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

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

(Stock Code: 3886)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

For the Year:

– The Group recorded revenue of approximately HK$1,833,038,000 (2022: approximately HK$1,535,580,000).

– The Group recorded a loss of approximately HK$159,089,000 (2022: profit of approximately HK$49,522,000) and a loss attributable to owners of the Company of approximately HK$194,210,000 (2022: profit of approximately HK$15,289,000).

As at 31 December 2023:

– The Group held fixed bank and pledged bank deposits, bank balances and cash of approximately HK$1,431,426,000 (2022: approximately HK$1,370,592,000).

– The Group had a current ratio (defined as total current assets divided by total current liabilities) of 3.25 (2022: 3.90) and a gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) of 2.70% (2022: 3.26%).

The Board recommended the payment of a final dividend of Hong Kong 0.12 cent per Share for the Year (2022: Hong Kong 0.12 cent per Share).

FINAL RESULTS

The Board hereby announces the audited consolidated results of the Company and its subsidiaries for the Year, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

		2023	2022
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**1,833,038**	1,535,580
Cost of sales		**(1,331,090)**	(1,121,134)
Gross profit		**501,948**	414,446
Other income	*5*	**47,599**	49,359
Administrative expenses		**(396,200)**	(397,959)
Other gains and losses, net	*6*	**(245,475)**	44,167
Finance costs	*7*	**(23,416)**	(12,684)
Share of results of associates		**4,829**	(5,601)
Share of results of joint ventures		**(10,148)**	(9,225)
(Loss) profit before tax		**(120,863)**	82,503
Income tax expenses	*8*	**(38,226)**	(32,981)
(Loss) profit for the year	*9*	**(159,089)**	49,522

	Note	**2023**	2022
	Note	***HK$'000***	*HK$'000*
Other comprehensive (expense) income for the year			
Items that will not be reclassified to profit or loss:			
Fair value changes in equity instruments at fair value through other comprehensive income		**(20,314)**	(8,102)
Fair value changes in revaluation of properties upon transfer from "property, plant and equipment" to "investment properties"		**12,203**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on the translation of foreign operations		**(39,408)**	(99,131)
Share of other comprehensive expense of associates and joint ventures		**(160)**	(8,439)
		(47,679)	(115,672)
Total comprehensive expense for the year		**(206,768)**	(66,150)
(Loss) profit for the year attributable to:			
Owners of the Company		**(194,210)**	15,289
Non-controlling interests		**35,121**	34,233
		(159,089)	49,522
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(231,360)**	(73,690)
Non-controlling interests		**24,592**	7,540
		(206,768)	(66,150)
(Loss) earnings per Share *(HK cent(s))*			
Basic and diluted	*11*	**(2.87)**	0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Investment properties		**594,155**	528,580
Property, plant and equipment		**326,964**	542,857
Right-of-use assets		**134,835**	133,103
Loans receivable		**39,156**	49,904
Goodwill		**671,686**	781,704
Intangible assets		**402,944**	417,948
Interests in associates		**260,708**	292,190
Interests in joint ventures		**–**	22,211
Equity instruments at fair value through other comprehensive income		**48,626**	27,785
Deferred tax assets		**2,586**	2,117
Fixed bank deposits		**77,018**	23,436
		2,558,678	2,821,835
CURRENT ASSETS			
Inventories		**52,499**	57,298
Trade and other receivables	*12*	**511,071**	509,634
Financial assets at fair value through profit or loss		**6,772**	–
Loans receivable		**15,200**	9,069
Amounts due from associates		**1,070**	1,184
Tax recoverable		**868**	3,504
Pledged bank deposits		**163,570**	148,286
Fixed bank deposits		**158,759**	226,931
Bank balances and cash		**1,032,079**	971,939
		1,941,888	1,927,845

	Notes	**2023** **HK$'000**	2022 *HK$'000*
CURRENT LIABILITIES			
Trade and other payables	*13*	**299,517**	291,511
Contract liabilities		**16,833**	17,256
Amount due to an investee		**–**	292
Amounts due to non-controlling interests		**44,158**	49,882
Bank borrowings	*14*	**22,002**	46,719
Lease liabilities		**68,750**	63,728
Convertible bonds		**116,760**	–
Tax payable		**29,352**	24,931
		597,372	494,319
NET CURRENT ASSETS		**1,344,516**	1,433,526
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,903,194**	4,255,361
NON-CURRENT LIABILITIES			
Bank borrowing	*14*	**65,561**	67,177
Lease liabilities		**76,873**	83,521
Deferred tax liabilities		**35,018**	37,195
Convertible bonds		**106,996**	213,878
		284,448	401,771
		3,618,746	3,853,590
CAPITAL AND RESERVES			
Share capital	*15*	**67,735**	68,364
Reserves		**3,174,394**	3,423,052
Equity attributable to owners of the Company		**3,242,129**	3,491,416
Non-controlling interests		**376,617**	362,174
Total equity		**3,618,746**	3,853,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

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

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

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of the principal place of business of the Company is 6th Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
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
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after a date to be determined.

The above amendments to existing standards are not expected to have a material impact on the consolidated financial statements of the Group. The Group will adopt the amendments to existing standards when they become effective.

3. REVENUE

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

	2023	2022
	HK$'000	*HK$'000*
Revenue recognised under HKFRS 15		
Hong Kong medical services		
– Medical services	**711,629**	552,091
– Dental services	**59,367**	65,025
	770,996	617,116
Hong Kong managed medical network business	**498,189**	429,458
Mainland hospital management and medical services	**552,795**	476,710
	1,821,980	1,523,284
Revenue recognised under other accounting standard		
Others		
– Rental income	**11,058**	12,296
Total	**1,833,038**	1,535,580
Revenue recognised under HKFRS 15		
Timing of revenue recognition		
At point in time	**1,742,884**	1,422,405
Over time	**79,096**	100,879
	1,821,980	1,523,284

Revenue from Hong Kong medical services (including provision of medical and dental services), Hong Kong managed medical network business and majority of Mainland hospital management and medical services (including selling healthcare and pharmaceutical products and provision of medical and dental services) are recognised at a point in time, whereas other sources of revenue from Mainland hospital management and medical services are recognised over time.

Mainland hospital management services and related services has 180 days to 270 days credit term upon the services provided.

Revenue for the services recognised on gross basis and net basis for the years ended 31 December 2023 and 2022 are as follows (see note below):

	2023	2022
	HK$'000	*HK$'000*
Gross basis	**1,817,027**	1,519,843
Net basis	**4,953**	3,441
Total revenue	**1,821,980**	1,523,284

Note:

Revenue recognised on gross basis relates to revenue from contracts whereby the Group acts as principal and revenue recognised on net basis relates to contracts whereby the Group acts as agent in the trading of medical equipment.

4. SEGMENT INFORMATION

The chief operating decision maker, being the chief executive officer ("**CEO**") regularly evaluated the current business units of the Group and the locations of the different types of business which are most relevant for the purposes of resources allocation and assessment of segment performance. The Group has identified four reportable and operating segments, namely Hong Kong medical services, Hong Kong managed medical network business, Mainland hospital management and medical services and others.

Specifically, the Group's operating and reportable segments are as follows:

Hong Kong medical services	–	Provision of medical and dental services in Hong Kong
Hong Kong managed medical network business	–	Managing healthcare networks & provision of third party medical network administrator services in Hong Kong
Mainland hospital management and medical services	–	Provision of hospital management services and related services, provision of medical and dental services in the Mainland China.
Others	–	Leasing of properties and provision of other healthcare related services

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

Segment revenues and results

For the year ended 31 December 2023

	Hong Kong medical services *HK$'000*	Hong Kong managed medical network business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue						
External sales	770,996	498,189	552,795	11,058	–	1,833,038
Inter-segment sales	42,633	–	–	–	(42,633)	–
	813,629	498,189	552,795	11,058	(42,633)	1,833,038
Segment results before expected credit loss and impairment losses	68,994	43,097	46,967	(80,457)	–	78,601
Expected credit loss recognised on loan receivable	–	–	(3,300)	–	–	(3,300)
Impairment loss recognised on goodwill	(102,877)	–	–	–	–	(102,877)
Impairment loss recognised on interests in associates	(4,059)	–	–	(25,643)	–	(29,702)
Impairment loss recognised on property, plant and equipment	–	–	(5,666)	(12,874)	–	(18,540)
Impairment loss recognised on interest in a joint venture	–	–	(3,693)	–	–	(3,693)
Reversal of impairment loss recognised on right-of-use assets	1,402	–	–	–	–	1,402
Segment results	(36,540)	43,097	34,308	(118,974)	–	(78,109)
Unallocated finance costs						(9,878)
Unallocated other income						14,039
Unallocated corporate expenses						(46,915)
Loss before tax						(120,863)

For the year ended 31 December 2022

	Hong Kong medical services *HK$'000*	Hong Kong managed medical network business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue						
External sales	617,116	429,458	476,710	12,296	–	1,535,580
Inter-segment sales	39,066	–	–	–	(39,066)	–
	656,182	429,458	476,710	12,296	(39,066)	1,535,580
Segment results before expected credit loss and impairment losses	8,153	31,115	43,519	57,538	–	140,325
Expected credit loss recognised on other receivables	–	–	(979)	(198)	–	(1,177)
Impairment loss recognised on goodwill	(487)	–	–	–	–	(487)
Impairment loss recognised on right-of-use assets	(1,868)	–	–	–	–	(1,868)
Impairment loss recognised on interest in a joint venture	–	–	–	(97)	–	(97)
Reversal of impairment loss recognised on property, plant and equipment	–	–	–	2,811	–	2,811
Written off of goodwill	–	–	(1,315)	–	–	(1,315)
Segment results	5,798	31,115	41,225	60,054	–	138,192
Unallocated finance costs						(7,196)
Unallocated other income						11,956
Unallocated corporate expenses						(60,449)
Profit before tax						82,503

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

Other segment information

For the year ended 31 December 2023

	Hong Kong medical services *HK$'000*	Hong Kong managed medical network business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Total for segments *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment (loss) profit:							
Interest income	–	–	–	(31,700)	(31,700)	–	(31,700)
Dividend income	(1,495)	(50)	–	–	(1,545)	–	(1,545)
Fair value changes on investment properties	–	–	–	98,626	98,626	–	98,626
Share of results of associates	(10,636)	–	–	5,807	(4,829)	–	(4,829)
Share of results of joint ventures	–	–	2,771	7,377	10,148	–	10,148
Depreciation of property, plant and equipment	21,324	2,418	19,126	15,896	58,764	30	58,794
Depreciation of right-of-use assets	62,133	9,967	3,471	–	75,571	–	75,571
Amortisation of intangible assets	920	7,251	3,093	–	11,264	–	11,264
(Gain) loss on disposal/written off of property, plant and equipment	(2,300)	7	(222)	(18)	(2,533)	–	(2,533)
Finance costs	5,940	674	478	6,446	13,538	9,878	23,416
Amounts included in the information regularly provided to the CEO:							
Additions to property, plant and equipment	4,531	1,421	11,120	668	17,740	–	17,740

For the year ended 31 December 2022

	Hong Kong medical services *HK$'000*	Hong Kong managed medical network business *HK$'000*	Mainland hospital management and medical services *HK$'000*	Others *HK$'000*	Total for segments *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit (loss):							
Interest income	–	–	–	(29,493)	(29,493)	–	(29,493)
Dividend income	(1,327)	–	–	–	(1,327)	–	(1,327)
Fair value changes on investment properties	–	–	–	6,893	6,893	–	6,893
Share of results of associates	(4,655)	–	–	10,256	5,601	–	5,601
Share of results of joint ventures	–	–	5,200	4,025	9,225	–	9,225
Depreciation of property, plant and equipment	14,915	2,437	18,920	15,655	51,927	37	51,964
Depreciation of right-of-use assets	47,666	10,519	6,603	–	64,788	–	64,788
Amortisation of intangible assets	307	7,251	3,250	–	10,808	–	10,808
Loss (gain) on disposal/written off of property, plant and equipment	239	7	280	(247)	279	–	279
Gain on disposal of a subsidiary	–	–	–	(31,908)	(31,908)	–	(31,908)
Finance costs	4,597	385	506	–	5,488	7,196	12,684
Amounts included in the information regularly provided to the CEO:							
Additions to property, plant and equipment	10,499	2,821	21,613	2,263	37,196	–	37,196

Geographical information

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

	2023	2022
	HK$'000	*HK$'000*
Other regions of the PRC	**552,795**	476,710
Hong Kong	**1,280,243**	1,058,870
	1,833,038	1,535,580

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

	Carrying amount of non-current assets	
	2023	2022
	HK$'000	*HK$'000*
Other regions of the PRC	**484,817**	516,466
Hong Kong	**1,906,475**	2,202,127
Non-current assets *(Note)*	**2,391,292**	2,718,593

Note: Non-current assets shown above exclude deferred tax assets, loans receivable, fixed bank deposits and equity instruments at fair value through other comprehensive income ("**FVTOCI**").

Information about a major customer

The major customer which contributed more than 10% of the total revenue for the year ended 31 December 2023 and 2022 is listed as below:

	2023	2022
Customer A	**22%**	22%

5. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Interest income:		
– Bank balances and fixed bank deposits	**29,450**	28,144
– Loans receivable	**2,250**	1,349
	31,700	29,493
Dividend income from equity instruments at FVTOCI:		
– Relating to investments held at the end of the reporting period	**1,545**	1,327
Rental income	**5,590**	3,202
Employee Support Scheme income *(Note)*	**–**	9,412
Rental concessions	**–**	1,888
Sundry income	**8,764**	4,037
	47,599	49,359

Note:

During the year ended 31 December 2022, the Group recognised government grants of HK$9,412,000 in respect of Covid-related subsidies, all of which were related to Employment Support Scheme provided by the Hong Kong government under which the Group was required to comply with certain conditions under the scheme. There was no unfulfilled conditions or contingencies relating to these grants.

6. OTHER GAINS AND LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
Expected credit loss recognised on loan receivable	**(3,300)**	–
Expected credit loss recognised on other receivables	**–**	(1,177)
Fair value changes on investment properties	**(98,626)**	(6,893)
Fair value changes on financial assets at fair value through profit or loss	**6,772**	(936)
Gain on disposal of a subsidiary *(Note)*	**–**	31,908
Gain on derecognition of a promissory note	**–**	22,500
Gain (loss) on disposal/written off of property, plant and equipment	**2,533**	(279)
Impairment loss recognised on goodwill	**(102,877)**	(487)
Impairment loss recognised on interests in associates	**(29,702)**	–
(Impairment loss) reversal of impairment loss recognised on property, plant and equipment	**(18,540)**	2,811
Impairment loss recognised on interest in a joint venture	**(3,693)**	(97)
Reversal of (impairment loss) recognised on right-of-use assets	**1,402**	(1,868)
Written off of goodwill	**–**	(1,315)
Others	**556**	–
	(245,475)	44,167

Note:

The disposed subsidiary is an investment property holding company, included in the gain on disposal of a subsidiary, the fair value of the property held by it increased by HK$31,908,000 during the year ended 31 December 2022.

7. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings	**6,655**	2,250
Interest on lease liabilities	**6,883**	3,757
Interest on convertible bonds	**9,878**	6,677
	23,416	12,684

8. INCOME TAX EXPENSES

	2023	2022
	HK$'000	*HK$'000*
Tax charge comprises:		
Current tax		
– Hong Kong Profits Tax	**19,734**	11,874
– PRC Enterprise Income Tax	**20,585**	24,201
	40,319	36,075
Provision in prior years		
– Under (over) provision of Hong Kong Profits Tax	**518**	(1,098)
– Over provision of PRC Enterprise Income Tax	**–**	(109)
	40,837	34,868
Deferred tax		
– Current year	**(2,611)**	(1,887)
	38,226	32,981

Hong Kong profits tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits for the year, except for the first HK$2,000,000 of a qualified group entity's assessable profit which is calculated at the rate of 8.25%, in accordance with the new two-tiered tax rate regime with effect from the year of assessment 2018/2019. The profits of group entities not qualifying for the two-tiered profits tax rates regime continued to be taxed at a flat rate of 16.5%.

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

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

9. (LOSS) PROFIT FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Staff costs		
– Directors' emoluments	**16,101**	12,805
– Other staff's salaries	**598,437**	602,351
– Other staff's bonus	**111,294**	90,900
– Other staff's retirement benefits scheme contributions	**14,818**	12,236
	740,650	718,292
Less: Staff costs recognised in administrative expenses	**(147,064)**	(150,757)
Staff costs recognised in cost of sales	**593,586**	567,535
Auditors' remuneration	**4,000**	4,000
Cost of inventories recognised in cost of sales:		
– Pharmaceutical supplies	**362,552**	294,872
– Other inventories	**2,503**	3,561
	365,055	298,433
Depreciation of property, plant and equipment recognised in administrative expenses	**47,172**	38,241
Depreciation of property, plant and equipment recognised in cost of sales	**11,622**	13,723
Total depreciation of property, plant and equipment	**58,794**	51,964
(Gain)/loss on disposal/written off of property, plant and equipment	**(2,533)**	279
Depreciation of right-of-use assets recognised in administrative expenses	**75,571**	64,788
Amortisation of intangible assets, recognised in administrative expenses		
– customer relationship	**8,171**	7,558
– management services right and consulting services contracts	**3,093**	3,250
Total amortisation of intangible assets	**11,264**	10,808
and after crediting:		
Gross rental income from investment properties	**11,058**	12,290
Less: Direct operating expenses of properties that generated rental income	**(1,130)**	(1,073)
Net rental income from investment properties	**9,928**	11,217

10. DIVIDENDS

During the year ended 31 December 2023, a final dividend of Hong Kong 0.12 cent per Share for the year ended 31 December 2022 (2022: final dividend of Hong Kong 0.15 cent per Share for the year ended 31 December 2021) was declared to the owners of the Company. The aggregate amount of the final dividend declared during the year ended 31 December 2023 amounted to approximately HK$8,128,000 (2022: HK$11,289,000).

The Board recommended the payment of a final dividend of Hong Kong 0.12 cent per Share for the year ended 31 December 2023 (2022: Hong Kong 0.12 cent per Share).

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per Share attributable to the owners of the Company is based on the following data:

(Loss) earnings for the purposes of basic and diluted (loss) earnings per Share

	2023	2022
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company	**(194,210)**	15,289

Number of Shares

	2023	2022
Weighted average number of Shares for the purposes of basic and diluted (loss) earnings per Share	**6,773,861,449**	7,340,228,567

The computation of diluted (loss) earnings per Share for the year ended 31 December 2023 and 2022 do not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would have anti-dilutive effect.

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables *(Note i)*	**380,905**	346,313
Bills receivables *(Note i)*	**48,180**	89,816
	429,085	436,129
Deposits	**39,443**	44,724
Other receivables *(Note ii)*	**29,813**	13,192
Prepayments *(Note iii)*	**12,730**	15,550
Amount due from a related party *(Note iv)*	**–**	39
	511,071	509,634

Notes:

(i) Most of the patients of the medical and dental practices settle in cash. Payments arising from use of medical cards by patients will normally be settled within 180 days to 240 days whilst settlement by corporate customers for the Group's managed medical network operation is from 60 days to 180 days. The Group allows credit period of 180 days to 270 days and 60 days to 240 days to its customers under mainland hospital management services and related services and trade customers under other business activities, respectively.

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

	2023	2022
	HK$'000	*HK$'000*
0 – 60 days	**261,055**	244,171
61 – 120 days	**81,831**	87,844
121 – 180 days	**54,847**	50,545
181 – 240 days	**29,538**	46,865
Over 240 days	**1,814**	6,704
	429,085	436,129

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

As at 31 December 2023 and 2022, no trade and bills receivables are past due at the end of the reporting period for which the Group has not provided an allowance for expected credit loss.

(ii) As at 31 December 2023, the Group's other receivables mainly included the receivables of dividend from an associate of HK$6,704,000 (2022: nil) and interest income from fixed bank deposits of HK$1,850,000 (2022: HK$4,317,000).

During the year ended 31 December 2022, expected credit loss on other receivables of HK$1,177,000 was recognised.

(iii) As at 31 December 2023, the Group's prepayments mainly included prepayment to suppliers for trading of medicine of HK$731,000 (2022: HK$4,610,000) and prepayment to suppliers for trading of medical equipment of HK$5,656,000 (2022: HK$2,827,000).

(iv) The amount due from a related party was unsecured, interest free and repayable on demand.

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables *(Note i)*	**157,265**	153,488
Other payables *(Note ii)*	**29,804**	27,773
Deposits received	**5,396**	4,783
Accruals *(Note iii)*	**107,052**	102,369
Amount due to a related party *(Note iv)*	**–**	3,098
	299,517	291,511

Notes:

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

	2023	2022
	HK$'000	*HK$'000*
0-60 days	**89,972**	83,675
61-120 days	**27,246**	29,118
Over 120 days	**40,047**	40,695
	157,265	153,488

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

(ii) Included in the Group's other payables as at 31 December 2023 are dividend payables of HK$1,050,000 (2022: HK$1,010,000). As at 31 December 2022, convertible bonds which were redeemed in December 2022 but not yet paid of HK$4,105,000 was included in the Group's other payables.

(iii) Included in the balance of accruals are the accruals for consultancy service costs payable to affiliated doctors and specialists of HK$55,300,000 (2022: HK$43,044,000), accrued staff costs of HK$17,697,000 (2022: HK$11,238,000) and provision for bonus of HK$17,588,000 (2022: HK$14,302,000).

(iv) The amount due to a related party was unsecured, interest free and repayable on demand.

14. BANK BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Unsecured:		
Term loan	**6,917**	–
Secured:		
Revolving loan	**–**	30,000
Mortgage loans	**80,646**	83,896
	87,563	113,896
The bank borrowings are repayable as follows:		
On demand and within one year	**6,568**	33,740
In more than one year but not more than two years	**6,714**	3,931
In more than two years but not more than three years	**3,526**	4,104
In more than three years but not more than four years	**3,778**	4,276
In more than four years but not more than five years	**4,033**	4,454
Over five years	**62,944**	63,391
	87,563	113,896
Less: Amounts due within one year shown under current liabilities	**(6,568)**	(33,740)
Carrying amount of bank borrowing that is not repayable within one year from the end of reporting period but contain a repayment on demand clause (shown under current liabilities)	**(15,434)**	(12,979)
	65,561	67,177

As at 31 December 2023, the bank borrowings of the Group carry variable interest rates ranging from Hong Kong Interbank Offered Rate ("**HIBOR**") +1.40% per annum to HIBOR +2.25% per annum (2022: variable interest rate, ranging from HIBOR +1.65% per annum to HIBOR +2.25% per annum).

The Group's mortgage loans are secured by the Group's leasehold land and building with carrying value of HK$33,560,000 (2022: HK$182,628,000) and investment properties with carrying value of HK$116,000,000 (2022: nil). In addition, mortgage loan with carrying amount of HK$13,142,000 (2022: HK$14,201,000) was also supported by personal guarantee provided by non-controlling interests of the Company's non-wholly owned subsidiary which will be released upon repayment of the mortgage.

15. SHARE CAPITAL

	Numbers of Shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 2023	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2022	7,526,134,452	75,261
Cancellation of Shares	(689,760,000)	(6,897)
31 December 2022	6,836,374,452	68,364
Cancellation of Shares	(62,852,000)	(629)
At 31 December 2023	6,773,522,452	67,735

Note:

During the year ended 31 December 2023, a subsidiary of the Company repurchased the Company's own Shares on the Stock Exchange as follows:

Date of repurchase	Number of Shares repurchased	Consideration per Share Highest	Consideration per Share Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$'000*
2023				
4 January	15,100,000	0.370	0.360	5,579
5 January	11,000,000	0.365	0.360	3,985
9 January	926,000	0.350	0.345	324
	27,026,000			9,888

During the year ended 31 December 2023, 27,026,000 Shares were repurchased with aggregate consideration of approximately HK$10,027,000, including expenses paid amounting to HK$139,000. These repurchased Shares were cancelled during the year.

During the year ended 31 December 2023, 35,826,000 treasury shares acquired in 2022 with aggregate consideration paid amounting to approximately HK$10,819,000 were cancelled.

The above repurchase of the Shares were undertaken by a subsidiary of the Company. No other subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

During the year ended 31 December 2022, a subsidiary of the Company repurchased the Company's own Shares on the Stock Exchange as follows:

Month of repurchase	Number of Shares repurchased	Consideration per Share		Aggregate consideration paid (before expenses)
		Highest	Lowest	
		HK$	*HK$*	*HK$'000*
2022				
July	150,854,000	0.530	0.500	79,235
September	229,508,000	0.510	0.440	111,910
October	203,200,000	0.390	0.330	75,234
November	112,398,000	0.355	0.285	37,863
December	29,626,000	0.350	0.290	8,923
	725,586,000			313,165

During the year ended 31 December 2022, 725,586,000 Shares were repurchased with aggregate consideration of HK$315,286,000, after expenses paid amounting to HK$2,121,000.

During the year ended 31 December 2022, 689,760,000 Shares of the repurchased Shares above with aggregate consideration paid amounting to approximately HK$304,467,000 were cancelled.

The above repurchase and cancellation of Shares of the Company are performed by its subsidiary. No other subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Company hereby reports the results of the Group for the Year.

During the Year, although the Group's revenue grew by approximately 19.37%, the Group recorded a consolidated loss of approximately HK$159,089,000 (2022: profit of approximately HK$49,522,000) and a consolidated loss attributable to owners of the Company of approximately HK$194,210,000 (2022: profit of approximately HK$15,289,000). While without taking into account of the other gains and losses (net) of approximately HK$245,475,000 net other losses for the Year (2022: approximately HK$44,167,000 net other gains) occurred in the non-ordinary course of business, the Group recorded an operating profit of approximately HK$86,386,000 (2022: approximately HK$5,355,000) and an operating profit attributable to owners of the Company of approximately HK$51,265,000 (2022: loss of approximately HK$28,878,000) in the ordinary course of business.

Such significant change from consolidated profit attributable to owners of the Company to consolidated loss attributable to owners of the Company was mainly due to the positive effect from the increase in the revenue of the Group recorded for the Year which was outweighed by the negative effects from the significant increase on fair value losses of the Group's investment properties recorded for the Year and the significant increase on impairment losses recognised on the Group's various assets recorded for the Year.

Increase in Revenue

The Group recorded revenue of approximately HK$1,833,038,000 for the Year (2022: approximately HK$1,535,580,000), which was mainly attributable to the increase in demand for medical services and managed medical network services as well as mainland hospital management services due to the rebound after the COVID-19 pandemic; and the contribution from Central Medical Holding Limited after the Group's acquisition in August 2022. Detail of revenue from business segments of the Group will be explained in subsequent paragraphs.

Significant Increase on Fair Value Losses on Investment Properties

The Group recorded fair value losses on its investment properties of approximately HK$98,626,000 for the Year (2022: approximately HK$6,893,000), which was mainly attributable to the significant contraction in Hong Kong property market during the Year.

Significant Increase on Impairment Losses Recognised on Various Assets

The Group recorded impairment losses on various assets of approximately HK$158,112,000 for the Year (2022: approximately HK$4,944,000), which was mainly attributable to the bad overall economic conditions in Hong Kong and the Mainland China, imposing negative impacts on the valuation on various assets.

BUSINESS REVIEW

Annual Business Review

In 2023, despite the full of challenges in the external environment, with the normalization of the epidemic in Hong Kong and the Mainland China, social and economic activities returned to normal. Both places also achieved full resumption of normal travel, and the economy was in an overall recovery. However, the pace of recovery varied among industries. Benefited from the continued recovery of internal demand and the rise in awareness of preventive medicine, the medical industry took the lead in recovery after three years of Pandemic. The Group seized the opportunity of post-pandemic economic recovery and industry growth to develop its businesses. During the Year, the Group recorded revenue of approximately HK$1,833,038,000 (2022: approximately HK$1,535,580,000), representing a year-on-year increase of approximately HK$297,458,000 or approximately 19.37%. Although the Group's businesses development progressed smoothly during the Year, the Group recorded a consolidated loss of approximately HK$159,089,000 (2022: profit of approximately HK$49,522,000) and a consolidated loss attributable to owners of the Company of approximately HK$194,210,000 (2022: profit of approximately HK$15,289,000). It was due to the significant increase on fair value loss of the Group's investment properties and the impairment losses recognised on the Group's various assets recorded for the year ended 31 December 2023.

In terms of the businesses in Hong Kong, domestic demand continued to be the core growth driver for the local economy, supporting the continued growth in demand for private medical services. Under the normalization of the epidemic, the operation of the Group's medical services and managed medical network in Hong Kong returned to normal, and the number of patient visits rebounded during the Year, driving an increase in revenue. Meanwhile, in recent years, the government cooperated with the private medical sector to launch a number of funding or public-private partnership programmes, and continued to promote primary healthcare development strategies, injecting growth momentum for the private medical service industry in Hong Kong.

In terms of the businesses in the Mainland China, although the way to economic recovery in the Mainland China was relatively bumpy, the residents' strong demand for high-quality medical resources supported the flourish of the Group's businesses in the Mainland China after the epidemic. The Group's comprehensive health business layout in the Mainland China demonstrated its effectiveness. During the Year under review, the hospital management business and the health management business operated smoothly, continuing to contribute considerable revenue and profit to the Group.

Healthcare Service Network of the Group

As of 31 December 2023, the Group had 419 healthcare service points covering multiple practices, including 239 general practice service points, 68 specialist service points, 21 dental service points and 91 auxiliary service points. As of 31 December 2023, the Group had 780 doctors, dentists and auxiliary service staff (including 384 general practitioners, 238 specialists, 34 dentists and 124 auxiliary service staff), all of whom provided healthcare services via the Group's network of self-operated and affiliated medical service centres.

The Group's healthcare service network is as follows:

	As of 31 December 2023
Medical services	**307**
General practice services	**239**
Specialist services	**68**
Dental services	**21**
Auxiliary services	**91**
Physiotherapy services	**46**
Diagnostic imaging and laboratory testing services	**30**
Traditional Chinese medicine services	**14**
Health management services	**1**
Total:	**419**

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

	As of 31 December 2023
Medical services	**75**
General practice services	**39**
Specialist services	**36**
Dental services	**11**
Auxiliary services	**23**
Diagnostic imaging and laboratory testing services	**16**
Physiotherapy services	**6**
Health management services	**1**
Total:	**109**

Business in Hong Kong

Medical Services

In 2023, the revenue from the Group's medical services in Hong Kong was approximately HK$770,996,000 (2022: approximately HK$617,116,000), accounting for approximately 42.06% (2022: approximately 40.19%) of the Group's revenue for the Year. Despite the end of the Group's Covid vaccination and community isolation facilities management during the Year, the rapid rebound in medical demand led to an overall increase in the number of visits by more than 20%, resulting in a strong growth in revenue of medical services in Hong Kong.

In respect of general practice services, the Group owns one of the largest and most extensive medical centre chains in Hong Kong, with medical centres spread throughout Hong Kong Island, Kowloon and the New Territories, which can provide comprehensive primary care and chronic disease management to customers in the communities where they live and work. Benefited from the increase in medical demand which led to a significant increase in the number of patient visits, the revenue and net profit of the general practice services increased significantly year-on-year. The Group supports the government's primary healthcare development strategy. In recent years, the Group's chain medical centres have successively participated in a number of government-funded or public-private partnership programmes for primary healthcare. Adhering to the philosophy of family doctor for all, the Group adopts the strategy of early detection and early treatment, and collaborates with the government in building a prevention-oriented, community-based and family-centric primary healthcare system, thereby promoting the sustainable development of the Group's general practice services and also shouldering the corporate social responsibility of making contribution to the improvement of the overall health status of citizens.

In respect of dental services, during the Year, the Group invited more outstanding dentists to join the professional team to further enhance the service efficiency and capability. Since the second half of 2023, a number of the Group's dental centres have successively joined the Pilot Scheme on Dental Services (Dental Scaling) for Civil Service Eligible Persons. Under the 18-month Pilot Scheme, which is a public-private partnership, arrangements will be made for more than 140,000 civil service eligible persons in Hong Kong to receive dental scaling services at private dental clinics.

In respect of specialist services, the Group adopts a multi-brand strategy and its sub-brand matrix covers a number of specialties, and has a team of specialists with outstanding reputation and extensive clinical experience in their respective specialties. During the Year, the performance of cardiology and orthopaedics was particularly outstanding. In recent years, the cardiology and orthopaedics departments continued to expand the team of doctors and allied medical personnel, increase the number of healthcare service points and strengthen marketing and health education. Through a number of measures, the Group has established a number of cardiology and orthopaedics brands with market-leading positions, including "Hong Kong Cardiac Centre", "Hong Kong Cardiac Diagnostic Centre", "Hong Kong Traumatology & Orthopaedics Institute" and "TOI Physiotherapy Centre". During the Year, the department of orthopaedics expanded the service coverage of medical centres in Tsuen Wan and Sha Tin, and established a new sports trauma physical therapy sub-brand "Elite Physiotherapy and Sports Rehabilitation" to provide one-stop services for trauma treatment, rehabilitation training and sports performance improvement for athletes.

In addition, the multi-specialty medical centres in Hong Kong's core Central Business District established by Hong Kong Medical Consultants, the premier integrated specialty brand of the Group, provides comprehensive, high-quality and effective cross-specialty medical and clinical services to customers in Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area. The medical team of Hong Kong Medical Consultants brings together experienced and top senior specialists, and currently provides 23 types of specialist and clinical services. During the Year, the specialist team further enhanced its strength through recruitment of new specialists in respiratory medicine, haematology and haematological oncology, orthopaedics and traumatology, general surgery, cardiothoracic surgery, plastic surgery, ophthalmology, urology, psychiatry and dentistry. In addition, Hong Kong Medical Consultants has an allied health team to provide clinical psychological services, psychological counselling therapy, nutritional therapy, occupational therapy, podiatry services and speech and swallowing therapy to customers. During the Year, new dietitians, occupational therapists, podiatrists and speech therapists joined the allied health team to further enhance the rehabilitation and extended care service capabilities of Hong Kong Medical Consultants. The sustained and stable development of Hong Kong Medical Consultants proves that the Group's multi-level and diversified medical service layout covering from primary care to high-end cross-specialty services is effective.

In order to improve the service efficiency and quality, during the Year, in addition to inviting more general practitioners, dentists, specialists and allied medical personnel to join the medical team, the Group also recruited a large number of health care assistants and dental surgery assistants to join the professional team and provided them with comprehensive induction and on-the-job training courses. The Group also continuously understands customers' needs and pain points through internal performance assessment, customer questionnaire survey and complaint handling mechanism, and conducts continuous tracking to optimize the healthcare service experience.

In the wake of the Pandemic, in light of the enhanced overall health awareness of the society and the close people-to-people exchanges and frequent economic and trade cooperation between Hong Kong and the Mainland China after the full resumption of normal travel, residents in the Mainland China demand for quality private medical services in Hong Kong increased, creating a good opportunity for the Group to develop integrated healthcare services in the Guangdong-Hong Kong-Macao Greater Bay Area. During the Year, the Group cooperated with a number of medical institutions and large enterprises in the Mainland China to provide quality overseas medical benefits to their customers and employees. In addition, the Group has entered into strategic partnerships with major Grade III Level A public hospitals in Shenzhen City and designated medical institutions under the "Measure of Using HK Registered Drugs and Medical Devices used in HK Public Hospitals in Guangdong-Hong Kong-Macao Greater Bay Area" to jointly explore the northbound mode of "Hong Kong Doctors and Hong Kong Pharmaceuticals". In the long run, the Group hopes to provide full-cycle, integrated and one-stop healthcare services to the more than 86 million residents in the Guangdong-Hong Kong-Macao Greater Bay Area.

Managed Medical Network – Vio

In 2023, the Group's managed medical network in Hong Kong recorded revenue of approximately HK$498,189,000 (2022: approximately HK$429,458,000), accounting for approximately 27.18% (2022: approximately 27.97%) of the Group's revenue for the Year; and segment results of approximately HK$43,097,000 amounting to 38.51% growth (2022: approximately HK$31,115,000). This growth was partly due to Vio's third-party medical schemes administration (TPA) services acquiring more new businesses, expanding its quality customer base and increasing its revenue sources. At the same time, as Hong Kong entered the post-pandemic era, the Vio team had worked hard to shrug off the direct and indirect negative impacts caused by the Covid-19 pandemic. Vio's managed medical network operation and its primary and secondary care services generated by its polyclinics are gradually working towards normalcy. Meanwhile, resumption of social interactions coupled with the population's weakened immunity to respiratory infections due to past extended period of masking led to resurgence of influenza and other respiratory viral infections, which resulted in raised clinic attendance numbers in 2 peak phases. On the other hand, net emigration and significant decline in the labour force in Hong Kong has meant that Vio's patient pool has shrunk, and total visit number has not yet returned to the pre-pandemic level.

As the only major medical network awarded with the ISO 9001:2015 quality management system certification, Vio strives to make continuous improvement in service quality and customer satisfaction. Staff are regularly reminded of the importance of quality customer service, updated on any new or change of medical scheme rules, and briefed on data security.

Vio continued to invest resources in upgrading I.T. systems in 2023 with further enhancements in its paperless electronic voucher system and electronic medical expense pre-approval procedures, especially in pre-hospitalization. These should strengthen relevant cost control for payers and speed up any claims settlement for patients. With a close eye on the needs of customers and streamlining internal operations, Vio also developed and launched several new I.T. modules for medical centres and the back office. During the year, Vio started a project to enhance information security, striving to protect the privacy, confidentiality and security of patients' personal data and medical records, with a view to obtaining accreditation in information security management.

During the year, Vio invited more specialists to join the medical network. It also started to operate a medical centre at Citylink Plaza in Sha Tin in March 2023, to provide consultation and health screening services to residents in this populous area. In light of the smouldering influenza and other respiratory viral infections, Vio's medical centres continued to maintain standard infection control measures and regularly carried out environmental optimization.

Business in Mainland China

Hospital Management Business

The hospital management business of Nanyang Xiangrui, a subsidiary of the Company, operated steadily. During the Year, Nanyang Xiangrui's revenue and net profit continued to grow, which not only corroborated sufficient growth momentum for the long-term performance growth of hospital management business once again, but also fully highlighted the Group's competitive advantages in respect of hospital management business.

Nanyang Xiangrui owns companies engaged in medical technologies and services, sales and delivery of medical devices, property management, extended services for home care and other fields, which provide comprehensive support to Nanshi Hospital, a national Grade III Level A hospital managed by Nanyang Xiangrui. In particular, Nanyang Jianke Medical Technology Co., Ltd., which is engaged in the sales of medical devices, performed outstandingly, with revenue and net profit recording double-digit growth year-on-year. The "general hospital + branches" operation model exported by Nanyang Xiangrui to Nanshi Hospital was effective. The general hospital of Nanshi Hospital, Nanshi Hospital's Youtian Branch, Nanyang Ruishi Ophthalmology Hospital, Nanshi Chinese Medicine Rehabilitation Hospital, Henan Youtian Nanyang Community Health Service Station and several community family clinics maintained a sustained and positive growth trend during the Year. Nanshi Hospital recorded double-digit growth in the number of overall outpatient visits, inpatient visits and surgeries, driving double-digit growth in revenue from medical services and pharmaceuticals.

In terms of the general hospital, Nanshi Hospital advocates the coordinated development of "medical treatment, education and research" and continues to strengthen its discipline construction. In respect of medical level, as a national stroke screening and prevention base, a national advanced stroke centre, and a national training base for intravenous thrombolytic technology of stroke, the Cerebrovascular Disease Centre of Nanshi Hospital ranked the first in terms of intravenous thrombolytic therapy in the country for three consecutive months from March to May 2023; 1,156 cases of intravenous thrombolytic therapy were completed throughout the Year, ranking the first in Henan Province. During the Year, the Department of Neurology under the Cerebrovascular Disease Centre of Nanshi Hospital was awarded the first batch of "14th Five-Year Plan" provincial key clinical specialties of Henan Province, marking that its professional and technical capabilities has reached a new level. Nanshi Hospital signed a strategic cooperation agreement with Shandong Heze Luxin Hospital, the only private Grade III hospital specializing in cardiovascular and cerebrovascular diseases in Shandong Province, to jointly establish a stroke medical alliance. Both parties integrated each other's high-quality medical resources, and improve the combined stroke treatment capabilities of private hospitals in Henan Province and Shandong Province. The cooperation marked the first step in the development of Nanshi Hospital's Cerebrovascular Disease Centre out of Henan Province.

At the same time, the Burn and Plastic Surgery Centre of Nanshi Hospital is now a national key clinical specialty. During the Year, relying on its technical strength, it became the only provincial-level burn rescue hospital in Nanyang City during the emergency rescue of burn (explosion) injuries. It established a burn (explosion) injury emergency rescue alliance with medical institutions in various places to strengthen technical exchanges and form the capacity to carry out joint diagnosis and treatment or transfer hospital for treatment. The Department of Burn and Scar Rehabilitation under the Burn and Plastic Surgery Centre of Nanshi Hospital also became the vice-chairman unit of the Trauma Cosmetology and Restoration Professional Committee of the Cosmetology and Plastic Surgery Branch of the Henan Provincial Hospital Association.

In terms of education of talents, during the Year, Nanshi Hospital and Sanquan College of Xinxiang Medical University jointly established a clinical college and the doctors of Nanshi Hospital were selected to give all-round lectures to the first batch of students of Sanquan College. Both parties launched a new model of hospital and school cooperation, focusing on building a growth ladder for medical talents and promoting the high-quality development of regional medical and health services.

In terms of scientific research capabilities, Nanshi Hospital focused on both clinical and scientific research, it became a key regional hospital of National Clinical Research Center for Orthopaedics, Sports Medicine and Rehabilitation. It continued to improve the level of clinical scientific research and technical capability. During the Year, the revenue from clinical trials for new medicines doubled, the number of national and provincial scientific research projects hit a record high, and the number of provincial and municipal science and technology awards also constantly increased.

In terms of branches, in early years, Nanyang Ruishi Ophthalmology Hospital took the lead in introducing the world's leading VisuMax femtosecond laser system in Nanyang City, Henan Province. In recent years, the femtosecond myopia laser surgery carried out by the refractive surgery team has been highly recognised and praised both inside and outside the industry in terms of medical technology, diagnosis and treatment services, and patient satisfaction. As of the end of 2023, the myopic refractive surgery team of Nanyang Ruishi Ophthalmology Hospital has completed more than 10,000 SMILE femtosecond laser myopia surgeries, driving Nanyang Ruishi Ophthalmology Hospital to continue to achieve rapid development. During the Year, Nanyang Ruishi Ophthalmology Hospital recorded double-digit growth in revenue, and even higher double-digit growth in net profit, showing impressive performance.

As the first licensed internet hospital in Nanyang City, Henan Province, the internet hospital of Nanshi Hospital currently has 16 specialties and more than 400 doctors online for a long time to provide services covering online consultation, medication consultation, online and offline prescription, online appointment, online registration, online payment, report inquiry, drug delivery, and mailing of electronic medical records, etc. During the Year, Nanshi Hospital continued to promote the convenience of using internet hospital services to residents in Nanyang City and surrounding areas, including regular distribution of leaflets to inpatients and their families in the hospital, as well as promotion outside the hospital through telephone visits, live streaming, social media and other channels. From March 2022 when the internet hospital of Nanshi Hospital was put into service to December 2023, it has served over 600,000 visits.

Health Management Business

During the Year, the Group's health management institutions located in Guangdong Province and Shandong Province gradually recovered from the epidemic and resumed normal business operations. The local management team developed characteristic health management services according to local conditions and seized opportunities to promote sustainable business development.

In Guangdong Province, Guangzhou Integrated Clinic located in Guangzhou City continued to strengthen differentiated gynecological services including peripheral supporting services for assisted reproductive services and life cycle healthcare services for female and to deepen strategic cooperation with nearby hospitals and reproductive medicine centres to consolidate its business foundation. In addition, the pharmacy business of Guangzhou Integrated Clinic made steady progress, and more assisted reproductive-related medicines and healthcare products were introduced during the Year to meet the diverse needs of customers. Ganghe Clinic located in Shenzhen City continued to serve the insurance customers of the Shenzhen Branch of China Life Insurance and focus on providing special services such as reproductive medicine, gynecological services and Helicobacter pylori screening, etc. During the Year, Ganghe Clinic signed cooperation agreements with a number of institutions of reproductive medicine in the Mainland China to provide customers with various types of tests, ovulation tracking and other reproductive healthcare services. Meanwhile, after achieving full resumption of normal travel between Hong Kong and the Mainland China, Ganghe Clinic also cooperated with medical institutions in Hong Kong to provide cross-border services to customers with a one-stop seamless medical experience, and to promote the development of the Group's integrated healthcare services in the Guangdong-Hong Kong-Macao Greater Bay Area.

In Shandong Province, the three main businesses of Town Health International Health Management Centre in Jinan City, i.e. health check, stomatology and beauty services, operated steadily. The health check segment remained the main source of income for Town Health International Health Management Centre. Town Health International Health Management Centre signed a medical consortium agreement with the Grade III Level A hospitals in the province, and regularly invited experts from various specialties to the centre for consultation. Town Health International Health Management Centre also invited experts from various specialties from Grade III Level A hospitals in the province to develop attractive high-end health check packages. In the meantime, Town Health International Health Management Centre continued to optimize customer acquisition channels, attracting individuals and corporate group health check customers to successively come to the centre for health check. Moreover, Town Health International Health Management Centre and Shanghai Huada Medical Laboratory cooperated to establish a base for early tumor screening and cardiovascular disease genetic testing to provide customers with genetic testing that can be performed at home, improving medical care efficiency and reducing testing costs. During the Year, Town Health International Health Management Centre implemented payment methods such as Outpatient Coordination of Shandong Provincial Medical Insurance, Shandong Provincial Medical Insurance and Medical Insurance of Jinan City, Shandong Province.

Other Business

During the Year, TBMG, which was engaged in aesthetic medical and beauty and wellness, employed 13 full-time or part-time doctors (2022: 14 doctors), and had 14, 10, 9 and 3 centres in Hong Kong, Shenzhen, Shanghai and Guangzhou, respectively (2022: 15, 11, 9 and 3 centres). Although local consumption in Hong Kong remained strong, the performance of inbound tourism had not fully recovered; the sluggish pace of economic recovery in the Mainland China weakened residents' spending power and confidence, and the recovery speed of the medical beauty industry was not as expected. TBMG continued to evaluate the situation and made timely optimization of the centre network and flexible adjustment of its marketing strategy. TBMG overcame the adverse effects of the business environment and recorded a double-digit revenue growth year-on-year.

In terms of centres, TBMG made strategic adjustments to its centre network layout and continued to improve operational efficiency. During the Year under review, TBMG streamlined and made structural adjustment to the network layout, and strategically optimized the business scope and merged certain centres. Due to this strategy, its overall operating capacity and profitability were significantly improved.

In terms of manpower allocation, TBMG continued to adjust its human resource allocation in response to changes in its business strategy, striving to create better customer experience. During the Year, TBMG hired new staff for the marketing and operation departments in Hong Kong and the Mainland China to enhance customer experience vigorously. Meanwhile, TBMG has built a complete customer database in order to analyze, track and manage the consumption of new and existing customers and tap customer needs accurately. Big data enable consolidation of the existing customer base, development of more potential new customers, promotion of mutual diversion between customers and enhancement of customer loyalty.

In addition, TBMG has never stopped its online and offline promotion. Through close monitoring and reviewing the cost of publicity and promotion, cost-effective publicity channels were selected to enhance promotion effectiveness and improve efficiency.

OUTLOOK

The Group was established in 1989, and the year 2024 is an important milestone for the Group's 35th anniversary. After more than 30 years of development and growth, the Group has expanded from a community medical centre to the present company with its business extending into multiple areas of healthcare services, covering medical services, managed medical network, hospital management, health management, and aesthetic medical and beauty and wellness, with its business layout spanning Hong Kong and the Mainland China, and it has developed into an industry leader with high-quality medical resources and a strong professional medical team.

In 2024, risks and opportunities will coexist. On the one hand, the global economic growth is slowing down and the economic recovery path of the Mainland China is relatively bumpy. The constraints caused by monetary tightening policies on real economic activities may become more apparent. On the other hand, as the Pandemic recedes, society returns to normal and the job market continues to improve. The continued strong consumer spending of citizens and the gradual recovery of the inbound tourism industry will be the two major supports for Hong Kong's economic recovery and drive the continued development of the local private medical service industry. In the long run, population ageing in Hong Kong and the Mainland China is an irreversible trend, and the prevalence of chronic diseases continues to rise. The ageing society has an increasing demand for medical, health care, long-term care and other services, which provides a favourable environment for the long-term development of the Group's businesses with certainty.

After Hong Kong and the Mainland China achieved full resumption of normal travel last year, personnel and economic and trade exchanges between the two places have become increasingly closer, perhaps even better than the situation before the Pandemic. The government also encourages the development of "Hong Kong Doctors and Hong Kong Pharmaceuticals" in the Mainland China, especially the Guangdong-Hong Kong-Macao Greater Bay Area market with a permanent population of more than 86 million. The Group will closely monitor macroeconomic changes and trends in the healthcare industry, balance growth and risks, and seek to further integrate existing healthcare resources in Hong Kong and the Mainland China. It will connect its chain medical centres, high-end medical imaging and diagnostic centres, health check centres, health management centres, hospitals and internet hospital, and telemedicine platform in establishing a full-cycle, integrated and one-stop healthcare service ecosystem in the Guangdong-Hong Kong-Macao Greater Bay Area.

In view of the dual challenges of the ageing population and the increasing prevalence of chronic diseases in Hong Kong, the Group will continue to support the government in promoting primary healthcare policies, proactively participate in various funding or public-private partnership programmes for primary healthcare, and strengthen cooperation and business contacts with the government. The Group will cooperate with the government's primary healthcare development strategy which is prevention-oriented, community-based and family-centric, and featured by focus on early detection and early treatment. The Group is well prepared to maximize the effectiveness of its two-way referral mechanism between primary care and specialists to provide convenient, comprehensive, coherent and coordinated healthcare services in the communities where customers live and work.

Hong Kong

In terms of medical services, the multi-level and diversified medical service layout covering from primary care to high-end cross-specialty services of the Group allows customers to receive treatment for “mild case” or chronic disease management from family doctors at medical centres in the community, to be referred to specialists for intensive treatment when their condition worsens, and to family doctors for continuous monitoring and follow-up after their condition stabilizes. The Group’s medical centres have participated in a number of government-funded or public-private partnership programmes for primary healthcare, and its doctors have successively been registered in the eHealth. After registration in eHealth, the Group’s doctors will be able to access customers’ electronic health records according to the “need to know” principle when providing medical services, thus providing more timely diagnosis and treatment to customers and reduce duplication of tests. The Group’s medical service layout in Hong Kong runs through the first, middle and last three stages, covering prevention, diagnosis, outpatient, inpatient, rehabilitation, nursing and other aspects, which can not only provide the citizens of the Hong Kong with a full range of healthcare services, but also has sufficient conditions to develop an integrated healthcare service ecosystem in the Guangdong-Hong Kong-Macao Greater Bay Area. The continuous development of the Group’s medical services in Hong Kong is expected to drive the Group’s overall revenue growth steadily and further enhance its profitability.

Hong Kong Medical Consultants, the Group’s premier integrated specialty brand, is planning to collaborate with various organizations to develop medical tourism in order to further expand its customer base and revenue sources. Meanwhile, Hong Kong Medical Consultants will continue to optimize the treatment environment, medical equipment and facilities of the medical centres to promote medical effectiveness and improve operational and service efficiency. Hong Kong Medical Consultants will also invite more outstanding senior specialists and allied medical personnel to join the medical team to meet the growing demand of high net worth customers in Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area for one-stop high-end medical services.

For the managed medical network business, we see that many more employers are offering group medical scheme benefits to employees as incentives to attract and retain staff due to the tight labour market. The government also encourages citizens to purchase Voluntary Health Insurance Schemes to ease pressure on the public medical sector. Thus, enterprises and insurance companies have an increasing demand for third-party medical schemes administration (TPA) services. Vio's business is a mature one and it has remained profitable during the pandemic, fully demonstrating its operational resilience and competitive advantages, accumulated over the last 75+ years. The Group believes that the ageing population with concomitant rise in chronic disease prevalence will lead to an increased demand for medical care. Government policies to attract talents to work in Hong Kong will also raise the local labour force and replenish the overall patient number we serve. Against this backdrop, Vio plans to seize more market share and drive further revenue growth based on high service quality and bidding for new businesses. Vio supports the government's primary care blueprint and is also keen to provide cost-effective care to medical scheme members funded by medical insurers or direct corporate clients. The Group is one of the few medical groups in Hong Kong that operates both a large medical network and a self-operated clinic chain. Vio plans to further strengthen its cooperation with the Group's self-operated centres and its affiliates, to provide more efficient and comprehensive care to patients as well as improvement in scheme cost-effectiveness to both medical insurers and direct corporate clients.

Mainland China

In terms of hospital management business, Nanyang Xiangrui's subsidiaries engaged in different fields will provide more support for the hospital management business and support Nanshi Hospital's continued strategy of coordinated development of "medical treatment, education and research" and its strategic goal of building provincial key disciplines, consolidating Nanshi Hospital's leading position as a comprehensive Grade III Level A hospital in Nanyang City. During the Year, after being listed as a "national rehabilitation centre" by the Chinese Association of Rehabilitation Medicine, the rehabilitation centre of Nanshi Hospital has been jointly approved by Nanyang Science and Technology Bureau, Nanyang Health and Sports Commission and Nanyang Municipal Administration for Market Regulation to build a clinical research centre for rehabilitation medicine. The rehabilitation centre of Nanshi Hospital plans to integrate the resources of Nanshi Chinese Medicine Rehabilitation Hospital and the rehabilitation centre of Nanshi Hospital's Youtian Branch. It targets to build a regional integrated rehabilitation centre and to expand the scope of rehabilitation medical services. In addition, Nanshi Hospital will continue to promote the construction and development of a medical alliance for cardiovascular and cerebrovascular diseases. It plans to deeply connect with dozens of grassroots hospitals in Shandong Province and Henan Province in the field of cardiovascular and cerebrovascular diseases to promote specialties construction, scientific research management, talent training, and telemedicine, etc. It strives to bring high-quality medical resources to the surrounding areas, explore the opportunities to form medical alliances for different specialties, promote operation and trusteeship systems, build business partnerships, hoping to achieve the steady growth of Nanyang Xiangrui. Besides, Nanshi Hospital will examine the connection of data from its electronic medical record system and the community healthcare system to truly realize the integration of outpatient and inpatient, as well as the integration inside and outside the hospital, so as to strengthen the tracking and observation of discharged patients, improve patients' satisfaction and loyalty, and further enhance the rate of follow-up consultations. Nanshi Hospital will also continue to improve the service capabilities of the internet hospital, including adding mobile payment function for outpatient medical insurance, making medical treatment more convenient and faster, to better serve patients and their families.

In terms of health management business, health management institutions in various places will make detailed plans, control costs reasonably, and continue to deeply explore the markets where their business operations are located. While continuing to develop existing characteristic businesses, health management institutions in various places will grasp the opportunities to develop new businesses with potential to enrich business portfolios, enhance service capabilities, and improve profitability. In particular, the trend of late marriage and childbearing is conspicuous, Guangzhou Integrated Clinic in Guangzhou City will develop the service of miscarriage prevention to target the needs of pregnant women who in face of instability of embryos after IVF transfer. Ganghe Clinic in Shenzhen City also plans to cooperate with more medical institutions in the Mainland China and Hong Kong to promote implementation of cross-border medical linkage and cooperation projects, proactively play the role as a hub connecting the Mainland China and Hong Kong. The VIP service of reproductive medicine launched by Ganghe Clinic and Guangzhou Integrated Clinic is gradually taking shape. Both parties will strengthen internal communication and cooperation and consolidate the two-way referral mechanism so that customers can enjoy high-quality medical resources in both places. Town Health International Health Management Centre in Jinan City will consolidate and expand its high-quality customer base by providing high-end health check services and innovative health check products and strengthening graphic and textual publicity in Shandong Province.

Others

The downward pressure on the economy is still prominent and the demand for consumer healthcare after the Pandemic is unstable, which may pose challenges to the business development of TBMG. TBMG will seize the opportunity of the recovery of the inbound tourism industry in Hong Kong, striving to attract more visitors to Hong Kong to receive aesthetic medical and beauty and wellness services at its centres in Hong Kong, which will further expand its customer base and increase its revenue and market share. At the same time, TBMG plans to further strengthen its marketing efforts to consolidate customer conversion between beauty and wellness and aesthetic medical, in order to improve marketing effectiveness, increase conversion rates and achieve sustained business growth. In addition, TBMG will continue to proactively seek suitable potential merger and acquisition opportunities in Hong Kong and the Mainland China, and establish partnerships with different institutions, with the aim of expanding its operation scale and business scope.

LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent cash and financial management policy. As at 31 December 2023, the Group held bank balances and cash of approximately HK$1,032,079,000 (2022: HK$971,939,000) and fixed and pledged bank deposits of approximately HK$399,347,000 (2022: HK$398,653,000). The majority of the Group's bank balances and cash are deposited with banks in Hong Kong and the Mainland China and denominated mostly in HK$ and RMB. In order to strengthen fund management, the Group's treasury activities are relatively centralized. Under the premise of ensuring the safety of funds, the Group, adhering to standardized operation, risk prevention, prudent investment and capital preservation as the primary principles, mainly utilizes funds to purchase bank time deposits to create more returns for the Group and its shareholders. As at 31 December 2023, the Group had bank borrowings of approximately HK$87,563,000 (2022: HK$113,896,000) of which approximately HK$6,568,000 (2022: HK$33,740,000) are repayable within one year. The Group's loans were arranged on a floating interest rate basis. As at 31 December 2023, the Group had available unutilised banking facilities of HK$300,000,000 (2022: HK$270,000,000). Details of the bank borrowings of the Group are set out in note 14 to the consolidated financial statements for the Year.

As at 31 December 2023, the Group's net current assets amounted to approximately HK$1,344,516,000 (2022: HK$1,433,526,000) and the Group had a current ratio (defined as total current assets divided by total current liabilities) of 3.25 (2022: 3.90). As at 31 December 2023, the Group's gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) was 2.70% (2022: 3.26%). The Group considers the level of liabilities of a company reflects its financial health. The Group strives to keep the level of borrowings at a minimum and to maintain ample internal resources to support its business operations, not only to reduce interest burden, but also to enable the Group to respond to changes and capture business opportunities in a timely manner when they arise. As such, both current ratio and gearing ratio are useful in assessing the Group's financial positions. While higher current ratio reflects sufficiency of the Group's assets and the capability of the Group to meet its debt repayment obligations, lower gearing ratio represents lesser reliance on debt financing and greater financial stability of the Group. During the Year, the Group's liquidity position was well-managed and the Group's financial resources were sufficient to support its business operations. Where necessary, the Group may also consider other fund raising activities when opportunity arises under favourable market conditions.

Major currencies used for the Group's transactions were HK$ and RMB. As the fiscal policy of the Central Government of the PRC in relation to RMB was stable throughout the Year, the Group considers that the foreign exchange exposure of the Group was manageable. The Group regularly reviews the currency exchange risks and closely monitors the fluctuation of foreign currencies. The Group will take appropriate measures to avoid excessive foreign exchange rate risks when necessary.

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

CAPITAL STRUCTURE

As at 31 December 2023, the Group had equity attributable to owners of the Company of approximately HK$3,242,129,000 (2022: HK$3,491,416,000).

HUMAN RESOURCES AND TRAINING SCHEME

As at 31 December 2023, the Group employed 1,399 staff (2022: 1,395 staff). Total employee costs for the Year, including directors' emoluments, amounted to approximately HK$740,650,000 (2022: HK$718,292,000). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. Remuneration packages are reviewed annually.

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

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no significant contingent liabilities (2022: Nil).

PLEDGE OF ASSETS

As at 31 December 2023, certain of the Group's assets of approximately HK$313,130,000 (2022: HK$330,914,000) were pledged to secure the Group's mortgage loans and general banking facilities granted.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment (2022: Nil).

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

During the Year, a subsidiary of the Company repurchased a total of 27,026,000 Shares on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK$9,887,350 and such Shares were cancelled on 20 January 2023. Particulars of the repurchases of the Shares during the Year are as follows:

Date of repurchase	Number of Shares repurchased	Consideration per Share Highest	Consideration per Share Lowest	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
4 January 2023	15,100,000	0.370	0.360	5,578,750
5 January 2023	11,000,000	0.365	0.360	3,985,000
9 January 2023	926,000	0.350	0.345	323,600
	27,026,000			9,887,350

Further details of the above Share repurchases are set out in the next day disclosure returns of the Company dated 4 January 2023, 5 January 2023, 9 January 2023 and 20 January 2023.

Save as disclosed above, during the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed Shares.

DIVIDEND

The Board recommended the payment of a final dividend ("**Final Dividend**") of Hong Kong 0.12 cent per share for the Year (2022: Hong Kong 0.12 cent per share) to the Shareholders which is subject to Shareholders' approval at the forthcoming AGM.

The payment of the Final Dividend will be made to the Shareholders whose names appear on the register of members of the Company on a record date which will be announced by the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

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

COMPLIANCE WITH THE CG CODE

The Company adopted its own code of corporate governance based on the principles and code provisions as set out during the Year.

During the Year, the Company complied with the respective code provisions of the CG Code save for the deviation set out in the below paragraph.

Code provision C.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year, Mr. Choi Ka Tsan Karson ("Mr. Choi"), the chairman of the Board, also assumed the role as the Chief Executive Officer of the Company. Although such arrangement deviates from code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both the Chairman and the Chief Executive Officer on the same person has the benefit of ensuring consistent leadership to shape and advance long-term strategy, and for optimizing operating efficiency of the Group. Furthermore, the Board considers that the arrangement does not impair the balance of power and authority between the Board and the management of the Group as the four non-executive directors, and six independent non-executive directors, form the majority in the Board comprising 14 members. The Company does not propose to comply with code provision C.2.1 of the CG Code for the time being but will continue to review such positions as the Board reviews its compositions from time to time.

COMPLIANCE WITH THE MODEL CODE

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

Ms. Lau Suk Hing Clara, a non-executive Director appointed on 15 December 2023, had on 18 December 2023 (being the business day next following her appointment) purchased 726,000 shares on the Stock Exchange without first notifying the Board as required under paragraph B.8 of the Model Code, before she has had a chance to receive training with respect to, among other things, requirements under the Model Code. Ms. Lau has subsequently been fully briefed on the requirements under the Model Code as regards Directors' dealings in securities of the Company. To avoid recurrence of similar incidents, the Company will ensure that any new director to be appointed in the future will receiving training (including the requirements under the Model Code) before his/her appointment becomes effective.

AUDITORS

Moore CPA Limited (formerly known as Moore Stephens CPA Limited) has been the auditors of the Group with effect from 15 February 2018. Moore CPA Limited was re-appointed as the auditors of the Company in the AGMs held on 29 June 2018, 27 June 2019, 29 June 2020, 28 June 2021, 28 June 2022 and 20 June 2023.

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

REVIEW BY AUDIT COMMITTEE

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

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited , to the amounts set out in the audited consolidated financial statements of the Group for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on the preliminary announcement.

ACKNOWLEDGEMENT

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

By Order of the Board
Town Health International Medical Group Limited
Kwok Chung On
Company Secretary

Hong Kong, 25 March 2024

As at the date of this announcement, the executive Directors are Mr. Choi Ka Tsan Karson (Chairman and Chief Executive Officer), Dr. Fok Siu Wing Dominic, Ms. Zhang Xiaoxue and Mr. Liu Shiyin; the non-executive Directors are Ms. Lee Wai Ling Linda, Ms. Lau Suk Hing Clara, Mr. Liu Yang and Ms. Zhang Leidi; and the independent non-executive Directors are Mr. Yu Xuezhong, Dr. Xu Weiguo, Mr. Han Wenxin, Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy.

GLOSSARY

AGM	annual general meeting of the Company
Audit Committee	audit committee of the Board
Board	the board of Directors
CG Code	Corporate Governance Code as set out in Appendix C1 to the Listing Rules then in force (as Appendix 14 to the Listing Rules) during the Year
China or Mainland China or PRC	For the purpose of this announcement only, the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of People's Republic of China and Taiwan
Company	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
Director(s)	the director(s) of the Company
eHealth	Electronic Health Record Sharing System
Ganghe Clinic	深圳港和診所 (in English, for identification purpose only, Shenzhen Ganghe Clinic)
Group	the Company and its subsidiaries
HK$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Medical Consultants	Hong Kong Medical Consultants Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company

Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules then in force (as Appendix 10 to the Listing Rules) during the Year
Nanshi Chinese Medicine Rehabilitation Hospital	南陽南石康復中醫院有限公司 (in English, for identification purpose only, Nanyang Nanshi Chinese Medicine Rehabilitation Hospital Co., Ltd.), a subsidiary of the Company
Nanshi Hospital	南陽南石醫院 (in English, for identification purpose only, Nanshi Hospital of Nanyang)
Nanyang Ruishi Ophthalmology Hospital	南陽瑞視眼科醫院有限公司 (in English, for identification purpose only, Nanyang Ruishi Ophthalmology Hospital Co., Ltd.), a subsidiary of the Company
Nanyang Xiangrui	南陽祥瑞醫院管理諮詢有限公司 (in English, for identification purpose only, Nanyang Xiangrui Hospital Management Advisory Co., Ltd.), a subsidiary of the Company
RMB	Renminbi, the lawful currency of the PRC
Shanghai Huada Medical Laboratory	Shanghai Huada Medical Laboratory Co., Ltd
Share(s)	ordinary share(s) of HK$0.01 each in the share capital of the Company
Shareholders	holders of the Shares
Stock Exchange	The Stock Exchange of Hong Kong Limited
TBMG	The Beauty Medical Group

Town Health International Health Management Centre	Town Health International Health Management Centre is a health management centre under the operation of 濟南歷康門診部有限公司 (in English, for identification purpose only, Jinan Likang Outpatient Department Co., Ltd.) (a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company) in Jinan City, Shandong Province in the PRC
Vio	Dr. Vio & Partners Limited, a subsidiary of the Company
Year	year ended 31 December 2023