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EC Healthcare

醫思健康

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2138)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2023

in HK\$ millions

	FY23	FY22	YoY %
Total Revenue	3,875.4	2,919.5	+32.7%
Medical	2,542.2	1,689.0	+50.5%
Aesthetic medical and beauty and wellness	1,101.9	1,091.2	+1.0%
Veterinary and other	231.3	139.3	+66.0%
EBITDA	430.3	536.4	-19.8%
Net Profit	107.0	270.5	-60.4%

Earnings per share (HK cents) attributable to equity shareholders of the Company

Basic	5.9	17.1	-65.5%
Diluted	5.9	16.8	-64.9%

Dividend per share (HK cents)

Interim	5.8	10.2
Final	4.2	4.2

As at 31 March 2023

Cash and cash equivalents and time deposits	710.9	872.2
Total debt	719.1	235.7
Total equity	2,370.9	2,350.6
Total debt/equity	30.3%	10.0%
Total debt/EBITDA	1.7x	0.4x

CHAIRMAN MESSAGE

Dear Shareholders,

FY23 was a challenging year for our company and the healthcare industry as a whole. The geopolitical tension and inflationary economy dampened consumer sentiment, and the severe fifth wave of COVID-19 in the first quarter of FY23 and absence of Chinese tourists had a negative impact on our business. Although local market sentiment gradually improved as COVID-19 moderated throughout the year and the government's Consumption Voucher Scheme also helped boost spending, the increase of outbound travel of local customers upon reopening of international borders partially offset the local spending's wallet share.

Despite the challenges posed by the current business environment, we are thrilled to report that we have achieved historical high revenue of HK\$3.9 billion, representing a remarkable 32.7% YoY growth. This success can be attributed to our customer-centric approach and targeted marketing campaign, which have proven highly effective in driving sales growth with a customer base of higher levels of loyalty and repeat purchases. Additionally, we have taken advantage of a favourable rental market to expand our footprint and are pleased to announce a net increase of 21 service points, totaling approximately 173,000 sq. ft. in FY23. Whilst some of these new service points required higher initial capital investments due to the nature of the business, we believe the foundation has been set to scale up and deliver growth in the near-term. Moreover, this extensive network allows us to provide a wider range of healthcare services in proximity to our customers, positioning us for long-term success in the highly competitive healthcare market.

The inflationary business environment has presented us with significant cost challenges. However, we have taken proactive steps to improve our operational efficiency and reduce costs while maintaining our investments in digital capabilities and talent. We are confident that by optimizing our operations and leveraging technology, we can drive greater efficiency and productivity while enhancing the customer experience. In order to achieve this, we are exploring opportunities to automate and digitize key processes, and investing in data analytics and artificial intelligence to gain deeper insights into customer needs and preferences. By streamlining our operations and enhancing our digital capabilities, we are creating a more agile and competitive organization that is better positioned to succeed in the rapidly evolving healthcare landscape.

In addition to our focus on operational efficiency, we are also committed to investing in our talents and building a strong team of professionals who can help us achieve our goals. Our co-ownership scheme has aligned the interests of our employees and doctor partners with those of our shareholders, and we will continue to explore new ways to incentivize and reward our talented team.

We recognize the importance of investing in and fostering the growth of our healthcare ecosystem. We believe that by partnering with key players in the telecom, technology, insurance, property, and pharmaceutical industries, we can create a more interconnected and efficient healthcare system that benefits everyone. Through these strategic partnerships, we are able to leverage the strengths and expertise of each industry to drive innovation and improve patient outcomes.

As part of our strategy to build a comprehensive health and beauty ecosystem, we will continue to drive external growth through strategic M&A opportunities that can help us expand our healthcare ecosystem and enhance vertical integration. Our focus will be on identifying targets that can leverage our expertise and resources, and that align with our long-term strategic vision. We are confident that our strong financial position, coupled with our track record of successful acquisitions, positions us well to execute on this strategy and create long-term value for our shareholders.

Sustainability is a critical component of our business strategy. We are deeply committed to minimizing our environmental impact, promoting social responsibility, managing risks, and ensuring ethical business practices. By prioritizing sustainability across all aspects of our business, we are confident that we can create a positive impact and drive long-term success.

In conclusion, despite the challenges we faced in FY23, we remain dedicated to building a leading one-stop healthcare platform in Asia, with a focus on bringing health, beauty, and wellness to everyone.

Tang Chi Fai
Chairman & CEO

Hong Kong, 23 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Management philosophy

Drive superior organic growth with dual approach

Our company strive to drive superior sales growth by focusing on both customer-centric marketing and working directly with insurance partners. Our customer-centric approach and targeted marketing campaigns have proven highly effective in driving sales growth and building customer loyalty. By prioritizing the needs and preferences of our customers, we have been able to tailor our messaging and promotions to better resonate with them, resulting in a more engaged customer base with higher levels of repeat purchases. At the same time, we recognize the importance of strategic partnerships with insurance companies, which can help us expand our reach and provide better access to healthcare services for their customers. Through these partnerships, we can leverage the strengths and expertise of each industry to drive innovation and improve patient outcomes. By combining our customer-centric approach with strategic partnerships, we are creating a more interconnected and efficient healthcare system that benefits both our customers and our partners.

Focus on operational enhancements and improve efficiencies

Streamlining operations is a critical component of the Group's approach to driving cost optimisation and maintaining our leadership advantages. The Group has identified several areas for improvement in its core business, such as human resource management, centralised procurement and supply chain management, as well as adopting new technologies to automate administrative tasks. With a focus on delivering actions as part of our transformation plan, our Group aims to improve operational efficiencies across multiple business verticals, leveraging its scale as the largest non-hospital medical group in Hong Kong. By driving down costs and improving margins across the organisation, the Group is well-positioned to improve its financial performance and maintain its leadership position in the healthcare industry.

Embracing digitization to stay agile in a rapid evolving industry

We recognize the importance of digitization in remaining agile, efficient, and scalable in a rapidly evolving healthcare industry. Therefore, we are embracing digitization and prioritizing integration and automation across our various functions. Our goal is to create a seamless and efficient healthcare experience for our patients while ensuring the highest standards of data privacy and security. Through centralized procurement and integration efforts, we optimize our operations and increase efficiency. Moreover, we offer our network management solution to our insurance partners, enabling us to stay ahead of the competition and optimize workflow. Additionally, we automate our back-office operations, reducing errors, improving accuracy, and freeing up resources for more strategic initiatives. We remain committed to investing in digitalization to drive innovation and provide high-quality healthcare services to our customers.

Building a vertically integrated healthcare ecosystem

The Group has built a vertically integrated healthcare ecosystem through collaboration with strategic partners in the five major areas (TTIPP):

Technology

To bring service and operational innovation with best-in-class technology via strategic partnerships.

Telecom

To provide new service propositions, including telemedicine for their corporate & residential clients.

Insurance

To develop new health insurance products and customer experience proposition while driving cost and operational efficiency.

Property

To collaborate with landlords to tailor-made medical grade buildings for the Group's own use which maximize operational efficiency.

Pharmaceutical

To explore strategic partnerships in drug registration, distribution, prescription decision support while providing data for drug discovery.

External growth through strategic M&A

As part of our strategy to build a comprehensive healthcare ecosystem, our company is pursuing external growth through strategic M&A to acquire complementary businesses. By bringing together different players in the healthcare industry, we are expanding our reach and capabilities, and driving vertical integration to provide a one-stop-shop for our customers. We are actively seeking out businesses that align with our values and complement our existing services. Through these strategic M&A opportunities, we can expand our customer base and drive innovation by leveraging the strengths and expertise of each organization. Our goal is to build a healthcare ecosystem that delivers high-quality, personalized healthcare services to our customers and enhances their overall health and wellbeing.

Alignment of interests through Co-Ownership scheme

Talent is our greatest asset. The Group's success is reliant on professional and self-motivated employees. The Group offers a Co-Ownership scheme to incentivize staff to remain with the Group and contribute to its future development and expansion. Talents are offered a co-investment opportunity to acquire equity interests in the Company, aligning their interests with those of long-term shareholders.

Sustainability

Our business philosophy centres on sustainability, and we strive to integrate sustainable development into our operations to create long-term value for all stakeholders and communities. As part of our sustainability strategy, we are committed to driving action on the relevant United Nations Sustainable Development Goals (SDGs), which provide a blueprint for achieving a sustainable future. Through the implementation of energy-efficient technologies and sustainable practices, we are taking concrete steps to reduce our carbon footprint and operate in a more environmentally conscious way. We are also dedicated to improving healthcare access and promoting equality in underprivileged communities through community outreach programs. Diversity and inclusion are key values that we uphold, as we strive to foster a workplace culture that values and respects all individuals. In addition, we are passionate about giving back to the community through philanthropic initiatives and partnerships. We have also enhanced our governance practices with a focus on risk management, ensuring that we operate with the highest standards of integrity and ethical conduct. By prioritizing sustainability across all aspects of our business, we are confident that we can create a positive impact and drive long-term success.

Business Review

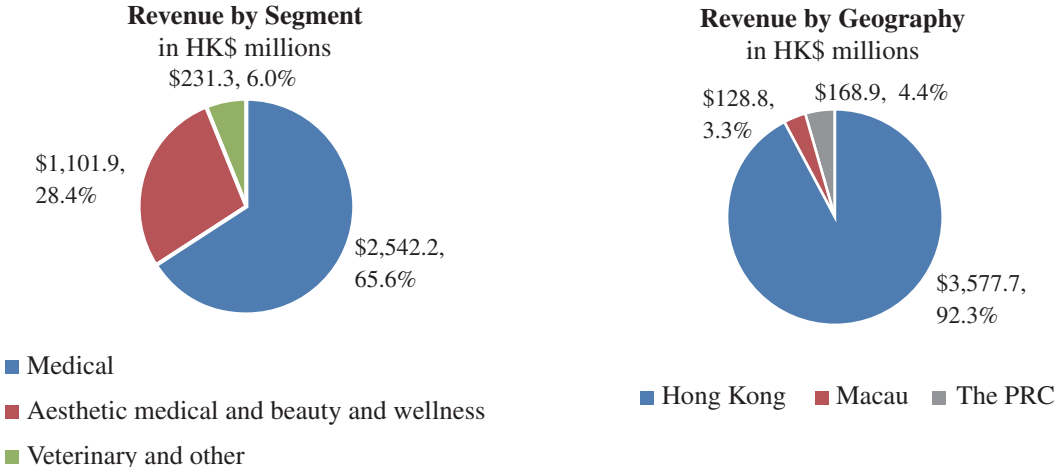
A transitional year of investments with gradual ramp-up activities on the horizon

The operating environment has been challenging in 2022, presenting many obstacles such as tightening financial conditions, inflationary pressures, and further waves of COVID-19 throughout the year. In particular, the high prevalence of COVID-19 in the community led to persistent social distancing restrictions, which resulted in a prolonged period of uncertainty and dampened consumer sentiment until the end of 2022. Nevertheless, the Group demonstrated resilience in navigating these headwinds and continued to move forward with enhancing the offerings of its service network. In FY23, the Group achieved all-time highs in revenue and sales volume of HK\$3,875.4 million and HK\$3,891.4 million, up 32.7% YoY and 24.6% YoY respectively. The Group was able to generate additional sales volume across business segments (except Mainland China) during the second half of FY23, capitalizing on the return of Mainland visitors following the resumption of cross-border travel between Hong Kong and Mainland China in early 2023. The Group delivered a strong organic growth of 24.1%, driven by

growth in medical segment attributed to strong organic growth and successful cross-brand referrals within our healthcare ecosystem. Revenue from M&A transactions closed during the year was HK\$154.1 million, accounting for 4.0% of the total.

We have taken advantage of a favourable rental market to expand our footprint, resulting in a net increase of 21 service points totaling approximately 173,000 sq. ft. in FY23. Out of the net increase, approximately 67.8% came from medical business, 4.2% from aesthetic medical and beauty and wellness services business, and 28.0% from veterinary and other services. This extensive network allows us to provide a wider range of healthcare services in proximity to our customers, positioning us for long-term success in the highly competitive healthcare market. As at 31 March 2023, the Group has a total number of 168 service points comprising 147 in Hong Kong, 4 in Macau and 17 in Mainland China with the total aggregate g.f.a increased by 32.5% to approximately 706,000 sq. ft..

Segmental Revenue



- *Medical segment*

The Group continues to gain market share in the healthcare services industry through both organic expansion and M&A growth. Revenue from the Group’s medical services segment rose by 50.5% YoY to HK\$2,542.2 million, boosting its revenue contribution to 65.6%, of which M&A completed during the year accounted for 5.3% respectively. Growth in the medical segment was the result of a wider customer base supported by a higher number of medical specialties offered in the network, conversion of cross-brand referrals, and ramp up of previously opened new stores.

During FY23, the total valuation of acquisitions completed in the medical segment was HK\$175 million, spanning across various medical specialties, veterinary and health screening services. The Group’s suite of medical services spans 35 specialist disciplines, and the headcount of full-time and exclusive registered practitioners has increased to 313.

- *Aesthetic medical and beauty and wellness services segment*

Aesthetic medical and beauty and wellness services represent aesthetics medical, traditional beauty, haircare and ancillary wellness services offered by the Group and the sale of skincare, healthcare and beauty products. During FY23, revenue contributed by aesthetic medical and beauty and wellness services increased by 1.0% from HK\$1,091.2 million for FY22 to HK\$1,101.9 million for FY23. Revenue from Hong Kong experienced a decrease to approximately HK\$804.2 million due to the severe impact of the fifth wave of COVID-19 in the first quarter of FY23. On the contrary, revenue from Macau and the PRC achieved a modest increase to approximately HK\$297.7 million, due to a new store opened in Mainland China and relatively smaller business disruptions from pandemic-related controls.

- *Veterinary and other services segment*

Revenue from the Group's veterinary and other services segment rose by 66.0% YoY to HK\$231.3 million, mainly driven by the growth of the Group's veterinary business. The Group has taken strategic steps to consolidate the Group's presence in the Hong Kong veterinary segment. The Group acquired a veterinary clinic during the year and opened its first organic veterinary hospital — Animal Medical Academy Hospital (AMAH) in Tsim Sha Tsui East. The Group currently provides not only veterinary general practitioner services but also specialty services covering anaesthesia & analgesia, neurology, cardiology, and advanced imaging services. The Group continues to invest in the veterinary business to build a leading renowned brand and shaping the veterinary business into a new growth engine.

Analysis of key costs

<i>HK\$'000</i>	FY23	FY22	% of Revenue		YoY %
			FY23	FY22	
Cost of inventories and consumables	552,953	349,603	14.3%	12.0%	58.2%
Registered practitioner	974,511	655,852	25.1%	22.5%	48.6%
Employee	1,086,512	728,631	28.0%	25.0%	49.1%
Marketing	172,715	139,383	4.5%	4.8%	23.9%
Rental and related expenses	77,743	61,066	2.0%	2.1%	27.3%
Credit card	77,502	64,922	2.0%	2.2%	19.4%
Depreciation — ROU	351,764	264,955	9.1%	9.1%	32.8%
Depreciation — PPE	137,204	96,031	3.5%	3.3%	42.9%
Amortisation	97,767	71,379	2.5%	2.4%	37.0%
Finance costs	63,636	48,907	1.6%	1.7%	30.1%
Admin and other expenses	232,647	162,640	6.0%	5.6%	43.0%

The Group's significant increase in cost was driven by several key factors, including change in business mix, ramp up costs of new service points, cost inflation, and general admin costs to build a scalable healthcare platform.

- **Cost of inventories and consumables:** Change in product mix with higher focus on the medical segment, led to an increase in cost of inventories and consumables.
- **Registered practitioner expenses:** The number of full-time and exclusive Registered Practitioners increased from 251 as at 31 March 2022 to 313 as at 31 March 2023. The shortage of registered practitioners in the healthcare industry and staffing up for the new service points also drove up the costs.
- **Rental and related expenses and depreciation of right-of-use assets:** The increase in rental space of 173,000 sq. ft. for the new service points resulted in an increase in expenses.
- **Depreciation of owned property, plant and equipment and amortization:** Renovation and equipment purchased for new service points contributed to the increase in depreciation and amortization expenses.
- **Employee costs and admin expenses:** The Group was in the process of extracting synergies from integration of the acquired business and building up a scalable healthcare platform with new strategic initiatives. Our overall headcount (excluding Registered Practitioners) was 2,579 as at 31 March 2023 (as at 31 March 2022: 2,674).
- **Finance costs:** It rose due to increased borrowings (total debt increased to HK\$719.1 million at 31 March 2023 from HK\$235.7 million as at 31 March 2022), which was used as working capital for pre-opening expenses for the new service points and acquisitions.

As a result, the Group's profit for the year decreased by 60.4% YoY to HK\$107.0 million, and the profit attributable to equity shareholders of the Company decreased by 64.7% from HK\$197.5 million for FY22 to HK\$69.7 million for FY23.

Sustainability progress in FY23: our commitment to positive change

In FY23, our Group made significant strides in advancing our sustainability efforts, with a focus on environmental and social sustainability, as well as governance. We installed IoT devices in our locations to achieve energy efficiency and reduce our carbon footprint, while also entering into a lease with Green Pledge to ensure that our operations focus on energy savings and reducing waste. Additionally, we hosted various events to serve underprivileged communities and sponsored events to focus on teenage development, providing equal access to healthcare and working with the government and charitable organizations for community outreach. We also enhanced our governance by rotating our independent board of directors and establishing a medical advisory board for

medical risk management. In order to enhance governance on data privacy, Mr. Stephen Kai-Yi Wong, ex-Privacy Commissioner for Personal Data, Hong Kong was appointed as Chief Advisor, Data Protection. The Group also obtained ISO 9001:2015 Quality Management System certification and adhered to the ISO 31000:2018 Risk Management standard, demonstrating our commitment to strengthening corporate governance and providing high-quality services to our customers while managing risks in a structured and systematic way.

Outlook

Cautious optimism amid post-COVID-19 progression and global uncertainty

Management remains cautiously optimistic as it navigates the current challenging global economic conditions post-COVID-19, including potential recession, inflationary environment, and reduced discretionary spending. Although the resumption of normalcy and reopening of the border between Mainland China and Hong Kong has led to a rebound in the number of Mainland tourists, the improvements in local consumer sentiment that are expected to contribute to the stable recovery of the economy remain gradual. Nonetheless, the medical market has remained resilient with public-private partnerships such as the Hong Kong Government's Primary Healthcare Blueprint expected to continue to increase private medical spending in Hong Kong over the long run. The Group's platform is well-positioned to adapt to the improving market conditions.

Committed to deliver bottom-line growth

We remain focused on delivering bottom-line growth, and in the coming year, we plan to take several key actions to achieve this objective. Firstly, we will concentrate on driving sales growth for our newly opened stores, which we believe will be a significant driver of revenue growth. We will implement targeted marketing campaigns and promotions to attract new customers and retain existing ones. Secondly, we will implement cost controls across our operations, including supply chain, procurement and administrative costs. We believe these measures will help us manage rising costs and improve our margins. Finally, we will focus on improving productivity by streamlining our operations, optimizing our workforce and leveraging technology. We believe that these measures will enable us to operate more efficiently and effectively, and ultimately drive bottom-line growth. Through these actions, we are confident that we can stabilize our bottom line and position ourselves for sustainable growth over the long-term.

Strengthen TTIPP partnerships & robust financial resources to execute M&A roadmap

We will continue to form and strengthen strategic partnerships with key players in TTIPP to expand our integrated one-stop healthcare ecosystem in Hong Kong. In addition, we have identified several attractive acquisition targets that align with our core values and long-term growth objectives, and the successful arrangement of two

sustainability-linked loans has put our Group in a strong financial position to execute our M&A roadmap. With this financing, we plan to pursue several strategic acquisitions focusing on businesses that complement our existing operations and allow us to expand our geographical reach. Our commitment to delivering high-quality healthcare services remains unchanged, and we are confident that our M&A strategy will enable us to achieve our strategic objectives and drive long-term sustainable growth.

Sustainable growth strategy

The Group is committed to embracing sustainability and social responsibilities in all aspects of its operations. As the largest non-hospital medical group in Hong Kong, EC Healthcare recognizes its responsibility to contribute to a sustainable future and make a positive impact on society. The Group's commitment to sustainability is reflected in its business practices, service offerings, and partnerships, and it will continue to focus on building a sustainable business that benefits everyone.

FINANCIAL REVIEW

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

As at 31 March 2023, the Group has drawn down HK\$489.0 million of bank borrowings and undrawn bank facilities available was HK\$220.0 million. Together with cash and deposits of HK\$710.9 million, the Group has sufficient liquid assets to satisfy its working capital and operating requirements.

SUBSEQUENT EVENTS

HK\$1.0 billion Sustainability-linked Syndicated Loan

In May 2023, our Group achieved a groundbreaking milestone by securing a HK\$1.0 billion sustainability-linked syndicated loan, setting a new standard for healthcare companies in Hong Kong. The loan, which includes a revolving credit of HK\$300.0 million and term loan of HK\$700.0 million, is the first-of-its-kind for a healthcare services provider in Hong Kong, and further cements our position as a leading industry pioneer. It also reflects our unwavering commitment to sustainability, which is a crucial component of our future growth strategy. The funds will be used to support our expansion plans and working capital needs, and this achievement marks a significant milestone in our sustainability journey. It reinforces our leadership in sustainability financing within the healthcare sector and underscores our dedication to driving positive change.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Capital expenditure was mainly spent on purchases of operation equipment and expenditure in leasehold improvements to the net increase of 21 service points, (approximately 173,000 sq. ft.) opened during FY23. The capital expenditure was financed by cash flows generated from operating activities.

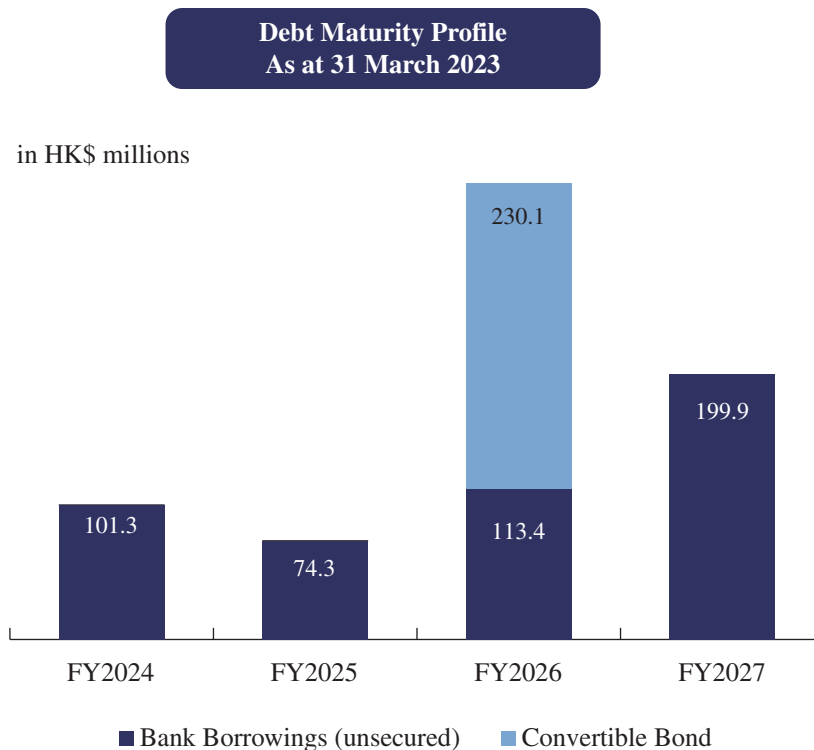
Capital Commitment

There was capital commitment of approximately HK\$30 million as at 31 March 2023 to acquire certain property, plant and equipment for the abovementioned new service points.

In addition, the Group has committed on 31 March 2023 to enter into certain few new leases that is not yet commenced, the aggregate lease payments without taking into account the extension options amounted to approximately HK\$380 million.

INDEBTEDNESS

Debt Maturity Profile



Figures may not sum due to rounding

Interest-bearing Liabilities

As at 31 March 2023, the Group had outstanding interest-bearing unsecured bank borrowings in the amount of HK\$489.0 million and convertible bonds of HK\$230.1 million.

Contingent Liabilities and Guarantees

As at 31 March 2023, the Group had no significant contingent liabilities and guarantees.

Charge of Assets

As at 31 March 2023, there was no charge over investment properties, ownership interests in land and building held for own use as all of them had been released during FY23.

Gearing Ratio

Gearing ratio equals total debt (total debt refers to the aggregate sum of bank borrowings and convertible bonds excluding lease liabilities relating to properties leased for own use) divided by total equity. As at 31 March 2023, the Group had interest-bearing liabilities, except for the properties leased for own use, of HK\$719.1 million and the gearing ratio is 30.3%.

Foreign Currency Risk

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

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

Interest Rate Risk

As at 31 March 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables remaining constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately HK\$4.1 million.

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

During the Reporting Period, the Group has entered into the following significant investments and acquisitions.

NOTIFIABLE TRANSACTIONS

(a) Discloseable transaction — Subscription of Shares in Joint Venture Company for Building a New Commercial Property to be Leased and Used as Medical Centre

On 5 June 2022, Healthy Cameron Property Limited (“Healthy Cameron”) and Union (Group) Investment Limited, both being indirect wholly-owned subsidiaries of the Company, entered into a subscription agreement with Creative Profit Development Limited (the “JV Company”), pursuant to which Healthy Cameron conditionally agreed to subscribe for, and the JV Company conditionally agreed to allot and issue to Healthy Cameron, the subscription shares, which will represent 30% of the total enlarged issued share capital of the JV Company immediately after closing and the initial capital contribution is HK\$253,658,100 which comprises of (a) the subscription price in the amount of HK\$7,200 as consideration for the subscription shares; and (b) the shareholder’s loan in the amount of HK\$253,650,900, which is determined based on 30% of the total capitalisation of the JV Company immediately after closing. The JV Company will become an associate of the Company and its financial results will not be consolidated into the financial statements of the Company.

The JV Company currently owns and possesses the title to the property which is located in the core commercial district of Tsim Sha Tsui at Cameron Road. The JV Company intends to acquire the remaining units and re-develop the combined sites of the land parcels of the property into the building with an estimated lettable floor area of approximately 103,000 sq. ft. mainly as a medical centre and for other clinical use.

Healthy Cameron OpCo (HK) Limited, an indirect wholly-owned subsidiary of the Company, shall also undertake to lease all of the floor areas of the Building (as defined in the announcement of the Company dated 6 June 2022) for an initial term of 5 years at the total rentals and signage licence fees of approximately HK\$97,000,000 per annum payable monthly, with an option to renew for a further term of 5 years at the then prevailing open market rental. Healthy Cameron OpCo (HK) Limited shall have exclusive right to name and manage the building and be entitled to sublease any part of the building during the term of lease.

The subscription of shares in the joint venture was part of the Group's expansion strategy to customise medical space configurations in the building designed to accommodate specialised medical equipment, enabling the Group to deliver one-stop premium medical and medical aesthetic services. Completion of the above acquisition took place on 29 July 2022. For details, please refer to the announcements of the Company dated 6 June and 1 August 2022.

(b) Share transaction — Acquisition of additional 7.5% equity interests in a non-wholly owned subsidiary

On 30 September 2022, Team Expert Investment Limited (“Team Expert”), a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement with Champion Epoch Ventures Limited (“CEVL”), the sole shareholder of CEVL (the “CEVL Shareholder”), Dynamic Team Holdings Limited (“DTHL”), and the shareholders of DTHL (the “DTHL Shareholders”) to acquire 7.5% equity interests in Prime Inspire Limited (“Prime Inspire”, the “Target Company”), at a consideration of HK\$4,375,515, which shall be satisfied by allotment and issue of an aggregate of 852,922 consideration shares of the Company (the “Consideration Shares”) to CEVL Shareholder and DTHL Shareholders (together, the “Sellers”) under general mandate. Prime Inspire is a non-wholly owned subsidiary of the Company owned as to 70% by Team Expert, 9.6% by CEVL and 20.4% by DTHL as at 30 September 2022. Upon completion of the acquisition, the Company's interests in Prime Inspire will increase from 70% to 77.5% and the financial results of which will continue to be consolidated into the accounts of the Group.

The issue price of the Consideration Shares of HK\$5.13 represents a premium of approximately 5.12% over the closing price per Share of HK\$4.88 as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement and a discount of approximately 0.08% of the average of the closing price per Share of HK\$5.134 as quoted on the Stock Exchange for the 5 consecutive trading days ending on the trading day immediately preceding the date of the Sale and Purchase Agreement. The Consideration Shares represent (i) approximately 0.07% of the existing issued share capital of the Company as at 30 September 2022; and (ii) approximately 0.07% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares were allotted and issued on 10 November 2022 under the general mandate granted by the Shareholders at the annual general meeting held on 23 August 2022, and was not subject to Shareholders' approval.

The Directors are optimistic about the development prospects of the Target Company and consider that an increase in stake in the Target Company through the Acquisition would be in the interests of the Company and the Shareholders as a whole. The allotment and issue of the Consideration Shares to the CEVL Shareholder and the DTHL Shareholders will also align their interests with that of the Company for long-term value creation for the Group.

For details, please refer to the announcement of the Company dated 30 September 2022.

(c) Discloseable transaction — Acquisition of Pioneer Evolution Limited

On 30 September 2022, Team Expert (as the purchaser), entered into a sale and purchase agreement to acquire 60% equity interests in Pioneer Evolution Limited (“Pioneer Evolution”) at a consideration of HK\$36,400,000 (the “Sale and Purchase Agreement”).

Pioneer Evolution is principally engaged in investment holding, which holds 50.54% issued share capital in Sure-Care Cayman (“Sure-Care”).

Sure-Care is principally engaged in the provision of multi-disciplinary healthcare services in Hong Kong with a focus on the provision of specialty services under the business name of Sure-Care Medical and Health Network. As at 30 September 2022, Sure-Care operates 9 clinics in Hong Kong including Mong Kok, Tai Po, Causeway Bay, Tsuen Wan and Jordan with 23 full-time registered medical practitioners.

A profit guarantee arrangement is included in the Sale and Purchase Agreement. Under the arrangement, Dr. Chang Shao (the “Seller”) has agreed to give profit guarantee to each of Team Expert and the Company that the accumulated Net Profit (as defined in the announcement of the Company dated 30 September 2022) for 5 years shall be no less than HK\$70,000,000. The Seller shall compensate Team Expert for any shortfall in accordance with the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Seller shall have the right, upon exercise of an option, to require Team Expert to purchase from him, (i) up to 50% interests then held by the Seller in Pioneer Evolution following the end of the year ending 31 December 2025, and (ii) up to all interests then held by the Seller in Pioneer Evolution following the end of the Profit Guaranteed Period (as defined therein) provided that the accumulated Net Profit is not less than the accumulated Guaranteed Net Profit for the year ending 31 December 2027 (the “Option Shares”). The consideration of the Option Shares payable by Team Expert to the Seller shall be determined by specified formulas, the aggregate of which shall be no greater than HK\$70,800,000.

The acquisition represents a good opportunity for the Group to enhance the specialty offerings in New Territories East and it was part of the Group’s expansion strategy in medical services. For details, please refer to the announcement of the Company dated 30 September 2022.

(d) Discloseable transaction — Acquisition of Excellent Connect Limited

On 7 February 2023, Union Medical Technology Limited (“UMT”) and Union (Group) Investment Limited (“Union Group”), both being wholly-owned subsidiaries of the Group, entered into a sales and purchase agreement with the seller (“Excellent Connect Seller”) to acquire 100% equity interest in Excellent Connect Limited (“Excellent Connect”). The maximum consideration consists of (1) the maximum total cash consideration of HK\$125,000,000 comprising (i) the initial cash consideration in the amount of HK\$100,000,000 to be payable to the Seller, and (ii) the contingent consideration in the maximum amount of HK\$25,000,000, and (2) the consideration shares of UMT with a fair value of HK\$12,500,000 to be transferred from Union Group to Mighty Able Limited.

Excellent Connect is an investment holding company of companies engaged in the distribution of aesthetic medical devices and beauty related consumables in Hong Kong.

On 1 April 2023, the completion of the acquisition and the disposal pursuant to the sales and purchase agreement took place, and the initial cash consideration of HK\$100,000,000 has been settled in full and the consideration shares of UMT have been transferred by Union Group to Excellent Connect Seller.

A profit guarantee arrangement is included in the sales and purchase agreement. Under the arrangement, Excellent Connect Seller has agreed to give profit guarantee to the Purchaser that the accumulated net profit (as defined in the agreement) for 3 years shall be no less than HK\$75 million. The Excellent Connect Seller shall compensate UGI any shortfall in accordance with the sales and purchase agreement. Based on the latest management account, management expected that the guaranteed profit for the year ending 31 December 2023 could be met. For details, please refer to the announcement of the Company dated 7 February 2023 and 11 April 2023.

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

There are other transactions entered into by the Group in the prior years which profit guarantees have been given. However, those profit guarantee periods have not yet expired as at 31 March 2023 nor the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is proposed to be held on Wednesday, 23 August 2023. A notice convening the AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Articles of Association and the Listing Rules in due course.

DIVIDEND

The Board recommends the declaration of a final dividend of 4.2 HK cents per Share in cash for the year ended 31 March 2023 which is subject to the approval of the shareholders at the AGM. The proposed final dividend, if approved by the Shareholders at the AGM, will be paid on or around 18 September 2023 to the Shareholders whose names appear on the register of members of the Company on 4 September 2023 (the record date). There will be no closure of the register of members for ascertaining Shareholders' entitlement for the proposed dividends. All transfer of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty Ltd, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on 4 September 2023.

If the above final dividend is approved, the total amount of dividend attributable to the full financial year ended 31 March 2023 will be 10.0 HK cents (2022: 14.4 HK cents) per Share.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 18 August 2023 to Wednesday, 23 August 2023, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. All transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Link Market Services (Hong Kong) Pty. Ltd., at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration no later than 4:30 p.m. on Thursday, 17 August 2023.

CORPORATE GOVERNANCE PRACTICES

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

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

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

Code Provision C.2.1

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

Further information of the corporate governance practice of the Company will be set out in the corporate governance report in the annual report of the Company for FY23.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the consolidated financial statements of the Group for FY23. The audit committee of the Company has also reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control, risk management and financial reporting matters.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for FY23 as set out in this announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	5	3,875,377	2,919,500
Other net income and gains	6	77,098	46,245
Cost of inventories and consumables		(552,953)	(349,603)
Registered practitioner expenses		(974,511)	(655,852)
Employee benefit expenses		(1,086,512)	(728,631)
Marketing and advertising expenses		(172,715)	(139,383)
Rental and related expenses		(77,743)	(61,066)
Depreciation-right-of-use assets		(351,764)	(264,955)
Depreciation-owned property, plant and equipment		(137,204)	(96,031)
Amortisation of intangible assets		(97,767)	(71,379)
Charitable donations		(3,660)	(297)
Finance costs	7	(63,636)	(48,907)
Credit card expenses		(77,502)	(64,922)
Administrative and other expenses		(232,647)	(162,640)
Share of profits less losses of joint ventures		10,705	(1,821)
Share of profits less losses of associates		1,623	1,153
		<hr/>	<hr/>
PROFIT BEFORE TAX	8	136,189	321,411
Income tax	9	(29,162)	(50,908)
		<hr/>	<hr/>
PROFIT FOR THE YEAR		107,027	270,503
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity shareholders of the Company		69,654	197,501
Non-controlling interests		37,373	73,002
		<hr/>	<hr/>
		107,027	270,503
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE	10		
Attributable to equity shareholders of the Company			
Basic		5.9	17.1
Diluted		5.9	16.8
		<hr/> <hr/>	<hr/> <hr/>

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

For the year ended 31 March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PROFIT FOR THE YEAR	107,027	270,503
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$nil tax	1,229	(1,057)
Item that will not be reclassified to profit or loss:		
Fair value loss on financial assets at fair value through other comprehensive income, net of HK\$nil tax	(7,807)	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	100,449	269,446
Attributable to:		
Equity shareholders of the Company	63,076	196,444
Non-controlling interests	37,373	73,002
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	100,449	269,446

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

(Expressed in Hong Kong dollars)

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,586,655	1,193,316
Investment properties		199,300	197,100
Goodwill		743,544	709,073
Intangible assets		662,424	691,937
Interest in joint ventures		45,986	48,381
Interest in associates		263,934	1,153
Rental and other deposits		115,130	104,436
Prepayments and other receivables		281,157	211,961
Financial assets at fair value through other comprehensive income	<i>13(a)</i>	10,419	14,588
Financial assets at fair value through profit or loss	<i>13(b)</i>	124,195	142,054
Deferred tax assets		55,974	30,981
		<hr/>	<hr/>
Total non-current assets		4,088,718	3,344,980
CURRENT ASSETS			
Inventories	<i>11</i>	86,891	101,098
Trade receivables	<i>12</i>	211,886	155,493
Prepayments, deposits and other receivables		242,058	214,568
Deferred costs		124,752	142,805
Financial assets at fair value through profit or loss	<i>13(b)</i>	15,981	1,839
Current tax recoverable		32,185	27,597
Time deposits with original maturity over 3 months	<i>14</i>	1,000	2,000
Cash and cash equivalents	<i>14</i>	709,859	870,228
		<hr/>	<hr/>
Total current assets		1,424,612	1,515,628

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	<i>15</i>	70,093	75,201
Other payables and accruals		549,115	239,648
Bank borrowings	<i>16</i>	101,348	–
Lease liabilities		299,039	318,716
Deferred revenue		596,247	656,067
Current tax payable		59,752	73,799
		<u>1,675,594</u>	<u>1,363,431</u>
Total current liabilities		1,675,594	1,363,431
NET CURRENT (LIABILITIES)/ASSETS			
		<u>(250,982)</u>	<u>152,197</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>3,837,736</u>	<u>3,497,177</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		103,233	105,249
Lease liabilities		514,089	386,686
Other payables		212,675	405,205
Bank borrowings	<i>16</i>	387,660	–
Provision for reinstatement costs		19,002	13,772
Convertible bonds	<i>18</i>	230,132	235,709
		<u>1,466,791</u>	<u>1,146,621</u>
Total non-current liabilities		1,466,791	1,146,621
NET ASSETS			
		<u>2,370,945</u>	<u>2,350,556</u>
CAPITAL AND RESERVES			
Share capital	<i>17(b)</i>	12	12
Reserves		1,854,472	1,881,242
		<u>1,854,484</u>	<u>1,881,254</u>
Total equity attributable to equity shareholders of the Company		1,854,484	1,881,254
Non-controlling interests		516,461	469,302
		<u>2,370,945</u>	<u>2,350,556</u>
TOTAL EQUITY		<u>2,370,945</u>	<u>2,350,556</u>

NOTES TO THE ANNOUNCEMENT

1. CORPORATE INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (together referred to as the “Group”) are principally engaged in the provision of medical and healthcare services.

2. BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2023 and 2022 included in this announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements.

The consolidated financial statements for the year ended 31 March 2023 comprise the Company and its subsidiaries and the Group’s interest in joint ventures and associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except as otherwise stated in the accounting policies.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (“HKFRSs”) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*
- Amendments to HKFRS 3, *Business combinations: Reference to the conceptual framework*
- Annual Improvements to HKFRSs 2018–2020 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current and prior periods have been prepared or presented. The Group has not applied any new standard or interpretation this is not yet effective for the current accounting period.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their services and products. Accordingly, the Group has three reporting segments as follows:

- (a) Medical;
- (b) Aesthetic medical and beauty and wellness; and
- (c) Veterinary and other.

Medical segment represents all medical services (excluding aesthetic medical services) and dental services. Aesthetic medical and beauty and wellness segment represents aesthetic medical, traditional beauty, haircare and ancillary wellness services and sale of skincare, healthcare and beauty products. Veterinary and other mainly represents multi-channel networking and related services and veterinary services.

Segment results, assets and liabilities

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

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that bank interest income, other interest income, dividend income from unlisted investment funds, unrealised and realised gains/losses on financial assets at fair value through profit or loss, net, fair value gain/loss on investment properties, rental income from investment properties, share of profits less losses of joint ventures and associates and head office and other corporate expenses are excluded from such measurement.

	Medical		Aesthetic medical and beauty and wellness		Veterinary and other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment revenue	2,547,354	1,688,958	1,101,896	1,091,204	244,725	152,941	3,893,975	2,933,103
Less: Inter-segment revenue	(5,187)	–	–	–	(13,411)	(13,603)	(18,598)	(13,603)
Revenue from external customers	<u>2,542,167</u>	<u>1,688,958</u>	<u>1,101,896</u>	<u>1,091,204</u>	<u>231,314</u>	<u>139,338</u>	<u>3,875,377</u>	<u>2,919,500</u>
Segment result	72,196	202,816	114,657	106,603	20,190	26,383	207,043	335,802
Bank interest income							3,418	954
Other interest income							1,108	410
Dividend income from unlisted investment funds							344	–
Unrealised and realised losses on financial assets at fair value through profit or loss, net							(19,093)	(11,565)
Fair value gain on investment properties							2,200	10,800
Rental income from investment properties							4,708	5,417
Share of profits less losses of joint ventures							10,705	(1,821)
Share of profits less losses of associates							1,623	1,153
Others							(75,867)	(19,739)
Consolidated profit before tax							<u>136,189</u>	<u>321,411</u>
Depreciation and amortisation for the year	377,553	241,875	172,184	174,650	36,998	15,840	586,735	432,365
Impairment loss on goodwill	(7,481)	–	–	–	–	–	(7,481)	–
Impairment loss on other receivables	–	–	–	3,792	–	–	–	3,792
	Medical		Aesthetic medical and beauty and wellness		Veterinary and other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	3,135,484	2,610,624	1,154,718	1,547,459	563,313	297,410	4,853,515	4,455,493
Investment properties							199,300	197,100
Interest in joint ventures							45,986	48,381
Interest in associates							263,934	1,153
Financial assets at fair value through other comprehensive income							10,419	14,588
Financial assets at fair value through profit or loss							<u>140,176</u>	<u>143,893</u>
Consolidated total assets							<u>5,513,330</u>	<u>4,860,608</u>
Additions to non-current segment assets during the year (excluding business acquisitions)	<u>576,969</u>	<u>395,215</u>	<u>186,980</u>	<u>218,132</u>	<u>97,347</u>	<u>10,980</u>	<u>861,296</u>	<u>624,327</u>
Reportable segment liabilities	1,394,124	1,157,724	927,596	1,004,765	101,525	111,854	2,423,245	2,274,343
Bank borrowings							489,008	–
Convertible bonds							<u>230,132</u>	<u>235,709</u>
Consolidated total liabilities							<u>3,142,385</u>	<u>2,510,052</u>

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

Information about geographical areas

	Revenue from external customers	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	3,577,659	2,632,960
Macau	128,828	113,374
The PRC	168,890	173,166
	<u>3,875,377</u>	<u>2,919,500</u>

Information about major customers

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

5. REVENUE

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

	2023	2022
	HK\$'000	HK\$'000
Revenue		
Medical services	2,542,167	1,688,958
Aesthetic medical and beauty and wellness services and related revenue	1,101,896	1,091,204
Veterinary and other services	231,314	139,338
	<u>3,875,377</u>	<u>2,919,500</u>

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

6. OTHER NET INCOME AND GAINS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	3,418	954
Other interest income	1,108	410
Dividend income from unlisted investment funds	344	–
Unrealised and realised losses on financial assets at fair value through profit or loss, net	(19,093)	(11,565)
Impairment loss on goodwill	(7,481)	–
Fair value gain on investment properties	2,200	10,800
Rental income from investment properties	4,708	5,417
Gain on disposals and write-off of property, plant and equipment	3,636	19,115
Government grants	51,877	2,280
Others	36,381	18,834
	<u>77,098</u>	<u>46,245</u>

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank borrowings	14,152	3,399
Interest on convertible bonds	18,604	19,173
Interest on lease liabilities	16,569	14,948
Imputed interest expenses on consideration payables	14,311	11,387
	<u>63,636</u>	<u>48,907</u>

8. PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation		
— owned property, plant and equipment	137,204	96,031
— right-of-use assets	351,764	264,955
Amortisation of intangible assets	97,767	71,379
Impairment loss on other receivables	–	3,792
Foreign exchange differences, net	3,639	898
Rental income from investment properties less direct outgoings of HK\$619,000 (2022: HK\$544,000)	<u>(4,089)</u>	<u>(4,873)</u>

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

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current — Hong Kong		
Provision for the year	58,371	65,395
Over-provision in respect of prior years	<u>(4,138)</u>	<u>(8,923)</u>
	<u>54,233</u>	<u>56,472</u>
Current — Outside Hong Kong		
Provision for the year	12,564	8,435
Under-provision in respect of prior years	<u>543</u>	<u>1,229</u>
	<u>13,107</u>	<u>9,664</u>
Total current tax	67,340	66,136
Deferred tax	<u>(38,178)</u>	<u>(15,228)</u>
Tax charge for the year	<u><u>29,162</u></u>	<u><u>50,908</u></u>

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

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to equity shareholders of the Company of HK\$69,654,000 (2022: HK\$197,501,000) and the weighted average share of 1,180,602,000 ordinary shares (2022: 1,152,860,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2023 '000	2022 '000
Issued ordinary shares at the beginning of the financial year	1,178,372	1,071,016
Effect of share options exercised	8	5,615
Effect of issuance of shares during the year other than exercise of share options	<u>2,222</u>	<u>76,229</u>
Weighted average number of ordinary shares at 31 March	<u>1,180,602</u>	<u>1,152,860</u>
Basic earnings per Share (in HK cents)	<u>5.9</u>	<u>17.1</u>

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$69,654,000 (2022: HK\$197,501,000), and the weighted average number of ordinary shares of 1,184,284,000 (2022: 1,173,282,000) shares is calculated as follows:

Weighted average number of ordinary shares (diluted):

	2023 '000	2022 '000
Weighted average number of ordinary shares at 31 March	1,180,602	1,152,860
Effect of deemed issue of shares under the Company's share option scheme	363	6,555
Effect of exercise of warrants	<u>3,319</u>	<u>13,867</u>
Weighted average number of ordinary shares (diluted) at 31 March	<u>1,184,284</u>	<u>1,173,282</u>
Diluted earnings per Share (in HK cents)	<u>5.9</u>	<u>16.8</u>

The diluted earnings per share amount is increased when taking convertible bonds into account, therefore the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were not included in the calculation of diluted earnings per share.

11. INVENTORIES

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

	2023 HK\$'000	2022 HK\$'000
Skincare, healthcare and beauty products	7,575	8,134
Medications, consumables and other supplies	<u>79,316</u>	<u>92,964</u>
	<u>86,891</u>	<u>101,098</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Carrying amount of inventories sold and consumed	<u>552,953</u>	<u>349,603</u>

12. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	<u>211,886</u>	<u>155,493</u>

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

The Group's trading terms with its customers are mainly on credit card settlements and other institutional customers in respect of provision of medical, aesthetic medical, beauty and wellness and veterinary and related services. The credit period is generally 0 to 120 days for the credit card settlements from the respective financial institutions and other institutional customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	145,097	118,392
1 to 3 months	39,581	25,141
Over 3 months	<u>27,208</u>	<u>11,960</u>
	<u>211,886</u>	<u>155,493</u>

13. FINANCIAL ASSETS

(a) Financial assets at fair value through other comprehensive income

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unlisted equity investments	<u>10,419</u>	<u>14,588</u>

The Group designated above investments at fair value through other comprehensive income, as the investments are held for strategic purpose. As at 31 March 2023, the investments held by the Group were principally engaged in market and data research and provision of medical and related services. No dividends were received on these investments during the year (2022: HK\$nil).

(b) Financial assets at fair value through profit or loss

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Non-Current</i>		
— Unlisted equity investments	33,696	45,154
— Unlisted fund investments	33,902	41,533
— Investments in life insurance policies	<u>56,597</u>	<u>55,367</u>
	<u>124,195</u>	<u>142,054</u>
<i>Current</i>		
— Listed equity investments	1,028	—
— Unlisted fund investments	<u>14,953</u>	<u>1,839</u>
	<u>15,981</u>	<u>1,839</u>
	<u>140,176</u>	<u>143,893</u>

14. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

Cash and cash equivalents and time deposits comprise:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cash at bank and in hand	709,859	870,228
Time deposits with original maturity over 3 months	<u>1,000</u>	<u>2,000</u>
	710,859	872,228
Less: Time deposits with original maturity over 3 months	<u>(1,000)</u>	<u>(2,000)</u>
Cash and cash equivalents	<u>709,859</u>	<u>870,228</u>

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

As at 31 March 2022, time deposits of HK\$2,000,000 were pledged for a banking facility.

15. TRADE PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	20,240	38,738
1 to 2 months	19,849	13,712
2 to 3 months	9,942	12,536
Over 3 months	<u>20,062</u>	<u>10,215</u>
	<u><u>70,093</u></u>	<u><u>75,201</u></u>

The trade payables are non-interest bearing and generally have payment terms within 60 days.

16. BANK BORROWINGS

At 31 March 2023, the bank borrowings were repayable as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 year or on demand	<u>101,348</u>	—
After 1 year but within 2 years	74,330	—
After 2 years but within 5 years	<u>313,330</u>	—
	<u><u>387,660</u></u>	—
	<u><u>489,008</u></u>	—
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings		
— unsecured	<u><u>489,008</u></u>	<u><u>—</u></u>

17. SHARE CAPITAL AND DIVIDENDS

(a) Dividends

(i) *Dividends payable by the Company to equity shareholders:*

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend declared and paid of 5.80 HK cents per ordinary share (2022: 10.20 HK cents per ordinary share)	68,512	120,108
Final dividend of 4.20 HK cents (2022: 4.20 HK cents) per ordinary share proposed after the end of the reporting period	<u>49,779</u>	<u>49,492</u>
	<u>118,291</u>	<u>169,600</u>

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of 4.20 HK cents per ordinary share (2022: 12.90 HK cents per ordinary share)	<u>49,492</u>	<u>151,848</u>

(b) Share capital

	2023		2022	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised				
Ordinary shares of HK\$0.00001 each	<u>38,000,000,000</u>	<u>380,000</u>	<u>38,000,000,000</u>	<u>380,000</u>
Ordinary shares, issued and fully paid				
At 1 April	1,178,372,267	12	1,071,015,803	11
Exercise of share options (i)	17,500	–*	6,939,000	–*
Issuance of shares as part of the consideration of business acquisitions	–	–	796,360	–*
Issuance of shares as part of the consideration to acquire additional equity interest in a subsidiary from non-controlling shareholders (ii)	852,922	–*	–	–
Issuance of shares for the Co-ownership Scheme	–	–	2,878,125	–*
Conversion of convertible bonds (iii)	3,968,576	–*	3,646,833	–*
Issuance of shares upon exercise of warrants (iv)	2,000,000	–*	46,246,353	–*
Other issuance of shares	–	–	46,849,793	1
At 31 March	<u>1,185,211,265</u>	<u>12</u>	<u>1,178,372,267</u>	<u>12</u>

* Amount less than HK\$1,000.

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

- (i) During the year ended 31 March 2023, the Company issued nil share (2022: 1,845,000 shares), nil share (2022: 155,000 shares), nil share (2022: 25,000 shares) and 17,500 shares (2022: 565,000 shares) upon exercise of share options by the relevant grantees at exercise prices of HK\$3.03, HK\$3.50, HK\$5.00 and HK\$6.00 respectively under the Share Option Scheme. These new shares ranked pari passu in all respects with other shares in issue.

During the year ended 31 March 2022, the Company allotted and issued 4,349,000 shares to GCP Properties Limited at exercise price of HK\$5.53 per share upon exercise of share options in connection with an acquisition of unlisted investment equity.

- (ii) Pursuant to the sale and purchase agreement in connection with the acquisition of additional 7.5% equity interest in Prime Inspire Limited, a non-wholly owned subsidiary of the Company, the Company allotted and issued 852,922 shares to the sellers as the purchase consideration during the year ended 31 March 2023.

- (iii) During the year ended 31 March 2023, a holder of convertible bonds converted the convertible bonds with principal amount of HK\$20,000,000 (2022: HK\$19,000,000) to 3,968,576 (2022: 3,646,833) shares at a conversion price of HK\$5.04 (2022: HK\$5.21).
- (iv) During the year ended 31 March 2023, nil share (2022: 44,246,353 shares) and 2,000,000 shares (2022: 2,000,000 shares) were issued and allotted to warrant holders at exercise prices of HK\$6.17 and HK\$4.20 with an aggregate cash consideration of HK\$nil (2022: HK\$273,000,000) and HK\$8,400,000 (2022: HK\$8,400,000), respectively, upon exercise of such warrants.

18. CONVERTIBLE BONDS

During the year ended 31 March 2021, the Company issued 3 tranches of convertible bonds. The bondholders are entitled to exercise the conversion rights to convert the principal amount outstanding at a pre-determined conversion price at any time up to the maturity of the convertible bonds. The details of the convertible bonds are as follows:

Tranche	Issue date	Principal amount outstanding	Interest rate per annum	Maturity date	Conversion price per share (adjusted)	Conversion period
Tranche A	5 February 2021	HK\$234,000,000 (2022: HK\$234,000,000)	2.5%	4 February 2026	HK\$5.50	At any time up to maturity date
Tranche B	5 February 2021	HK\$nil (2022: HK\$20,000,000)	2.5%	4 February 2026	HK\$5.04	At any time up to maturity date
Tranche C	8 February 2021	HK\$31,200,000 (2022: HK\$31,200,000)	2.5%	7 February 2026	HK\$5.50	At any time up to maturity date

Upon the issuance of convertible bonds, the liability component was initially measured at its fair value of HK\$238,118,000. The residual amount of HK\$66,082,000 was recognised as capital reserve within the equity. During the year ended 31 March 2023, HK\$4,345,000 was transferred to share premium from capital reserve upon a partial conversion of convertible bonds with principal amount of HK\$20,000,000.

The liability component of convertible bonds was analysed as follows:

	2023 HK\$'000	2022 HK\$'000
Non-current liabilities	<u>230,132</u>	<u>235,709</u>

DEFINITION

“AGM”	the annual general meeting of the Company proposed to be held on Wednesday, 23 August 2023
“Articles of Association”	the Company’s articles of association
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
“Chinese Medicine Practitioner(s)”	person(s) who is (are) registered as registered Chinese medicine practitioner(s) of the Chinese Medicine Council of Hong Kong under the Register of Chinese Medicine Practitioners kept in accordance with the Chinese Medicine Ordinance
“Company”	EC Healthcare 醫思健康 (formerly known as Union Medical Healthcare Limited (香港醫思醫療集團有限公司*)), an exempted Company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EBITDA”	earnings before interests, taxation, depreciation-owned property, plant and equipment and amortisation
“FY22”	the financial year ended 31 March 2022
“FY23” or “Reporting Period”	the financial year ended 31 March 2023
“Group”	the Company and its subsidiaries
“g.f.a.”	gross floor area
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&A”	mergers and acquisitions
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Doctor(s)”	doctor(s) licensed by and registered with the department of health in Macau (澳門特別行政區政府衛生局)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Tang”	Mr. Tang Chi Fai, the chairman, executive Director and the chief executive officer of the Company
“PRC”	the People’s Republic of China
“PRC Doctor(s)”	medical practitioner(s) with the qualification of a doctor (醫師) or assistant doctor (執業助理醫師) under the PRC Law on Medical Practitioners (中華人民共和國執業醫師法) and is practicing at a medical or healthcare institution
“Registered Practitioner(s)”	registered dentist within the meaning of the Dentists Registration Ordinance (Cap. 156), registered medical practitioner within the meaning of the Medical Registration Ordinance (Cap. 161), registered chiropractor within the meaning of the Chiropractors Registration Ordinance (Cap. 428), listed or registered Chinese Medicine Practitioner within the meaning of the Chinese Medicine Ordinance (Cap. 549), Macau Doctors and PRC Doctors
“Sales Volume”	being the total sales volume generated from contracted sales entered into, and all products and services offered by the Group
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of HK\$0.00001 each
“Shareholder(s)”	holder(s) of Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“YoY”

year-on-year

“%”

per cent.

By order of the Board
EC Healthcare
Raymond Siu
Company Secretary

Hong Kong, 23 June 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Tang Chi Fai, Mr. Lu Lyn Wade Leslie, Ms. Wong Ka Ki Ada, Mr. Lee Heung Wing and Mr. Wong Chi Cheung; the non-executive Director is Mr. Luk Kun Shing Ben; and the independent non-executive Directors are Mr. Ma Ching Nam, Mr. Look Andrew and Mr. Au Tsun.