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EC Healthcare

醫思健康

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2138)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

INTERIM RESULTS HIGHLIGHTS

- Sales volume for the six months ended 30 September 2023 were HK\$2,197.0 million, an increase of 17.7% YOY.
- Total revenue increased by 12.0% YOY to HK\$2,121.3 million for the six months ended 30 September 2023, mainly driven by the gradual return of Mainland visitors following the resumption of cross-border travel between Hong Kong and Mainland China in early 2023.
- EBITDA decreased by 22.7% YOY to HK\$208.7 million for the Reporting Period, but recorded an increase of 30.1% as compared to second half of financial year of 2023.
- Net profit after tax decreased by 79.6% YOY to HK\$21.4 million during the Reporting Period, but recorded an increase of 1,078% as compared to second half of the financial year of 2023.
- The Board declared an interim dividend of 0.5 HK cents per Share, which will be payable in cash (six months ended 30 September 2022: 5.8 HK cents).

The Board is pleased to announce the unaudited condensed consolidated financial results of the Group for the Reporting Period together with the comparative figures for the corresponding period in 2022 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September
(Expressed in Hong Kong dollars)

	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
REVENUE	5	2,121,312	1,893,186
Other net income and gains	6	11,797	58,421
Cost of inventories and consumables		(332,559)	(258,199)
Registered Practitioner expenses		(590,054)	(500,841)
Employee benefit expenses		(534,644)	(476,686)
Marketing and advertising expenses		(107,499)	(96,668)
Rental and related expenses		(46,047)	(39,863)
Depreciation — right-of-use assets		(168,063)	(171,968)
Depreciation — owned property, plant and equipment		(85,214)	(66,011)
Amortisation of intangible assets		(51,454)	(48,082)
Charitable donations		(100)	(3,234)
Finance costs	7	(39,476)	(32,645)
Credit card expenses		(39,357)	(38,419)
Administrative and other expenses		(107,621)	(102,579)
Share of profits less losses of joint ventures		2,121	7,368
Share of profits of associates		2,140	614
		<hr/>	<hr/>
PROFIT BEFORE TAX	8	35,282	124,394
Income tax	9	(13,851)	(19,187)
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		21,431	105,207
		<hr/>	<hr/>
Attributable to:			
Equity shareholders of the Company		6,651	80,046
Non-controlling interests		14,780	25,161
		<hr/>	<hr/>
PROFIT FOR THE PERIOD		21,431	105,207
		<hr/>	<hr/>
		<i>HK cents</i>	<i>HK cents</i>
EARNINGS PER SHARE			
ATTRIBUTABLE TO EQUITY			
SHAREHOLDERS OF THE COMPANY	10		
Basic		0.6	6.8
Diluted		0.6	6.8
		<hr/>	<hr/>

<i>Notes</i>	2023 HK\$'000 (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
PROFIT FOR THE PERIOD	21,431	105,207
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of HK\$nil tax	<u>2,114</u>	<u>901</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>23,545</u>	<u>106,108</u>
Attributable to:		
Equity shareholders of the Company	8,765	80,947
Non-controlling interests	<u>14,780</u>	<u>25,161</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>23,545</u>	<u>106,108</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

		As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	1,517,423	1,586,655
Investment properties	<i>11</i>	199,300	199,300
Goodwill		849,386	743,544
Intangible assets		666,195	662,424
Interest in joint ventures		40,357	45,986
Interest in associates		266,074	263,934
Rental and other deposits	<i>13</i>	119,242	115,130
Prepayments and other receivables	<i>13</i>	204,781	281,157
Financial assets at fair value through other comprehensive income	<i>14(a)</i>	10,419	10,419
Financial assets at fair value through profit or loss	<i>14(b)</i>	122,963	124,195
Deferred tax assets		70,991	55,974
		<hr/>	<hr/>
Total non-current assets		4,067,131	4,088,718
CURRENT ASSETS			
Inventories		114,735	86,891
Trade receivables	<i>12</i>	275,323	211,886
Prepayments, deposits and other receivables	<i>13</i>	275,935	242,058
Deferred costs	<i>5</i>	116,720	124,752
Financial assets at fair value through profit or loss	<i>14(b)</i>	15,895	15,981
Tax recoverable		33,820	32,185
Time deposits with original maturity over 3 months	<i>15</i>	31,630	1,000
Cash and cash equivalents	<i>15</i>	630,574	709,859
		<hr/>	<hr/>
Total current assets		1,494,632	1,424,612

		As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
CURRENT LIABILITIES			
Trade payables	16	72,123	70,093
Other payables and accruals		521,696	549,115
Bank borrowings	17	130,599	101,348
Lease liabilities		270,173	299,039
Deferred revenue	5	607,867	596,247
Current tax payable		91,866	59,752
		<u>1,694,324</u>	<u>1,675,594</u>
Total current liabilities		1,694,324	1,675,594
NET CURRENT LIABILITIES		(199,692)	(250,982)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,867,439	3,837,736
NON-CURRENT LIABILITIES			
Deferred tax liabilities		103,292	103,233
Lease liabilities		452,053	514,089
Other payables		217,755	212,675
Bank borrowings	17	445,728	387,660
Provision for reinstatement costs		20,306	19,002
Convertible bonds		230,132	230,132
		<u>1,469,266</u>	<u>1,466,791</u>
Total non-current liabilities		1,469,266	1,466,791
NET ASSETS		2,398,173	2,370,945
CAPITAL AND RESERVES			
Share capital	18	12	12
Reserves		1,879,912	1,854,472
		<u>1,879,924</u>	<u>1,854,484</u>
Total equity attributable to equity shareholders of the Company		1,879,924	1,854,484
Non-controlling interests		518,249	516,461
		<u>2,398,173</u>	<u>2,370,945</u>
TOTAL EQUITY		2,398,173	2,370,945

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 OF THE INTERIM FINANCIAL STATEMENTS

The financial information relating to the six months ended 30 September 2023 and 2022 included in this preliminary announcement of interim results does not constitute the Company’s interim consolidated financial statements for those periods but is derived from those interim financial statements.

The unaudited interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Interim Financial Statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2023, except for the adoption of the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are relevant to and effective for the Group’s financial statements for annual period beginning on 1 April 2023. Details of changes in accounting policies are set out in note 3.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2023.

The preparation of Interim Financial Statements in conformity with all applicable 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.

The Interim Financial Statements are presented in Hong Kong dollars (“HK\$”).

3. CHANGE IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to HKAS 12, *International Tax Reform — Pillar Two Model Rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim results. The Group has not applied any new standard or interpretation that 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 and has three reportable operating segments as follows:

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

Segment results

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

Segment assets include all tangible, intangible assets and current assets with the exception of investment properties, interest in 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 relating to properties leased for own use, deferred revenue, current tax payable and deferred tax liabilities.

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

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

For the six months ended 30 September

	Medical		Aesthetic medical and beauty and wellness		Veterinary and others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Reportable segment revenue	1,314,983	1,174,784	665,697	607,408	149,585	120,659	2,130,265	1,902,851
Less: Inter-segment revenue	(2,070)	-	-	-	(6,883)	(9,665)	(8,953)	(9,665)
Revenue from external customers	<u>1,312,913</u>	<u>1,174,784</u>	<u>665,697</u>	<u>607,408</u>	<u>142,702</u>	<u>110,994</u>	<u>2,121,312</u>	<u>1,893,186</u>
Segment result	1,802	61,558	51,590	64,074	3,821	19,591	57,213	145,223
Bank interest income							2,698	1,275
Other interest income							8	83
Unrealised and realised loss on financial assets at fair value through profit or loss, net							(2,126)	(1,262)
Rental income from investment properties							2,811	2,080
Share of profits less losses of joint ventures							2,121	7,368
Share of profits of associates							2,140	614
Others							(29,583)	(30,987)
Consolidated profit before tax							<u>35,282</u>	<u>124,394</u>
As at 30 September 2023/ 31 March 2023								
Reportable segment assets	<u>3,110,631</u>	<u>3,135,484</u>	<u>1,160,267</u>	<u>1,154,718</u>	<u>635,857</u>	<u>563,313</u>	<u>4,906,755</u>	<u>4,853,515</u>
Reportable segment liabilities	<u>1,390,337</u>	<u>1,394,124</u>	<u>881,098</u>	<u>927,596</u>	<u>85,696</u>	<u>101,525</u>	<u>2,357,131</u>	<u>2,423,245</u>

5. REVENUE

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

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Medical services	1,312,913	1,174,784
Aesthetic medical and beauty and wellness services and related revenue	665,697	607,408
Veterinary and other services	142,702	110,994
	<u>2,121,312</u>	<u>1,893,186</u>
Disaggregated by geographical location of customers		
— Hong Kong	1,996,995	1,746,527
— Macau	66,117	56,845
— Mainland China	58,200	89,814
	<u>2,121,312</u>	<u>1,893,186</u>

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

Deferred balances

The following table provides information about deferred liabilities from contract with customers and related deferred cost.

	As at	As at
	30 September	31 March
	2023	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Deferred revenue	(607,867)	(596,247)
Deferred costs	<u>116,720</u>	<u>124,752</u>

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

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

6. OTHER NET INCOME AND GAINS

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	2,698	1,275
Other interest income	8	83
Unrealised fair value loss on financial assets at fair value through profit or loss, net	(2,126)	(1,262)
Rental income from investment properties	2,811	2,080
Gain on disposals and write-off of property, plant and equipment	168	2,367
Others	8,238	53,878
	<u>11,797</u>	<u>58,421</u>

Note: During the six months ended 30 September 2022, government subsidies of HK\$43,382,000 was received under the Employment Support Scheme and presented in others.

7. FINANCE COSTS

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interests on bank borrowings and overdrafts	20,298	3,249
Interests on convertible bonds	9,133	10,771
Interests on lease liabilities	9,845	8,664
Imputed interest on consideration payables	200	9,961
	<u>39,476</u>	<u>32,645</u>

8. PROFIT BEFORE TAX

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

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	1,500	1,500
Depreciation		
— owned property, plant and equipment	85,214	66,011
— right-of-use assets	168,063	171,968
Amortisation of intangible assets	51,454	48,082
Foreign exchange differences, net	1,501	2,227
Rental income from investment properties less direct outgoings of HK\$281,000 (six months ended 30 September 2022: HK\$267,000)	(2,530)	(1,813)
Utilities	16,653	14,430
Legal and professional fees	3,697	3,921
Repairs and maintenance expenses	10,534	10,762
IT development and office expenses	15,438	18,100
Laundry and cleaning expenses	5,213	4,313
Bank charges	4,986	3,603
Insurance expenses	4,840	4,374
Supplies and consumables	4,891	4,291

9. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Provision for the period	34,890	28,723
Current — Outside Hong Kong		
Provision for the period	3,578	6,126
Deferred tax	(24,617)	(15,662)
Tax charge for the period	13,851	19,187

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

Hong Kong Profits Tax has been provided at the rate of 16.5% (six months ended 30 September 2022: 16.5%) on the estimated assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

(a) Basic earnings per Share

The calculation of basic earnings per Share attributable to ordinary equity shareholders of the Company is based on the following data:

	For the six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings for the purposes of basic earnings per Share representing profit for the six months attributable to ordinary equity shareholders of the Company	<u>6,651</u>	<u>80,046</u>
	For the six months ended 30 September	
	2023	2022
	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per Share	<u>1,185,211</u>	<u>1,178,616</u>

(b) 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\$6,651,000 (2022: HK\$80,046,000), and the weighted average number of ordinary shares of 1,185,458,000 (2022: 1,182,763,000) is calculated as follows:

Weighted average number of ordinary shares (diluted):

	2023 '000	2022 '000
Weighted average number of ordinary shares at 30 September	1,185,211	1,178,616
Effect of deemed issue of shares under the Company's share option scheme	–	367
Effect of exercise of warrants	<u>247</u>	<u>3,780</u>
Weighted average number of ordinary shares (diluted) at 30 September	<u>1,185,458</u>	<u>1,182,763</u>
Diluted earnings per Share (in HK cents)	<u>0.6</u>	<u>6.8</u>

The diluted earnings per share amount is increased when taking convertible bonds into account. 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. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Right-of-use assets

During the six months ended 30 September 2023, the Group entered into a number of lease agreement for use of retail stores and machinery, and therefore recognised the additions to right-of-use assets of HK\$91,106,000 (six months ended 30 September 2022: HK\$120,119,000). The leases of retail stores contain variable lease payment terms that are based on sales generated from the retail stores and minimum annual lease payment terms that are fixed. These payment terms are common in retail stores in Hong Kong where the Group operates.

(b) During the six months ended 30 September 2023, additions of property, plant and equipment amounted to approximately HK\$95,456,000 (six months ended 30 September 2022: HK\$147,472,000).

12. TRADE RECEIVABLES

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

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within 1 month	155,868	145,097
1 to 3 months	75,849	39,581
Over 3 months	<u>43,606</u>	<u>27,208</u>
	<u>275,323</u>	<u>211,886</u>

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 and 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.

As at 30 September 2023, none of the trade receivables were individually determined to be impaired (31 March 2023 (audited): HK\$nil).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Prepayments	149,374	236,976
Deposits	146,138	148,481
Other receivables	304,446	252,888
	599,958	638,345
Portion classified as non-current		
— Rental and other deposits	(119,242)	(115,130)
— Prepayments and other receivables	(204,781)	(281,157)
Current portion	275,935	242,058

The above assets are neither past due nor impaired. The financial assets included in the above balance relate to receivables for which there is no recent history of default.

14. FINANCIAL ASSETS

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

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Unlisted equity investments	10,419	10,419

The Group designated above investments at fair value through other comprehensive income, as the investments are held for strategic purpose. As at 30 September 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 period (six months ended 30 September 2022: HK\$nil).

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

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
<i>Non-Current</i>		
— Unlisted equity investments	34,504	33,696
— Unlisted fund investments	30,853	33,902
— Investment in life insurance policies	57,606	56,597
	<u>122,963</u>	<u>124,195</u>
<i>Current</i>		
— Listed equity investments	942	1,028
— Unlisted fund investments	14,953	14,953
	<u>15,895</u>	<u>15,981</u>
	<u>138,858</u>	<u>140,176</u>

15. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	As at 30 September 2023 <i>HK\$'000</i> (Unaudited)	As at 31 March 2023 <i>HK\$'000</i> (Audited)
Cash at bank and in hand	630,574	709,859
Time deposits with original maturity over 3 months	31,630	1,000
	<u>662,204</u>	<u>710,859</u>
Less: Time deposits with original maturity over 3 months	<u>(31,630)</u>	<u>(1,000)</u>
Cash and cash equivalents	<u>630,574</u>	<u>709,859</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying period 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.

16. TRADE PAYABLES

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

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within 1 month	40,917	20,240
1 to 2 months	9,246	19,849
2 to 3 months	2,778	9,942
Over 3 months	19,182	20,062
	<u>72,123</u>	<u>70,093</u>

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

17. BANK BORROWINGS

At 30 September 2023, the bank borrowings were repayable as follows:

	As at 30 September 2023 HK\$'000 (Unaudited)	As at 31 March 2023 HK\$'000 (Audited)
Within 1 year or on demand	130,599	101,348
After 1 year but within 2 years	101,676	74,330
After 2 years but within 5 years	344,052	313,330
	<u>576,327</u>	<u>489,008</u>

18. SHARE CAPITAL AND DIVIDENDS

(a) Dividends

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Interim, declared — 0.5 HK cents (for the six months ended 30 September 2022: 5.8 HK cents)	<u>5,926</u>	<u>68,462</u>

The declared interim dividend is not reflected as dividend payable in this consolidated interim financial information, but will be recognised in Shareholders' equity for the year ending 31 March 2024.

(b) Share capital

	Number of shares	HK\$'000
Authorised		
Ordinary shares of HK\$0.00001 each	<u>38,000,000,000</u>	<u>380</u>
Ordinary shares, issued and fully paid		
At 31 March 2023 and 30 September 2023	<u>1,185,211,265</u>	<u>12</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The operating environment has been challenging for the interim period of 1H FY2024. Border opening saw slow-than-anticipated revenue recovery from Mainland China medical tourism, while we also experienced an initial outbound travel spike from local Hong Kong residents. Additionally, the prevailing environment of high interest rate, inflationary pressure and economic uncertainties present unprecedented challenges for our operations. Nonetheless, the Group had responded with swift strategic review and decisive actions in driving sustainable bottom-line growth and productivity improvements.

During the Reporting Period, the Group achieved revenue and sales volume of HK\$2,121.3 million and HK\$2,197.0 million, up 12.0% YoY and 17.7% YoY respectively. The group delivered an organic YoY growth of 16.1% to HK\$2,058 million, driven by growth in the medical segment via introduction of additional service points from previous financial year, as well as growth in aesthetic medical and beauty and wellness services capitalizing on the gradual return of Mainland visitors to Hong Kong.

The Group's net profit after tax during the Reporting Period decreased by 79.6% YoY to HK\$21.4 million, and the profit attributable to equity shareholders of the Company decreased by 91.7% YoY to HK\$6.7 million. This is mainly attributable to the (i) a decrease of approximately HK\$43.4 million in subsidies from Hong Kong Government under the Employment Support Scheme; (ii) temporary low operation leverage of our newly established service points from the previous financial year; (iii) rising cost structure resulting from inflation; (iv) increase in depreciation and amortization expenses incurred from our organic expansion previous year; and (v) increase in interest expenses from bank borrowings of approximately HK\$17.0 million due to rising interest rate environment.

The Group is fully committed in delivering sustainable bottom-line growth and productivity improvements.

First, we have accelerated business development for the 11 newly opened service points by not only engaging direct and loyal B2C customer, but also via reinforcing internal ecosystem synergy across various service pillars, establishing commercial partnerships and taking on government outsourcing opportunities to compress our payback period.

Second, we have delivered major cost restructuring by workforce and operation optimization. In the reporting period, we have reduced our overall headcount (excluding Registered Practitioners) by 375 to 2,715. While we have 3 organic service point expansion, we also leveraged on rental lease expiry to achieve rental rate reduction over 97,543 sq ft of service area and returned 3,423 sq ft of back-office and service area by consolidation of overlapping and/or synergetic operations. This helps not only to lower our overall rent-to-sales ratio but also reduces other overhead expenditure, creates stronger commercial synergy and reinforces our one-stop customer service proposition. As of 30 September 2023, the Group maintains an extensive network of 166 service points, among which 144 are in Hong Kong, 4 in Macau and 18 in Mainland China with an aggregated service area of approximately 698,000 sq ft. We also implemented tight cost control across our general and administrative expenses and back-office operation by process simplification, centralization with strategic outsourcing and digitalization. Netting off certain one-off compensation & cost, these initiatives generated an aggregate HK\$63 million of savings in the Reporting Period and we'd expect to see deeper recurring cost improvements in the upcoming financial periods from both the elimination of one-off cost as well as full period effect.

While we have been very focused on ramping up new service points to enhance our network proposition on specific strategic pillars in previous financial period, we have also taken advantage of lease renewal to consolidate overlapping or synergetic operation into single location, resulting in a net decrease of approximately 8,000 sq. ft. service floor space and a net decrease of 2 service points comparing to end of FY23. The decrease in net floor space mainly came from the medical service segment. As of 30 September 2023, the Group has a total number of 166 service points comprising 144 in Hong Kong, 4 in Macau and 18 in Mainland China with the total aggregate service g.f.a of approximately 698,000 sq. ft.

BUSINESS SEGMENT REVIEW

Medical service segment

During the Reporting Period, through both organic and M&A expansion, the Group's medical service portfolio grew to encompass 39 specialist disciplines with 329 full-time and exclusive registered practitioner headcount. In addition, there were organic growth derived from the 7 medical facilities that were established from last financial year and 3 new medical centres across day procedure, ophthalmology and pain management that commenced operation during the Reporting Period. These enabled the Group's revenue from medical services segment to rise by 11.7% YoY to HK\$1,313 million, boosting its revenue contribution to 61.9%.

Aesthetic medical, beauty and wellness segment

Our aesthetic medical, beauty and wellness service pillar comprises of aesthetic medical, traditional beauty, haircare, ancillary wellness services and the sale of skincare, healthcare and beauty products. During the Reporting Period, revenue contribution by this segment has increased by 9.6% YoY to HK\$665.6 million, accounted for 31.4% of the total revenue. Revenue from Hong Kong and Macau rose by 17.5% YoY to HK\$541.4 million and 16.3% YoY to HK\$66.1 million respectively, mainly due to normalization of post-COVID-19 local pent-up demand and rebound in number of Mainland tourists. On the contrary, revenue from the 18 service points in Mainland China recorded a YoY decline of 35.3% to HKD58.2 million mainly due local consumption downgrade.

Veterinary and other service segment

Revenue from the Group's veterinary and other service segment rose by 28.6% YoY to HK\$142.7 million, mainly driven by the growth of the Group's veterinary market share in the Hong Kong, with the number of full-time and exclusive registered veterinary surgeons increased to 42 during the Reporting Period. The Group's first organic veterinary hospital, Animal Medical Academy Hospital (AMAH) in Tsim Sha Tsui East that commenced operation in last quarter of previous financial year has been ramping up progressively and has achieved EBITDA breakeven towards the end of the interim period. The Group will continue to invest in its leading veterinary consolidation platform to turn it into one major growth engine.

OUTLOOK

Cautious optimism amid increasing local economic and global uncertainties

Despite facing challenging local and global economic conditions, we remain cautiously optimistic as The Hong Kong healthcare market has demonstrated resilience by growing at approximately 21.5% YoY to HK\$243 billion in 2022, while the private healthcare market expanded by approximately 24.1% YoY to HK\$98 billion as a result of increasing general public's awareness of health issues post-pandemic era. The Group is optimistic towards the growing its market share with our strong foundation and leading one-stop platform.

Focus on higher growth prospects and scalable customer segments

The Group had been taking good leverage of its solid foundation on direct B2C customer engagement for growth in the past. It has now achieved a comprehensive healthcare service platform of meaningful size and scale after years of M&A and organic growth to deliver a one-stop service model underpinned by IT capabilities. These allows us to better address the need of various customer segmentations with different pricing & product proposition, including B2B corporate medical market, B2I insurance market and B2G Government's various Public-Private-Partnership. Capturing these scalable growth segments will drive sustainable and profitable growth with compressed payback period for effective market consolidation.

Renewing our strategic focuses to deliver bottom-line growth

We strongly believe our market consolidation and corporatization strategy are still extremely relevant to our success. Given our current scale, the Group is embarking on the next phase of corporate development with renewed strategic focus on 3 key areas: 1) business development; 2) operational excellence, and 3) digital transformation.

On business development, the Group will leverage its platform approach to develop relevant product propositions to maximize our share of wallet by delivering integrated product and service proposition with dedicated resources. Meanwhile, we shall exercise careful revenue management across different customer segments to protect our margin.

On operational excellence, we will focus on talent productivity, asset utilization, process efficiency and cost control. The Group will strive to maximize synergies and integration across different centers of excellence and business units to bring around better customer experience and convenience.

On digital transformation, we will drive service scalability, cost efficiency and create better customer experience. With proper and secure data management protocol, it allows further automate and streamline our operation, expand our availability to customer via 24x7 online booking, connectivity to co-create innovative services and products with our TTIPP ecosystem partners from technology, telecom, insurance, property and pharmaceutical industries ("TTIPP") and instill proper & standardized governance framework across our internal operation.

Robust war chest readiness to execute M&A with strengthened TTIPP partnerships

Our two sustainability-linked loans has put us in a strong financial position to readily execute our M&A consolidation as and when strategic and synergetic asset of reasonable valuation are available to further enhance our ecosystem proposition.

Meanwhile, we would continue to foster strategic partnerships with key players in TTIPP domain to expand our leadership in establishing an integrated one-stop healthcare service provider in Hong Kong.

Building a sustainable business

We take strong emphasis on sustainability to create long-term value for all stakeholders and communities. As part of our 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, data protection and medical safety to ensure 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.

FINANCIAL REVIEW

Revenue

Our revenue increased by 12.0% to HK\$2,121 million for the six months ended 30 September 2023 primarily due to the gradual return of Mainland visitors following the resumption of cross-border travel between Hong Kong and Mainland China in early 2023.

Medical Services

Medical services represents all medical services (excluding aesthetic medical services) and dental services offered by the Group. Our revenue from medical services segment represents 61.9% of the Group’s total revenue (for the six months ended 30 September 2022: 62.1%) and increased by 11.7% from HK\$1,174.8 million for the six months ended 30 September 2022 to HK\$1,313 million for the six months ended 30 September 2023, primarily attributable to the continued development of new medical services and broadening of services spectrum through organic expansion and acquisition of other medical establishments during the Reporting Period.

Aesthetic Medical and Beauty and Wellness Services

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. Our revenue from aesthetic medical and beauty and wellness services represents 31.4% of the Group's total revenue (for the six months ended 30 September 2022: 32.1%) and increased by 9.6% from HK\$607.4 million for the six months ended 30 September 2022 to HK\$665.7 million for the six months ended 30 September 2023, due to the return of Mainland visitors.

Veterinary and other services

Veterinary and other services mainly represent veterinary services and multi-channel networking and related services. Our revenue from veterinary and other services represents 6.7% of the total revenue (for the six months ended 30 September 2022: 5.8%), which increased significantly by 28.6% from HK\$111.0 million for the six months ended 30 September 2022 to HK\$142.7 million for the six months ended 30 September 2023, primarily attributable to the expansion of veterinary services during the Reporting Period.

Operating Segment Information

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

Other net income and gains

For the six months ended 30 September 2023, our other net income and gains was approximately HK\$11.8 million (for the six months ended 30 September 2022: HK\$58.4 million), representing a decrease of 79.8% as compared to the same period last year, primarily due to the government grants of HK\$43.4 million in the last year which mainly represent subsidies received under the Employment Support Scheme of the Hong Kong Government.

Cost of inventories and consumables

Our cost of inventories and consumables increased to HK\$332.6 million for the six months ended 30 September 2023 (for the six months ended 30 September 2022: HK\$258.2 million), representing an increase of 28.8% as compared to the same period last year, primarily attributable to an increase in the volume of medication and service consumables used. Its proportion to the total revenue increased from 13.6% for the six months ended 30 September 2022 to 15.7% for the six months ended 30 September 2023. Change in product mix with higher focus on the medical segment led to an increase in cost of inventories and consumables.

Registered Practitioner expenses

For the six months ended 30 September 2023, we incurred Registered Practitioner expenses of approximately HK\$590.1 million (for the six months ended 30 September 2022: HK\$500.8 million), representing 27.8% of the total revenue. The increase of 17.8% as compared to the same period last year was primarily attributable to the increase in the number of Registered Practitioners employed by the Group and the increase of medical services provided.

Employee benefit expenses

For the six months ended 30 September 2023, we incurred employee benefit expenses of approximately HK\$534.6 million (for the six months ended 30 September 2022: HK\$476.6 million), representing 25.2% of the total revenue. An increase of 12.2% as compared to the same period last year was primarily attributable to an increase in remuneration paid as a result of an increase in the Sales Volume. As at 30 September 2023, we had 2,715 employees (excluding Registered Practitioners) (as at 30 September 2022: 2,557).

The Group is fully aware of the importance of talent and culture and is dedicated to retain competent and talented employees by offering them competitive remuneration packages. Their salaries and bonuses were determined with reference to their duties, work experience, performance and prevailing market practices. The Group has adopted a share option scheme, share award scheme and co-ownership plan in place to reward our employees. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong, and provides employees with medical insurance coverage.

Marketing and advertising expenses

For the six months ended 30 September 2023, the Group incurred marketing and advertising expenses of approximately HK\$107.5 million, representing 5.1% of the total revenue (for the six months ended 30 September 2022: 5.1%) and an increase of 11.2% as compared to the same period last year (for the six months ended 30 September 2022: HK\$96.7 million).

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

For the six months ended 30 September 2023, the Group incurred rental and related expenses and depreciation of right-of-use assets of approximately HK\$214.1 million (for the six months ended 30 September 2022: HK\$211.8 million), representing 10.1% of the total revenue. The increase of 1.1% as compared to the same period last year was in line with the increase in the g.f.a of service centres and clinics from approximately 557,000 sq. ft. as at 30 September 2022 to approximately 698,000 sq. ft. as at 30 September 2023.

Credit card expenses

For the six months ended 30 September 2023, the Group incurred credit card expenses of approximately HK\$39.4 million (for the six months ended 30 September 2022: HK\$38.4 million), representing 1.9% of the total revenue and an increase of 2.4% as compared to the same period last year which was in line with the increase in Sales Volume during the Reporting Period.

Other operating expenses

For the six months ended 30 September 2023, the Group incurred other operating expenses of approximately HK\$107.6 million (for the six months ended 30 September 2022: HK\$102.6 million), representing 5.1% of the total revenue. The increase of 4.9% as compared to the same period last year was primarily due to the broadening of our services spectrum.

Profit before tax

For the six months ended 30 September 2023, the Group had profit before tax of approximately HK\$35.3 million (for the six months ended 30 September 2022: HK\$124.4 million), representing a decrease of 71.6% as compared to the same period last year.

Income tax expense

For the six months ended 30 September 2023, the Group incurred income tax expense of approximately HK\$13.9 million, representing a decrease of 27.8% as compared to the same period last year.

Profit for the period/profit margin

For the six months ended 30 September 2023, the Group recorded profit for the period of approximately HK\$21.4 million, representing a decrease of 79.6% as compared to the same period last year and a net profit margin of 1.0% (for the six months ended 30 September 2022: 5.6%), primarily due to the capital expenditures expended on organic expansions of our new medical facilities are yet to enter into service to generate income within the Reporting Period.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

We continue to maintain a strong financial position with cash and cash equivalents and time deposits of HK\$630.6 million and HK\$31.6 million respectively as at 30 September 2023. Based on our steady cash inflow from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet the current working capital requirements as well as to fund our budgeted expansion plans in the next financial year.

As at 30 September 2023, a majority of our cash and bank balances were in Hong Kong dollar.

SUBSEQUENT EVENTS

There were no material subsequent event after 30 September 2023 up to the date of this announcement.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures during the six months ended 30 September 2023 were primarily related to the setting up of new clinics and services centres, purchases of operation equipment, which primarily included medical, aesthetic and beauty devices, and expenditure in leasehold improvements. We have financed our capital expenditure through cash flows generated from operating activities.

Capital Commitment

The Group has committed on 30 September 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

Interest-bearing Bank Borrowings and Gearing Ratio

As at 30 September 2023, the Group had outstanding interest-bearing bank borrowings in the amount of HK\$576.3 million and convertible bonds of HK\$230.1 million. The Group's gearing ratio (which equals total debt divided by total equity) is 33.6%.

Contingent Liabilities and Guarantees

As at 30 September 2023, the Group had no significant contingent liabilities and guarantees.

Charge over Assets

As at 30 September 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.

Foreign Currency Risk

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

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

Interest Rate Risk

As at 30 September 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\$5.8 million.

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

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

INTERIM DIVIDEND

The Board declared an interim dividend of 0.5 HK cents per Share, which will be payable to Shareholders whose names appear on the register of members of the Company on Friday, 5 January 2024. The interim dividend will be payable in cash and are expected to be paid on or around Friday, 19 January 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 2 January 2024 to Friday, 5 January 2024. In order to qualify for the interim dividend, 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 Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Central, Hong Kong for registration no later than 4:30 p.m. on Friday, 29 December 2023.

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 as 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. During the interim period, the roles of chairman and chief executive officer of the Company were performed by Mr. Tang. Although the dual roles of chairman and chief executive officer was a deviation from the code provision C.2.1 of the CG Code, the Board considered that having Mr. Tang acting as both the chairman and chief executive officer of the Company provided a strong and consistent leadership to the Company and allows 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 considered that it was beneficial to the business of the Group that Mr. Tang acted as both the chairman and chief executive officer of the Company. Mr. Lu Lyn Wade Leslie, an executive Director, was the co-chief executive officer of the Company.

On 1 November 2023, Mr. Tang resigned as the chief executive officer of the Company and Mr. Lu Lyn Wade Leslie has been re-designated as the chief executive officer of the Company. The Company has complied with code provision C.2.1 of the CG Code thereafter.

COMPLIANCE WITH THE MODEL CODE

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. Having made specific enquiry, all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

Senior management, executives and staff who, because of their offices in the Company, are likely to possess inside information, have also been requested to comply with the Model Code. 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.

REVIEW OF INTERIM RESULTS

The Audit Committee, which comprises three independent non-executive Directors, has reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period, and was of the opinion that the preparation of such interim results had been prepared in accordance with the relevant accounting standards and that adequate disclosures have been made in accordance with the requirements of the Listing Rules, the applicable accounting standard and all legal requirements.

The figures of the Group's results for the six months ended 30 September 2023 in this announcement have been reviewed and agreed by the Audit Committee.

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed in this announcement, there has been no change in the information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended 30 September 2023 and up to the date of this announcement.

On 1 November 2023:

- (a) Mr. Tang Chi Fai has resigned as the chief executive officer of the Company;
- (b) Mr. Lu Lyn Wade Leslie was re-designated as the chief executive officer of the Company; and
- (c) Ms. Wong Ka Ki Ada resigned as the executive Director, chief strategy officer and chief investment officer of the Company.

DEFINITIONS

“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, 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
“Compulsory Closure”	the order of closure of venues under the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap. 599F of the Laws of Hong Kong)
“Director(s)”	the director(s) of the Company
“EBITDA”	earnings before interests, taxation, depreciation-owned property, plant and equipment and amortisation
“Greater Bay Area”	city cluster cross the Guangdong-Hong Kong-Macau region, consisting of Hong Kong, Macau and nine cities in Guangdong Province, namely, Dongguan, Foshan, Guangzhou, Huizhou, Jiangmen, Shenzhen, Zhaoqing, Zhongshan and Zhuhai
“Greater China”	Mainland China, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries

“g.f.a.”	gross floor area
“Healthcare Professionals”	person(s) registered with the respective boards or councils before he/she is allowed to practise in Hong Kong under the relevant laws of Hong Kong as may be amended, supplemented or otherwise modified from time to time. The 13 healthcare professionals comprise Chinese medicine practitioners, chiropractors, dental hygienists, dentists, medical laboratory technologists, medical practitioners, midwives, nurses, pharmacists, occupational therapists, optometrists, physiotherapists and radiographers
“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”	merger and acquisition
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Doctor(s)”	doctor(s) licensed by and registered with the department of health in Macau (澳門特別行政區政府衛生局)
“Medical Professionals”	Healthcare Professionals, excluding Registered Practitioners
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Tang”	Mr. Tang Chi Fai, the chairman, executive Director and the chief executive officer of the Company
“PRC”	the People’s Republic of China

“PRC Doctor(s)”	medical practitioner(s) with the qualification of a doctor (醫師) or assistant doctor (執業助理醫師) under the PRC Law on Medical Practitioners (中華人民共和國執業醫師法) and 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
“Reporting Period”	six months ended 30 September 2023
“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, 30 November 2023

As at the date of this announcement, the executive Directors are Mr. Tang Chi Fai, Mr. Lu Lyn Wade Leslie, 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.