160	4,827	2,476	78,217	–	78,217
Amortisation of intangible assets	–	7,251	3,175	–	10,426	–	10,426
Loss on disposal/written off of property, plant and equipment	348	–	–	9,303	9,651	–	9,651
Loss on written off of right-of-use assets	–	–	–	346	346	–	346
Loss on disposal of a subsidiary	9,606	–	–	–	9,606	–	9,606
Impairment loss on goodwill	991	–	–	–	991	–	991
Allowance of expected credit loss on promissory note	–	–	–	4,544	4,544	–	4,544
Finance costs	3,404	1,013	764	187	5,368	749	6,117
Amounts included in the information regularly provided to the CEO:							
Additions to property, plant and equipment	6,651	3,122	44,801	459	55,033	–	55,033

Geographical information

The Group's revenue from external customers based on geographical location of operations, are detailed below:

	2020	2019
	HK$'000	*HK$'000*
Other regions of the PRC	**270,088**	139,754
Hong Kong	**798,957**	989,178
	1,069,045	1,128,932

Information about the Group's non-current assets by geographical location of the assets are detailed below:

	Carrying amount of non-current assets	
	2020	2019
	HK$'000	*HK$'000*
Other regions of the PRC	**641,726**	565,024
Hong Kong	**1,611,500**	1,649,653
Non-current assets *(Note)*	**2,253,226**	2,214,677

Note: Non-current assets shown above exclude loans receivable and equity instruments at fair value through other comprehensive income.

Information about a major customer

The major customer which contributed more than 10% of the total revenue for the years ended 31 December 2020 and 2019 are listed as below:

	2020	2019
Customer A	**22%**	N/A

Note: The percentage of contribution is not applicable for Customer A in 2019 as it contributed less than 10% in the year.

5. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Interest income:		
– Bank balances and fixed bank deposits	**27,247**	26,433
– Promissory note	**15,864**	19,800
– Loans receivable	**1,310**	193
– Amounts due from associates	**249**	568
	44,670	46,994
Dividend income from equity instruments at fair value through other comprehensive income:		
– Relating to investments held at the end of the reporting period	**270**	4,058
Rental income	**3,560**	4,569
Employment Support Scheme income *(Note)*	**29,646**	–
Rental concessions	**8,251**	–
Sundry income	**4,382**	4,643
	90,779	60,264

Note: During the year ended 31 December 2020, the Group recognised government grants of approximately HK$29,646,000 (2019: nil) in respect of Coronavirus Disease 2019 ("COVID-19")-related subsidies, of which are all related to Employment Support Scheme provided by the Hong Kong government under which the Group is required (1) not to implement redundancies from June 2020 to November 2020; and (2) to spend all the wage subsidies on paying wages to its employees. There is no unfulfilled condition or contingency relating to these grants.

6. OTHER GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
Fair value changes on investment properties	**(47,566)**	(51,529)
Fair value changes on financial assets at fair value through profit or loss	**363**	(227)
Loss on disposal of a subsidiary	**(370)**	(9,606)
Loss on disposal/written off of property, plant and equipment	**(1,699)**	(9,651)
Impairment loss recognised on goodwill	**(15,022)**	(991)
Impairment loss recognised on property, plant and equipment	**(4,187)**	–
Impairment loss recognised on right-of-use assets	**(3,653)**	–
Reversal of allowance of expected credit loss recognised on amounts due from associates	**6,000**	–
	(66,134)	(72,004)

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowing	**572**	749
Interest on lease liabilities	**4,707**	5,368
	5,279	6,117

8. INCOME TAX EXPENSES

	2020	2019
	HK$'000	*HK$'000*
Tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	**10,256**	14,957
– PRC Enterprise Income Tax	**18,123**	16,749
	28,379	31,706
Overprovision in prior years		
– Overprovision of Hong Kong Profits Tax	**(800)**	(876)
	27,579	30,830
Deferred tax		
– Current year	**(1,984)**	(2,576)
	25,595	28,254

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 ("Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. (LOSS) PROFIT FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Staff costs		
– Directors' remuneration	**504**	12,913
– Other staff's salaries	**523,351**	552,350
– Other staff's bonus	**49,272**	79,600
– Other staff's other benefits	**532**	945
– Other staff's retirement benefits scheme contributions	**8,299**	8,895
	581,958	654,703
Less: Staff costs recognised in administrative expenses	**(111,576)**	(118,661)
Staff costs recognised in cost of sales	**470,382**	536,042
Auditors' remuneration	**3,662**	3,662
Cost of inventories recognised in cost of sales:		
– Pharmaceutical supplies	**163,952**	122,390
– Others inventories	**3,189**	2,984
	167,141	125,374
Depreciation of property, plant and equipment recognised in administrative expenses	**39,524**	41,767
Depreciation of property, plant and equipment recognised in cost of sales	**7,388**	4,750
Total depreciation of property, plant and equipment	**46,912**	46,517
Loss on disposal/written off of property, plant and equipment	**1,699**	9,651
Depreciation of right-of-use assets	**76,667**	78,217
Loss on written off of right-of-use assets	**–**	346
Amortisation of intangible assets, recognised in administrative expenses		
– customer relationship	**7,251**	7,251
– management services right and consulting services contracts	**3,150**	3,175
Total amortisation of intangible assets	**10,401**	10,426
and after crediting:		
Gross rental income from investment properties	**12,515**	15,462
Less: Direct operating expenses of properties that generated rental income	**(1,211)**	(1,272)
Net rental income from investment properties	**11,304**	14,190

10. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year		
– Final dividend of HK$0.25 cent per ordinary share for the year ended 31 December 2018	**–**	18,815

On 28 March 2019, the Directors recommended the payment of a final dividend of HK0.25 cent per share for the year ended 31 December 2018. The board of directors of the Company does not recommend the payment of a final dividend for the years ended 31 December 2019 and 2020.

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Loss for the purposes of basic and diluted loss per share

	2020	2019
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(281,038)**	(8,414)

Number of shares

	2020	2019
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**7,526,134,452**	7,526,134,452

The denominators used are the same as those detailed above for both basic and diluted loss per share. Diluted loss per share for both 2020 and 2019 were presented as the same as basic loss per share as there were no potential ordinary shares in issue for both 2020 and 2019.

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables *(Note i)*	**230,705**	119,890
Deposits	**39,689**	39,884
Other receivables *(Note ii)*	**19,562**	52,924
Prepayments *(Note iii)*	**16,529**	7,026
	306,485	219,724

Notes:

(i) Most of the patients of the medical and dental practices settle in cash. Payments arising from use of medical cards by patients will normally be settled within 180 to 240 days whilst settlement by corporate customers for the Group's managed care operation is from 60 to 180 days. The Group allows an average credit period of 60 to 240 days to its trade customers under other business activities.

The following is an aged analysis of trade receivables, net of allowance, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2020	2019
	HK$'000	*HK$'000*
0 – 60 days	**164,099**	113,244
61 – 120 days	**45,982**	4,806
121 – 180 days	**18,992**	1,336
Over 181 days	**1,632**	504
	230,705	119,890

These receivables are related to a number of independent customers that have good repayment history with the Group. The Group does not hold any collateral over these balances.

As at 31 December 2020 and 2019, no trade receivables are past due at the end of the reporting period for which the Group has not provided an allowance for expected credit loss.

The Group has provided fully for all receivables over 365 days because historical experience is such that receivables that are past due beyond 365 days are generally not recoverable.

(ii) As at 31 December 2020, the Group's other receivables mainly included receivables of interest income from promissory note of HK$1,000,000 and receivables from customers arising from purchase of medical equipment of HK$13,155,000 (2019: receivables of interest income from promissory note of HK$4,936,000, receivables from redemption of Heemin Capital Global Enhanced Yield Bond Fund ("Heemin Bond Funds") of HK$6,948,000 and receivables from customers arising from purchase of medical equipment of HK$22,342,000). During the year ended 31 December 2020, the receivables from redemption of Heemin Bond Funds and receivables from customers arising from purchase of medical equipment were fully settled.

Included in other receivables, HK$13,155,000 (2019: HK$22,342,000) is with an average credit period of 180 days and the remaining are repayable on demand, unsecured and interest-free. As at 31 December 2020, no other receivables has been past due (2019: nil).

(iii) As at 31 December 2020, prepayments mainly included prepayments of purchase of property, plant and equipment of HK$4,480,000 and prepayments to suppliers for medical equipment of HK$3,072,000 (2019: prepayments to suppliers for medical equipment of HK$1,538,000).

13. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables *(Note i)*	**103,601**	36,061
Other payables *(Note ii)*	**19,223**	44,127
Deposits received	**4,674**	5,821
Accruals *(Note iii)*	**79,367**	79,981
	206,865	165,990

Notes:

(i) The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
0 – 60 days	**65,509**	28,420
61 – 120 days	**24,149**	6,588
Over 121 days	**13,943**	1,053
	103,601	36,061

The average credit period on purchase of goods is 60 to 120 days.

(ii) Included in the Group's other payables as at 31 December 2020 were amounts due to suppliers for acting as an agent trading for payment of medical equipment of HK$5,584,000 (2019: HK$31,593,000) to suppliers with an average credit period of 60 to 120 days.

(iii) Included in the balance of accruals are the provision of consultancy services payable to affiliated doctors and specialists of HK$33,252,000 (2019: HK$35,445,000) and accrued staff costs of HK$10,472,000 (2019: HK$18,833,000).

14. BANK BORROWING

	2020	2019
	HK$'000	*HK$'000*
Secured:		
Mortgage loan	**16,623**	17,730

The bank borrowing is repayable as follows:

On demand and within one year	**1,126**	1,062
In more than one year but not more than two years	**1,151**	1,108
In more than two years but not more than three years	**1,198**	1,155
In more than three years but not more than four years	**1,247**	1,203
In more than four years but not more than five years	**1,300**	1,251
Over five years	**10,601**	11,951
	16,623	17,730
Less: Amounts due within one year shown under current liabilities	**(1,126)**	(1,062)
Carrying amount of bank borrowing that is not repayable within one year from the end of reporting period but contain a repayment on demand clause (shown under current liabilities)	**(15,497)**	(16,668)
	–	–

As at 31 December 2020, the bank borrowing of the Group carried variable interest rates at Hong Kong Interbank Offered Rate ("HIBOR")+2.25% per annum (2019: variable interest rate at HIBOR+2.25% per annum).

The Group's mortgage loan is secured by the Group's leasehold land and building with carrying value of HK$42,925,000 (2019: HK$46,047,000) and supported by personal guarantee provided by non-controlling interests of the Company's non-wholly owned subsidiary which will be released upon repayment of the mortgage.

15. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019 and 2020	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 2020	7,526,134,452	75,261

16. EVENT AFTER THE REPORTING PERIOD

The Company has been informed that the SFC has considered the IC Report and other documents and information submitted by the Company, and the SFC has, by notice to the Stock Exchange and pursuant to section 9(3) of the SMLR, permitted the dealings in the Shares to recommence subject to the Resumption Conditions.

As disclosed in note 1, the Company fulfilled the first Resumption Condition by publishing the announcement dated 26 February 2021.

As such, trading in the shares of the Company on the Stock Exchange resumed with effect from 9:00 a.m. on 1 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Company is pleased to report the results of the Group for the Year.

During the Year, the Group recorded a loss of approximately HK$258,450,000 (2019: profit of approximately HK$10,519,000). Such significant change from profit to loss was mainly attributable to (i) the adverse impact of the COVID-19 pandemic on the business operation of the Group during the Year, in particular, the number of outpatient visits has significantly decreased during the Year; (ii) the significant increase in allowance of expected credit loss recognised on promissory note; and (iii) the significant decrease in share of profits of associates for the Year notwithstanding that the Group recorded a significant increase in other income during the Year.

Adverse Impact of the COVID-19 Pandemic on Business Operation of the Group

The outbreak of the COVID-19 pandemic since January 2020 has significantly affected the business operation of the Group, causing decline in revenue of the Group for the Year. Details of impact of the COVID-19 pandemic on different business segments of the Group will be explained in subsequent paragraphs.

Allowance of Expected Credit Loss Recognised on Promissory Note

The Group recorded an allowance of expected credit loss in respect of promissory note of approximately HK$207,693,000 for the Year (2019: allowance of expected credit loss in respect of promissory note of approximately HK$4,544,000). The significant increase in allowance of expected credit loss in respect of promissory note was due to the recognition of an impairment loss in relation to the Promissory Note, details of which are set out in the announcements of the Company dated 30 December 2016 and 17 March 2017 respectively and the circular of the Company dated 23 February 2017.

As at the date of this announcement, the outstanding principal amount of the Promissory Note is HK$330,000,000. Since the maturity date of the Promissory Note (i.e. 9 April 2020), Profit Castle has paid interest accrued on the outstanding principal amount of the Promissory Note of approximately HK$10,400,000 and the outstanding interest accrued thereon up to the date of this announcement amounts to approximately HK$8,500,000.

As disclosed in the announcement of the Company dated 19 March 2021:

(1) since the maturity date of the Promissory Note, the Group, Dr. Ip and Profit Castle had been in negotiation on the extension of the maturity date of the Promissory Note and the repayment schedule of the principal amount of the Promissory Note and the interest accrued thereon;

(2) such negotiation fell through in the absence of any repayment proposal from Dr. Ip and Profit Castle that is acceptable to the Group;

(3) having considered the facts and circumstances, the Group has instructed its legal advisers to issue a final demand letter to each of Profit Castle and Dr. Ip; and

(4) meanwhile, the Group is preparing to take legal actions against Profit Castle and/or Dr. Ip in respect of, among other things, their default in repaying the outstanding principal amount of the Promissory Note and all outstanding interest accrued thereon.

Share of Profits of Associates

The Group recorded share of profits of associates of approximately HK$7,466,000 for the Year (2019: share of profits of associates of approximately HK$37,422,000). Such significant decrease in share of profits of associates was mainly due to the outbreak of the COVID-19 pandemic which caused adverse impact on their business operations.

Other Income

The Group recorded other income of approximately HK$90,779,000 for the Year (2019: approximately HK$60,264,000). The increase in other income was mainly due to the recognition of government grants of approximately HK$29,646,000 in respect of COVID-19 related subsidies, of which are all related to “Employment Support Scheme” provided by the Hong Kong government.

BUSINESS REVIEW

Annual Business Review

In 2020, the outbreak of the COVID-19 pandemic posed a serious threat to public health. As a frontline institution of the medical system, it is an important goal for the Group to do its best to prevent from and fight against the pandemic. Starting from staff's protective equipment, cleaning and disinfection of clinics and hospitals, and notification mechanisms, the Group made concerted efforts in collaboration with its staff to fight the pandemic, achieving remarkable results of "zero infection" in both Hong Kong and Mainland China. Meanwhile, the Group also actively assists the government to carry out COVID-19 testing and cooperates with the government recognised testing institutions to establish a COVID-19 Reverse Transcription-Polymerase Chain Reaction (RT-PCR) test laboratory, which is one of the large-scale laboratories of this type in Hong Kong. The Group spares no effort to make contributions to enhance Hong Kong's nucleic acid testing capabilities and reduce the risk of wide spread of the pandemic in a long term.

Due to the continuous recurrence of the pandemic in Hong Kong, which has continually impacted the local economy, the process of economic recovery became slow and difficult. As the pandemic is not under control, the public's desire to go out declined, reducing the number of medical consultations, and the Group's healthcare business in Hong Kong was adversely affected. Facing the severe challenges posed by the outbreak of the pandemic, the Group flexibly adjusted its operation and management strategies, expanded revenue sources and reduced expenditures and strictly controlled costs.

In terms of Mainland China business, thanks to the continuous effective control of the pandemic and rapid economic recovery in Mainland China, the Group's business in Mainland China has gradually resumed in an orderly manner and finally achieved encouraging growth. At the same time, after several years of in-depth cooperation with China Life Group, the synergetic effects have become more significant, bringing greater value to the Group.

Resumption of Trading

As disclosed in the Resumption Announcement, the trading of the Shares on the Stock Exchange was permitted to recommence with effect from 9:00 a.m. on 1 March 2021.

As disclosed in previous announcements of the Company, the Company has been communicating with the SFC on the resumption application made by the Company under section 9 of the SMRL. At the request of the SFC, a reputable independent consultant (as agreed by the SFC) ("Consultant") has been engaged to conduct a review of the Company's internal control. Such review has been completed and a report ("IC Report") has been issued to the Company and the SFC. The SFC has considered the IC Report and other documents and information submitted by the Company, and the SFC has, by notice to the Stock Exchange and pursuant to section 9(3) of the SMLR, permitted the dealings in the Shares to recommence subject to the following conditions:

(1) the Company shall publish the Resumption Announcement;

(2) the Company undertakes:

   (a) to implement all the recommendations made by the Consultant in the IC Report by the target completion date with respect to each recommendation as set out in the IC Report;

   (b) to procure the Consultant to perform a follow-up review as at 31 October 2021 to assess whether the recommendations in the IC Report have been properly implemented by the Company;

   (c) to procure the Consultant to submit a report following the follow-up review to the Company and the SFC Executive for concurrent review; and

(3) the Company shall publish an announcement regarding the results of the follow-up review report.

As at the date of this announcement, the Company has fulfilled the first resumption condition by publishing the Resumption Announcement.

With reference to the second resumption condition, the Company will (i) implement all the recommendations made by the Consultant in the IC Report by the target completion date with respect to each recommendation as set out in the IC Report; (ii) procure the Consultant to perform a follow-up review as at 31 October 2021 to assess whether the Consultant's recommendations in the IC Report have been properly implemented by the Company; and (iii) procure the Consultant to submit a report following such follow-up review to the Company and the SFC for concurrent review. Further announcement will be made in respect of the follow-up review report as required under the third resumption condition.

Healthcare Service Network of the Group

As of 31 December 2020, the Group had 463 healthcare service points covering multiple practices, including 265 general practice service points, 80 specialist service points, 24 dental service points and 94 auxiliary service points. As of 31 December 2020, the Group employed 702 doctors, dentists and auxiliary service staff (including 399 general practitioners, 210 specialists, 35 dentists and 58 auxiliary service staff), all of whom provided healthcare services via the Group's network of self-operated and affiliated medical centres.

The Group's healthcare service network are as follows:

	As of 31 December 2020
Medical services	**345**
General practice services	265
Specialist services	80
Dental services	**24**
Auxiliary services	**94**
Physiotherapy services	52
Diagnostic imaging and laboratory testing services	26
Traditional Chinese medicine services	15
Health management services	1
Total:	**463**

The Group's self-operated medical centres are as follows:

	As of 31 December 2020
Medical services	**91**
General practice services	47
Specialist services	44
Dental services	**13**
Auxiliary services	**19**
Diagnostic imaging and laboratory testing services	11
Physiotherapy services	7
Health management services	1
Total:	**123**

Business in Hong Kong

Managed Care – Vio

The year of 2020 witnessed the unprecedented arrival of the COVID-19 pandemic, which inevitably had a negative impact on the Group's medical network business. Despite transient period of zero local infection case in April 2020, the resurgence came in waves with a vengeance against each government's attempt to ease anti COVID-19 measures. Fear of the contagion led to a drop in service demand and frequency of clinic visits. The number of outpatient visits recorded a larger drop compared with that of the same period in 2019. A larger profit decline was recorded for general practice services while specialist services were less affected as demand for the latter is less elastic.

In response to the COVID-19 pandemic, Vio has strictly followed the COVID-19 prevention guidelines from the Centre for Health Protection and adopted a series of measures to protect the health of healthcare workers and clients, including temperature screening for everyone entering the medical centres, advising them to practise physical distancing and hand hygiene, and mandating health and travel declaration by clinic visitors so as to identify high risk or symptomatic individuals. Vio also provided frontline staff with adequate personal protective equipment, enhanced disinfection schedules of clinic facilities, banned staff from eating together in common rooms and advised staff to reduce social activities outside. Whenever an employee suspects that he/she may have been exposed to the virus, the Group will also conduct rapid World Health Organisation approved antigen test in-house while waiting for the more sensitive but slower Reverse Transcription-Polymerase Chain Reaction (RT-PCR) test to be reported. Through a series of effective pandemic prevention measures, none of Vio's frontline staff has been infected during the Year. Vio has also organised COVID-19 Health Talks for corporate clients, acted as their Corporate Medical Adviser and provided thousands of Polymerase Chain Reaction tests for their staff.

In 2020, Vio continued to upgrade its software and IT infrastructure with the addition of the e-voucher and e-approval modules to enhance operational efficiency and to strengthen system resilience and data security. The upgraded systems will gradually replace the error prone paper-based process, subject to acceptance by payors including insurers.

The revenue generated from the Group's medical network business in the Year amounted to approximately HK$419,380,000 (2019: approximately HK$477,251,000), and accounted for approximately 39.23% of the Group's revenue for the Year (2019: approximately 42.27%).

Self-Operated Clinic Chain

During the Year, the Group operated a total of 47 general practice medical centres, 44 specialist centres and 13 dental centres. Due to the impact of the COVID-19 outbreak on its business, the general practice services, specialist services and dental services of the Group in the self-operated clinic chain recorded various degrees of decline in attendance, revenue and net profit, turning the overall business from profit to loss, especially for the general practice services and pediatric specialties, which recorded a larger decline. Apart from that, a new cardiologist was recruited to join the cardiology team, whose joining brought a considerable revenue to the team. The cardiology diagnostic centre also performed well, with both revenue and net profit recorded growth.

Strictly managing the prevention and control of the pandemic, the Group purchased professional air purification equipment for the medical centres and provided personal protective equipment to frontline medical staff, to ensure that all medical centres have sufficient personal protective equipment such as surgical masks, face shields, protective clothing, head covers and gloves in stock. Once being notified that a patient is confirmed to have contracted the COVID-19 disease, the Group will immediately close the centre for monitoring disinfection and all staff will be tested for COVID-19 disease. The staff will not be allowed to return to work until their test results confirmed negative, thus achieving "zero infection" of medical staff. The Group has also conducted thorough cleansing for some long-established medical centres and retrained healthcare assistants' customer service skills to comprehensively improve the quality of services of the medical centres.

As a leading healthcare services group in Hong Kong, while expanding its business, the Group also shoulders the social responsibility as a healthcare enterprise and joins hands with the community to fight the pandemic. During the Year, the Group, supported by its extensive network of medical centres and in collaboration with government-recognised nucleic acid testing institutions, fully complied with the government's policies and launched the COVID-19 testing service at an affordable price, to meet the public's demand for COVID-19 testing. In addition, the Group worked together with non-governmental organisations and donated tens of thousands of surgical masks to children, students and community members in need, as well as patients who visited its medical centres for medical services and the centres' grassroots workers, such as cleaners and security guards during the Year.

To enhance its internal management, the Group introduced an internal information dissemination network system in which the Group's latest policies are announced to enable all medical staff to be timely updated, thus enhancing overall management efficiency.

In order to respond to the market demand more flexibly, the Group deployed and integrated the medical centre layout and business management strategies by closing three general practice medical centres and one dental centre. It also relocated some of the centres to gain more space and increase hygiene level, and to save rental expenses. Staff allocation was also adjusted according to the number of patient visits in each centre to streamline the workforce. These measures were effective in controlling costs and increasing operational efficiency of the centres. On the other hand, to strengthen the specialist services, the Group has recruited one additional full-time specialist for each of cardiology, ophthalmology and orthopedics centres, and one additional visiting specialist for each of pediatrics and obstetrics and gynecology centres. In addition, official licensing has been granted for the operation of the ophthalmic day procedure centre in Jordan.

During the Year, the revenue generated from the general practice services, specialist services and dental services of the Group amounted to approximately HK$357,835,000 (2019: approximately HK$486,344,000), and accounted for approximately 33.47% of the Group's revenue for the Year (2019: approximately 43.08%).

Medical Beauty Business

During the Year, in response to the operation of the measures imposed by the Hong Kong government against the COVID-19 pandemic, the Group's medical beauty centres in Hong Kong were suspended for nearly 100 days. The mandatory quarantine measures and restrictions on inbound travel imposed by the Hong Kong government led to a sharp drop in the number of visitors to Hong Kong and made cross-border medical treatment and medical beauty service impossible, which have further put pressure on the demand for medical beauty business. Revenue generated from the business of TBM in the Hong Kong market inevitably dropped sharply as compared with the corresponding period last year. The business of TBM in Mainland China was also affected by the pandemic and its operation was suspended for 30 days. However, as the pandemic was under control in Mainland China, the business of TBM in Mainland China recovered quickly in the second half of the Year and recorded a revenue growth exceeding a double-digit percentage, leading to an increase in revenue of TBM in Mainland China throughout the Year.

In light of the business downturn in Hong Kong, TBM actively adopted a number of operational management and cost-cutting strategies to encounter challenges of the business environment. In terms of business development, TBM actively explored online marketing and promotion and offered preferential promotions to stimulate local consumption. In terms of cost control, TBM applied to landlords of its centres for rent reductions and submitted application for "Employment Support Scheme", a salary subsidy scheme, and "Subsidy Scheme for Beauty Parlours" launched by the Hong Kong government.

As China's pandemic prevention and control continues to improve, and with the support and promotion of a series of fiscal stimulus policies, China's economy has resumed growth. Driven by the release of previous backlog of consumer desires, TBM in Mainland China opened three new centres in Guangzhou and one in Shanghai as scheduled during the Year, which further strengthened the TBM medical beauty outlets in the first and second tier cities in Mainland China.

During the Year, TBM employed 11 full-time or part-time doctors, and had 9, 8, 5 and 3 centres in Hong Kong, Shenzhen, Shanghai and Guangzhou, respectively. During the Year, TBM's revenue amounted to approximately HK$245,400,000 (2019: approximately HK$328,361,000).

Business in Mainland China

Hospital Management and Consulting Services Business in Mainland China

During the Year, Nanshi Hospital, managed by the Group's Nanyang Xiangrui, recorded good performance. In spite of the COVID-19 pandemic, total revenue of Nanshi Hospital recorded a single-digit growth as compared with the corresponding period last year and the overall revenue of Nanyang Xiangrui recorded a double-digit growth as compared with the corresponding period last year, benefiting from the significant increase in revenue from the newly acquired Yugangxiang and Nanyang Ruishi Ophthalmology Hospital.

Nanshi Hospital has spared no effort in pandemic prevention and control. Fever clinics and isolated observation wards were set up in the hospital to provide separate diagnosis and treatment area for patients with fever, and more than one million Renminbi was invested to expand the infectious disease department, which was constructed and put into use within a short period of time. Facing short supply of protective equipment, pandemic prevention and control materials were purchased from abroad to meet daily needs of the hospital, which enabled the hospital to record "zero infection" of medical staff and patients. In addition, Nanshi Hospital sent backbone doctors to six county-level hospitals to provide support, and deployed more than 300 medical staff to provide guidance on community prevention and control, thereby making positive contributions to the pandemic prevention and control efforts of Nanyang City and the promotion of cooperation of medical partnerships.

Nanshi Hospital accelerated the construction and decoration of the new surgical building, the progress of which being slightly affected by the pandemic, but the civil construction, decoration and equipment installation have been basically completed, which is aimed to be put into use in the first half of 2021.

In addition to the new rehabilitation branch, Nanshi Hospital has also established a nursing home for the elderly, hosting more than 1,000 elderly people and taking care of more than 100 elderly people throughout the Year, and a family service centre to provide rehabilitation services to more than 6,000 elderly people.

Not only upgrading its hardware facilities, Nanshi Hospital also actively enhanced the quality of medical care. Nanshi Hospital optimised daily quantitative assessment of the quality of clinical and medical technical departments; adopted authorised management of restricted medical technology operations; implemented the consultation system to improve level of diagnosis and treatment; participated in the "Ten Major Indicators" macro supervision, "three goods and one satisfaction" construction and "three rationalisations and one standard" assessment and other activities. These are to optimise various quality control management indicators, make hospital management more standardised and further strengthen service quality. The satisfaction rates of discharged patients, inpatients and outpatients with Nanshi Hospital were encouragingly above 93%, 95% and 91%, respectively.

Nanshi Hospital is dedicated to social welfare and organises health promotion and education activities in Nanyang City every year, organising more than 200 events of free consultations and providing stroke screenings in excess of the quota, thereby benefiting more than 5,000 people.

Nanyang Xiangrui has continuously expanded its business scope and now has more than 10 companies in various fields, including medical technology, property services, housekeeping services and architectural decoration, which can provide more support services for hospital management business and enhance the hospital management level and economic efficiency comprehensively.

Health Management Centres Business

During the Year, Town Health International Health Management Centre, located at the China Life Centre in Jinan City, Shandong Province, was temporarily suspended because of the COVID-19 pandemic. Subsequently, as the health management centre resumed operation, its business has improved significantly. During the Year, the overall performance of the health management centre was terrific, serving more than 10,000 customer visits. Among them, health check service was the main source of revenue for the health management centre.

During the Year, the health management centre in Jinan strengthened internal management and construction. Internal improvements were made in terms of personnel, systems and formulation of service processes, and various measures to expand revenue sources and reduce expenditures were implemented. Meanwhile, the health management centre continued to strengthen its pandemic prevention and control efforts to achieve "zero infection" of medical staff and customers.

The health management centre in Jinan strengthened its cooperation with CLIS, actively cooperated with the development of CLIG's sales business, and provided special value-added healthcare services for VIP customers of China Life Group. In the meantime, the health management centre organised a total of 275 exclusive events for CLIS, involving about 3,000 participants. In the whole course of the events, CLIS secured insurance contracts with more than tens of millions of Renminbi. While such exclusive events helped China Life Group achieve good results of signing contracts, they also enlarged customer base of the health management centre. The health management centre and CLIS actively exerted synergistic effect to promote cooperation and development together.

In addition, the health management centre in Zhongshan, Guangdong Province has successfully obtained a medical institution practicing license in December 2020 and is expected to be officially opened in the first half of 2021.

High-end Medical Imaging Diagnostic and Health Check Business

During the Year, revenue generated from the Sixth Hospital's medical diagnostic centre managed by Yikang, a subsidiary of the Company, was stable. After the outbreak of COVID-19 pandemic, Yikang has set up an additional nucleic acid testing laboratory for the testing of coronavirus, providing Polymerase Chain Reaction tests to assist the government in providing nucleic acid testing services to identify and track infected people so as to protect public health. During the Year, Yikang also continued to pay attention to the pandemic prevention and control, and achieved "zero infection" of medical staff and customers.

Clinics Business in Mainland China

Ganghe Clinic, located in the central area of Futian District, Shenzhen, mainly provides services in general medicine, surgery, gynecology and health management. Ganghe Clinic also offers to patients a distinctive program – lifecycle health management for women. Ganghe Clinic has established a stable cooperative relationship with Dr. Liang Xiaoyan, a renowned gynecologist in Guangzhou, and her medical team, which has dispatched doctors in Ganghe Clinic for long-term consultations and established an endocrinology and reproductive medical specialty to provide high-end medical services for patients. During the Year, Ganghe Clinic has established a stable customer base through word-of-mouth recommendations among patients. In addition, Ganghe Clinic has established a long-term and stable cooperative relationship with CLIZ. During the Year, Ganghe Clinic continuously provided services for VIP customers of CLIZ and expanding medical services covering specialist clinic, thereby expanding the scope of services of Ganghe Clinic.

Other investments

As at 31 December 2020, the Group held approximately 17.67% of HCMPS with an investment amount of approximately HK$86,585,000. HCMPS and its subsidiaries are principally engaged in the provision of contract-based medical schemes for integrated medical and healthcare check-up services. Based on the latest unaudited combined financial information for the year ended 31 December 2020 of HCMPS, it recorded a profit of approximately HK$15 million. As at 31 December 2020, the Group's investment in HCMPS constituted approximately 84.76% of the balance of equity instruments at fair value through other comprehensive income. During the Year, a fair value loss on the Group's investment in HCMPS of approximately HK$19,437,000 (2019: fair value loss of approximately HK$24,031,000) has been recognised in other comprehensive income. Although the performance of HCMPS was affected by the outbreak of the COVID-19 pandemic, the Group is of the view that the ageing population and the increasing demand for corporate medical solutions services in Hong Kong are favourable to the continuing development of HCMPS' business in the long term.

The Group prudently and carefully selects promising investments which are duly assessed and analysed by the senior management team of the Group. After taking into account of future business prospects and the respective financial performance of the various investments, as at the date of this announcement, the Group intended to continue holding the investments in its present portfolio.

OUTLOOK

The COVID-19 pandemic will last and continue to spread across the world, posing grave threat to the public health and making a heavy blow to the economy. However, the availability of vaccines and the activation of vaccination work are expected to contain the virus, which will boost the world's confidence about economic recovery. As the economy gradually recovers in 2021, it is expected that businesses of the Group will return to stable development. In the meantime, the Group will consistently and actively fulfil its social responsibilities as a medical enterprise and serve the society with all its might.

Hong Kong

For the medical network business, Vio will deploy more resources towards upgrading both the software and the IT infrastructure, which will enhance management efficiency. In addition, Vio is planning to expand both the service scope and its network footprint by recruiting more specialists in some sub-specialties and more community clinics to join the network, so as to meet service demand for more specialised medical services, enhance patients' service experience and better serve the Hong Kong community.

With respect to the self-operated clinic chain business, the Group will closely monitor the development of COVID-19 pandemic and make deployment with prudence.

The first batch of COVID-19 vaccine arrived in Hong Kong in February 2021. The Group has participated in the government's COVID-19 Vaccination Programme. The Group has also provided appropriate support to operate vaccination centre, the vaccination programme in medical centres or the outreach vaccination service, making contribution to the Hong Kong society. With the experience of taking part in the Seasonal Influenza Vaccination Subsidy Scheme, the Group will make appropriate preparation and arrangement in terms of medical staff and medical facilities to provide the COVID-19 vaccination service at medical centres in various districts in Hong Kong in response to the government's request. Facing the resurgence of the outbreak of the COVID-19 pandemic, the Group will implement strict pandemic control measures as it has done and continuously strengthen the safety supervision in respect of pandemic control, so as to maintain a safe medical consultation environment.

The Group is committed to ensuring the compliance of regulatory requirements by all the healthcare service points. The Legislative Council passed the Private Healthcare Facilities Ordinance (Chapter 633 of the Laws of Hong Kong) on 15 November 2018, pursuant to which, four categories of private healthcare facilities, being hospital, day procedure centre, clinic and health services establishment, will be subject to supervision. The provisional timing of registration for day procedure centres and clinics is year 2020 and 2021 respectively. The strict policy will bring new opportunities to large healthcare groups. The Group will actively respond to the government's license application guidelines, and apply for formal licenses for its day procedure centres and general practice, specialty and dental centres to safeguard patients' safety and consumers' interest.

The Group will continue to improve the service quality, including upgrading the hardware of medical centres, establishing the Medical Advisory Committee, to further enhance the management of medical service quality. In the meantime, the Group will further strengthen the cost control, broaden sources of revenue and reduce expenditures, review the distribution of medical centres in all regions, and relocate or integrate centres whose tenancy is to expire or old centres. Furthermore, the Group will make greater efforts to develop its business potential, enhance cooperation with external business partners, and achieve win-win outcomes with the synergy produced.

Regarding the medical beauty business, TBM is going to concentrate on medical services in Hong Kong. It will cooperate with Hong Kong Health Check and Medical Diagnostic Centre Limited in the future to establish a pain and physiotherapy centre, hair care centre and dental clinic in Jordan, providing "medical beauty + comprehensive health" one-stop healthcare services, generating synergy to create greater value for both parties, and providing Hong Kong customers with high-quality and diversified service experience. As the demand for medical beauty and the willingness to spend in Mainland China continue to rise, TBM's business in Mainland China shows a positive momentum. TBM will open one beauty centre each in Shanghai and Shenzhen in 2021, and will continue to pool resources on actively developing more beauty centres in China's first-tier and second-tier cities, to provide beauty care and medical beauty services. In addition, TBM will make better use of internet tools, enabling customers to make reservations and enquiries through the online system, thus strengthening the communication with customers and laying a good foundation for the sustained growth of TBM's business.

Mainland China

Benefiting from the effective pandemic control measures, China's overall economy and consumer confidence realise a rapid recovery. Meanwhile, citizens have better health awareness and increasing demands for health management including medical services, health check and medical beauty. Based on these, the Group is optimistic about the future of China's healthcare industry. It will continuously seize the policy opportunities arising from the country's action of deepening medical system reform, adjust the operation principle and strategy in due time, provide customers with high-quality one-stop medical services and vigorously develop the broad medical market in Mainland China.

In terms of the hospital management and consulting services business in Mainland China, Nanshi Hospital, managed by Nanyang Xiangrui, will continue to strengthen the pandemic prevention and control, reinforce the discipline construction of the seven strong specialty disciplines, improve the core competitiveness and further develop new cooperation patterns for medical partnerships. In addition, Nanshi Hospital will actively expand the rehabilitation branch and build it into a professional one. When the new building of Nanshi Hospital is put into service, the number of beds is expected to increase to 1,600 to 1,800 by the end of 2021, and the ward space occupied by patients will increase, with patients' satisfaction to be improved. The new building is equipped with intensive care unit, operating theatre and new facilities, which will significantly improve the environment and quality of medical services. Youtian Branch of Nanshi Hospital is preparing for the application to be a Grade II hospital, and will establish an inpatient care area of integrated treatment and convalesce. Nanyang Ruishi Ophthalmology Hospital continues to focus on building the leading optometry and refraction brand of Nanyang City. While providing Nanshi Hospital with high-quality management services, all business segments of Nanyang Xiangrui are making good preparation for offering services to hospitals of medical partnerships in the future.

With respect to the health management centres business, the Group will focus on the health management segment in the future, building the health risk assessment centre and developing exclusive health management service application. Through the application, the health management centre will provide customers with comprehensive health risk assessment and health management services, thereby attributing distinguishing features to the centre's medical services and improving the market competitiveness.

The health management centre will also develop the nutrition and exercise management segment to offer professional support related to nutrition aspects to the health management centre, thus shaping a nutrition and exercise centre, building the health management services segment in an all-round manner and providing customers with comprehensive one-stop health management services.

Meanwhile, with its sophisticated equipment including Low Dose Computed Tomography, the health management centre will collaborate with local hospitals to build the early screening and treatment centre for lung cancer, providing customers with lung cancer early screening services through Computed Tomography. The health management centre in Jinan has signed cooperation agreements with Qilu Hospital. When the screening results of customers show that there are suspected problems with the lung, the health management centre will refer customers to hospitals under the exclusive cooperation for treatment. As to the post-treatment lung function recovery, customers can choose to return to the health management centre for post-treatment recovery. The health management centre aims to offer customers closed-loop one-stop services from early screening and diagnosis of lung cancer, fast track to hospitals for high-quality treatment offered by experts, to subsequent post-treatment recovery.

Furthermore, the health management centre is devoted to improving the quality of sales services and customer services. The centre will establish the integrated customer service department, which will be responsible for front-end sales, customer reservations, preliminary medical consultation and customer feedback after the service, creating "one-stop" customer services.

For the high-end medical diagnostic and health check business, businesses of Yikang are expected to recover from the shock of COVID-19 pandemic in 2021 and gradually return to a stable state.

Regarding the clinics business in Mainland China, Ganghe Clinic in Shenzhen will continue to closely cooperate with CLIZ. It will invite more specialists to offer medical services to VIP customers of China Life Group, to expand the medical service scope of Ganghe Clinic. In the future, the Group will also consider dispatching Hong Kong-based specialists to Ganghe Clinic to offer medical services, thus realising further medical resource sharing between Hong Kong and the Greater Bay Area.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent cash and financial management policy. As at 31 December 2020, the Group held bank balances and cash of approximately HK$1,070,835,000 (2019: HK$1,840,856,000) and fixed bank deposits of approximately HK$817,090,000 (2019: Nil). In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and substantial cash is generally deposited with banks in Hong Kong and denominated mostly in HK$. As at 31 December 2020, the Group had bank borrowing which represented a mortgage loan of approximately HK$16,623,000 (2019: HK$17,730,000) of which approximately HK$1,126,000 (2019: HK$1,062,000) are repayable within one year. As at 31 December 2020, the Group had no committed borrowing facilities. Details of bank borrowing of the Group are set out in note 14 to the consolidated financial statements.

As at 31 December 2020, the Group's net current assets amounted to approximately HK$1,926,151,000 (2019: HK$2,128,476,000) and the Group had a current ratio (defined as total current assets divided by total current liabilities) of 6.34 (2019: 7.42). As at 31 December 2020, the Group's gearing ratio (defined as total bank borrowing divided by equity attributable to owners of the Company) was 0.44% (2019: 0.44%). The Group considers the level of liabilities of a company reflects its financial health. The Group strives to keep the level of borrowings at minimum and to maintain ample internal resources to support its business operations, not only to reduce interest burden, but also to enable the Group to respond to changes and capture business opportunities in a timely manner when they arise. As such, both current ratio and gearing ratio are useful to assess the Group's financial positions. While higher current ratio reflects sufficiency of the Group's assets and the capability of the Group to meet its debt repayment obligations, lower gearing ratio represents lesser reliance on debt financing and greater financial stability of the Group. During the Year, the Group's liquidity position was well-managed and the Group's financial resources were sufficient to support its business operations. Where necessary, the Group may also consider other fund raising activities when opportunity arises under favourable market conditions.

Major currencies used for the Group's transactions were HK$, RMB and US$. As HK$ are pegged to the US$ and the fiscal policy of the Central government of the PRC in relation to RMB was stable throughout the Year, the Group considers that the potential foreign exposure of the Group is limited.

During the Year, the Group did not use any financial instruments for hedging activities.

CAPITAL STRUCTURE

As at 31 December 2020, the Group had equity attributable to owners of the Company of approximately HK$3,810,481,000 (2019: HK$4,015,547,000).

HUMAN RESOURCES AND TRAINING SCHEME

As at 31 December 2020, the Group employed 1,164 staff (2019: 1,306 staff). Total employee costs for the Year, including directors' remuneration, amounted to approximately HK$581,958,000 (2019: HK$654,703,000). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. Remuneration packages are reviewed annually.

Training is valued as essential to the personal growth of employees, which also ensures and improves the Group's customer services. Apart from the strict code of conduct that all employees shall follow, employees are also provided with customised trainings and handbooks with respect to their specialities.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no significant contingent liabilities (2019: Nil).

PLEDGE OF ASSETS

As at 31 December 2020, a leasehold land and building of approximately HK$42,925,000 (2019: HK$46,047,000) was pledged to secure the Group's mortgage loan.

CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment (2019: Nil).

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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company.

EVENT AFTER REPORTING PERIOD

On 19 February 2021, the Company entered into (1) the CLIO Framework Agreement with CLIO in respect of (i) the provision of the Medical Related Services by the Group to CLIO and its Branches or their respective staff and clients; and (ii) the procurement of the CLIO Products by the Group from CLIO and its Branches; (2) the CLIS Framework Agreement with CLIS in respect of (i) the provision of the Medical & Healthcare Services by the Group to CLIS and its Branches or their respective staff and clients; and (ii) the procurement of the CLIS Products by the Group from CLIS and its Branches; and (3) the CLPS Framework Agreement with CLPS in respect of (i) the provision of the Medical & Healthcare Services by the Group to CLPS and its Branches or their respective staff and clients; and (ii) the procurement of the CLPS Products by the Group from CLPS and its Branches.

As at the date of the Framework Agreements, (i) CLIO is a wholly-owned subsidiary of CLIG; (ii) CLIS is a branch of CLIC and CLIG is a controlling shareholder of CLIC; (iii) CLPS is a branch of CLPI and CLIG is a controlling shareholder of CLPI; and (iv) CLIG holds approximately 23.72% of the Shares and is a substantial shareholder and thus connected person of the Company. As such, each of CLIO (being a subsidiary of CLIG), CLIS (being a branch of CLIC) and CLPS (being a branch of CLPI) is also a connected person of the Company and the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions of the Company for the purpose of Chapter 14A of the Listing Rules.

Further details of the Framework Agreements are set out in the announcement of the Company dated 19 February 2021.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2019: Nil) to the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

The date and notice of the forthcoming AGM, the book closure date for eligibility to attend and vote at the forthcoming AGM will be announced by the Company in due course.

COMPLIANCE WITH THE CG CODE

The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the CG Code.

During the Year, the Company has complied with the respective code provisions of the CG Code in force during the Year.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all the Directors have complied with the required standard set out in the Model Code throughout the Year.

AUDITORS

Moore Stephens CPA Limited was the auditors of the Group with effect from 15 February 2018. Moore Stephens CPA Limited was re-appointed as the auditors of the Company in the AGMs held on 29 June 2018, 27 June 2019 and 29 June 2020.

A resolution will be submitted to the forthcoming AGM to re-appoint Moore Stephens CPA Limited as the auditors of the Company until the conclusion of the next AGM.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an 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 Moore Stephens CPA Limited on this announcement.

ACKNOWLEDGEMENT

The Company would like to thank the Board, the management and all of its staff for their hard work and dedication, as well as the Shareholders and customers for their support to the Group.

By order of the Board
Town Health International Medical Group Limited
Jin Zhaogen
Executive Director and Chief Executive Officer

26 March 2021

As at the date of this announcement, the executive Directors are Mr. Jin Zhaogen (Chief Executive Officer) and Ms. Zhao Xiangke (Chief Financial Officer), the non-executive Directors are Mr. Zhao Hui (Chairman) and Mr. Hou Jun; and the independent non-executive Directors are Mr. Ho Kwok Wah, George, MH, Mr. Yu Xuezhong and Ms. Li Mingqin.

GLOSSARY

AGM	annual general meeting of the Company
Audit Committee	audit committee of the Board
Board	the board of Directors
CG Code	Corporate Governance Code as contained in Appendix 14 to the Listing Rules
China or Mainland China or PRC	the People's Republic of China excluding, for the purpose of this announcement only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
China Life Group	CLIG and its subsidiaries
CLIC	China Life Insurance Company Limited, a joint stock company established in the PRC with limited liability whose shares are listed on the Stock Exchange (stock code: 2628), New York Stock Exchange (stock code: LFC) and Shanghai Stock Exchange (stock code: 601628) respectively
CLIG	中國人壽保險（集團）公司 (in English for identification purpose only, China Life Insurance (Group) Company)
CLIO	China Life Insurance (Overseas) Company Limited, a company established in the PRC with limited liability and is a wholly-owned subsidiary of CLIG
CLIO and its Branches	CLIO and all subsidiaries, branches and sub-branches of CLIO in Hong Kong
CLIO Framework Agreement	the framework agreement dated 19 February 2021 and entered into between the Company and CLIO in respect of (1) the provision of the Medical Related Services by the Group to CLIO and its Branches or their respective staff and clients and (2) the procurement of the CLIO Products by the Group from CLIO and its Branches

CLIO Products	insurance products, including but not limited to staff medical insurance, to be sold by CLIO and its Branches to the Group pursuant to the CLIO Framework Agreement
CLIS	中國人壽保險股份有限公司山東省分公司 (in English, for identification only, China Life Insurance Company Limited, Shandong Branch)
CLIS and its Branches	CLIS and all branches and sub-branches of CLIC in Shandong Province of the PRC under the management of CLIS
CLIS Framework Agreement	the framework agreement dated 19 February 2021 and entered into between the Company and CLIS in respect of (1) the provision of the Medical & Healthcare Services by the Group to CLIS and its Branches or their respective staff and clients and (2) the procurement of the CLIS Products by the Group from CLIS and its Branches
CLIS Products	insurance products, including but not limited to staff medical insurance, to be sold by CLIS and its Branches to the Group pursuant to the CLIS Framework Agreement
CLIZ	中國人壽保險股份有限公司深圳市分公司 (in English, for identification only, China Life Insurance Company Limited, Shenzhen Branch)
CLPI	中國人壽財產保險股份有限公司 (in English, for identification only, China Life Property & Casualty Insurance Company Limited)
CLPS	中國人壽財產保險股份有限公司山東省分公司 (in English, for identification only, China Life Property & Casualty Insurance Company Limited, Shandong Branch)
CLPS and its Branches	CLPS and all branches and sub-branches of CLPI in Shandong Province of the PRC under the management of CLPS

CLPS Framework Agreement	the framework agreement dated 19 February 2021 and entered into between the Company and CLPS in respect of (1) the provision of the Medical & Healthcare Services by the Group to CLPS and its Branches or their respective staff and clients and (2) the procurement of the CLPS Products by the Group from CLPS and its Branches
CLPS Products	insurance products, including but not limited to property loss insurance, to be sold by CLPS and its Branches to the Group pursuant to the CLPS Framework Agreement
Company	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
connected person	has the meaning ascribed to it under the Listing Rules
controlling shareholder	has the meaning ascribed to it under the Listing Rules
Director(s)	the director(s) of the Company
Dr. Ip	Dr. Ip Chun Heng Wilson
Framework Agreements	the CLIO Framework Agreement, the CLIS Framework Agreement and the CLPS Framework Agreement
Ganghe Clinic	深圳港和診所 (in English for identification purpose only, Shenzhen Ganghe Clinic)
Group	the Company and its subsidiaries
HCMPS	HCMPS Healthcare Holdings Limited
HK$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange

Medical & Healthcare Services	health check services (including but not limited to general health checks, underwriting health checks and VIP customer health checks) and medical services (including but not limited to general practice and specialist medical services, dental health care and treatments, medical beauty and anti-ageing services, Hong Kong medical consultation, vaccination and auxiliary medical services)
Medical Network Administrator Services	medical network administrator services, including but not limited to third-party medical network administrator services
Medical Related Services	the Medical & Healthcare Services and the Medical Network Administrator Services
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Nanshi Hospital	南陽南石醫院 (in English for identification purpose only, Nanshi Hospital of Nanyang)
Nanyang Ruishi Ophthalmology Hospital	南陽瑞視眼科醫院有限公司 (in English for identification purpose only, Nanyang Ruishi Ophthalmology Hospital Co., Ltd.), a subsidiary of the Company
Nanyang Xiangrui	南陽祥瑞醫院管理諮詢有限公司 (in English for identification purpose only, Nanyang Xiangrui Hospital Management Advisory Co., Ltd.), a subsidiary of the Company
Profit Castle	Profit Castle Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 50% by Dr. Ip and 50% by his spouse
Promissory Note	the promissory note with a principal amount of HK$330,000,000 issued by Profit Castle as consideration for the acquisition of the Group's interests in Bonjour Beauty International Limited and its subsidiaries
Resumption Announcement	the announcement of the Company dated 26 February 2021 in relation to the update on resumption of trading of Shares
RMB	Renminbi, the lawful currency of the PRC

SFC	Securities and Futures Commission of Hong Kong
Share(s)	ordinary share(s) of HK$0.01 each in the share capital of the Company
Shareholders	holders of the Shares
Sixth Hospital	中山大學附屬第六醫院 (in English for identification purpose only, The Sixth Affiliated Hospital of Sun Yat-Sen University)
SMRL	the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong)
Stock Exchange	The Stock Exchange of Hong Kong Limited
substantial shareholder	has the meaning ascribed to it under the Listing Rules
TBM	The Beauty Medical
US$	United States dollars, the lawful currency of the United States of America
Vio	Dr. Vio & Partners Limited, a subsidiary of the Company
Year	year ended 31 December 2020
Yikang	廣州宜康醫療管理有限公司 (in English for identification purpose only, Guangzhou Yikang Medical Management Limited), a subsidiary of the Company
Yugangxiang	雲南豫港祥醫藥有限公司 (in English for identification purpose only, Yunnan Yugangxiang Pharmaceuticals Co., Ltd.), a subsidiary of the Company