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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 2024

FINANCIAL HIGHLIGHTS

For the six months ended 30 September in HK$ millions	**2024**	**2023**	**YoY%**
Total Revenue	2,062.9	2,121.3	(2.8)%
Medical	1,264.3	1,312.9	(3.7)%
Aesthetic medical and beauty and wellness	629.8	665.7	(5.4)%
Veterinary and other	168.9	142.7	18.3%
EBITDA	247.9	208.7	18.8%
Net Profit	40.3	21.4	88.1%
Earnings per share (HK cents) attributable to equity shareholders of the Company			
Basic and Diluted	1.2	0.6	100%
Interim dividend per share (HK cents)	1.0	0.5	100%

As at 30 September 2024 and 31 March 2024

in HK$ million	**As 30 September 2024**	**As at 31 March 2024**
Cash and cash equivalents and time deposits	822.8	593.1
Total debt	891.8	920.7
Total equity	2,544.8	2,402.8
Total debt/equity	35.0%	38.3%
Total debt/EBITDA	3.6x	2.4x

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 2023 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	**2024** *HK$'000* **(Unaudited)**	2023 *HK$'000* (Unaudited)
REVENUE	*5*	**2,062,897**	2,121,312
Other net income and gains	*6*	**21,429**	11,797
Cost of inventories and consumables		**(366,995)**	(332,559)
Registered Practitioner expenses		**(543,250)**	(590,054)
Employee benefit expenses		**(474,242)**	(534,644)
Marketing and advertising expenses		**(92,565)**	(107,499)
Rental and related expenses		**(48,275)**	(46,047)
Depreciation — right-of-use assets		**(141,673)**	(168,063)
Depreciation — owned property, plant and equipment		**(92,708)**	(85,214)
Amortisation of intangible assets		**(56,800)**	(51,454)
Charitable donations		**(136)**	(100)
Finance costs	*7*	**(48,591)**	(39,476)
Credit card expenses		**(37,481)**	(39,357)
Administrative and other expenses		**(126,716)**	(107,621)
Share of profits less losses of joint ventures		**2,773**	2,121
Share of (losses)/profits of associates		**(1,025)**	2,140
PROFIT BEFORE TAX	*8*	**56,642**	35,282
Income tax	*9*	**(16,341)**	(13,851)
PROFIT FOR THE PERIOD		**40,301**	21,431
Attributable to:			
Equity shareholders of the Company		**14,097**	6,651
Non-controlling interests		**26,204**	14,780
PROFIT FOR THE PERIOD		**40,301**	21,431
		HK cents	*HK cents*
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	*10*		
Basic		**1.2**	0.6
Diluted		**1.2**	0.6

	Notes	**2024** ***HK$'000*** **(Unaudited)**	2023 *HK$'000* (Unaudited)
PROFIT FOR THE PERIOD		**40,301**	21,431
Other comprehensive (loss)/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		**(254)**	2,114
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**40,047**	23,545
Attributable to:			
Equity shareholders of the Company		**13,843**	8,765
Non-controlling interests		**26,204**	14,780
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**40,047**	23,545

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Notes	As at 30 September 2024 HK$'000 (Unaudited)	As at 31 March 2024 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**1,235,148**	1,388,023
Investment properties	*11*	**172,922**	172,922
Goodwill		**985,745**	947,176
Intangible assets		**594,120**	613,749
Interest in joint ventures		**41,050**	40,081
Interest in associates		**285,623**	382,947
Rental and other deposits	*13*	**110,299**	113,636
Prepayments and other receivables	*13*	**148,117**	195,317
Financial assets at fair value through other comprehensive income	*14(a)*	**9,637**	9,637
Financial assets at fair value through profit or loss	*14(b)*	**113,672**	104,527
Deferred tax assets		**97,308**	86,389
Total non-current assets		**3,793,641**	4,054,404
CURRENT ASSETS			
Inventories		**143,135**	107,087
Trade receivables	*12*	**338,850**	263,016
Prepayments, deposits and other receivables	*13*	**300,468**	225,629
Deferred costs	*5*	**107,649**	102,866
Financial assets at fair value through profit or loss	*14(b)*	**13,624**	13,179
Tax recoverable		**5,891**	13,737
Time deposits with original maturity over 3 months	*15*	**76,457**	39,511
Cash and cash equivalents	*15*	**746,390**	553,625
Total current assets		**1,732,464**	1,318,650

	Notes	As at 30 September 2024 HK$'000 (Unaudited)	As at 31 March 2024 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	*16*	**88,221**	81,094
Other payables and accruals		**472,540**	370,331
Bank borrowings	*17*	**222,893**	136,912
Lease liabilities		**232,037**	255,461
Deferred revenue	*5*	**515,795**	540,148
Tax payable		**70,810**	47,170
Total current liabilities		**1,602,296**	1,431,116
NET CURRENT ASSETS/(LIABILITIES)		**130,168**	(112,466)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,923,809**	3,941,938
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**88,461**	93,807
Lease liabilities		**382,576**	427,566
Other payables		**218,031**	213,032
Bank borrowings	*17*	**427,126**	541,990
Provision for reinstatement costs		**21,005**	21,005
Convertible bonds		**241,767**	241,767
Total non-current liabilities		**1,378,966**	1,539,167
NET ASSETS		**2,544,843**	2,402,771
CAPITAL AND RESERVES			
Share capital	*18*	**12**	12
Reserves		**2,011,557**	1,961,333
Total equity attributable to equity shareholders of the Company		**2,011,569**	1,961,345
Non-controlling interests		**533,274**	441,426
TOTAL EQUITY		**2,544,843**	2,402,771

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 20/F, Devon House, Taikoo Place, 979 King's Road, Quarry Bay, 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 2024 and 2023 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 2024, 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 2024. 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 2024.

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, *Classification of Liabilities as Current or Non-current*
- Amendments to HKAS 1, *Non-current Liabilities with Covenants*
- Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to Hong Kong Interpretation 5 (Revised), *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
- Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*

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 gains/losses 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/losses 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	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Reportable segment revenue	**1,267,268**	1,314,983	**629,762**	665,697	**175,996**	149,585	**2,073,026**	2,130,265
Less: Inter-segment revenue	**(3,002)**	(2,070)	**–**	–	**(7,127)**	(6,883)	**(10,129)**	(8,953)
Revenue from external customers	**1,264,266**	1,312,913	**629,762**	665,697	**168,869**	142,702	**2,062,897**	2,121,312
Segment result	**1,959**	1,802	**57,667**	51,590	**12,674**	3,821	**72,300**	57,213
Bank interest income							**6,837**	2,698
Other interest income							**–**	8
Unrealised and realised gain/(loss) on financial assets at fair value through profit or loss, net							**371**	(2,126)
Rental income from investment properties							**2,185**	2,811
Share of profits less losses of joint ventures							**2,773**	2,121
Share of (losses)/profits of associates							**(1,025)**	2,140
Others							**(26,799)**	(29,583)
Consolidated profit before tax							**56,642**	35,282
As at 30 September 2024/ 31 March 2024								
Reportable segment assets	**2,966,189**	2,848,264	**1,458,970**	1,338,109	**464,418**	463,388	**4,889,577**	4,649,761
Reportable segment liabilities	**1,001,204**	1,230,016	**988,825**	711,737	**99,447**	107,861	**2,089,476**	2,049,614

5. REVENUE

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

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Medical services	**1,264,266**	1,312,913
Aesthetic medical and beauty and wellness services and related revenue	**629,762**	665,697
Veterinary and other services	**168,869**	142,702
	2,062,897	2,121,312
Disaggregated by geographical location of customers		
— Hong Kong	**1,922,435**	1,996,995
— Macau	**44,393**	66,117
— Chinese Mainland	**54,925**	58,200
— Taiwan	**41,144**	-
	2,062,897	2,121,312

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 30 September 2024	As at 31 March 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deferred revenue	**(515,795)**	(540,148)
Deferred costs	**107,649**	102,866

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	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	**6,837**	2,698
Other interest income	**–**	8
Unrealised fair value gain/(loss) on financial assets at fair value through profit or loss, net	**371**	(2,126)
Rental income from investment properties	**2,185**	2,811
Gain on disposal of a subsidiary	**2,809**	–
(Loss)/gain on disposals and write-off of property, plant and equipment	**(336)**	168
Others	**9,563**	8,238
	21,429	11,797

7. FINANCE COSTS

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interests on bank borrowings	**27,133**	20,298
Interests on convertible bonds	**9,594**	9,133
Interests on lease liabilities	**11,864**	9,845
Imputed interest expenses on consideration payables	**–**	200
	48,591	39,476

8. PROFIT BEFORE TAX

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

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Auditors' remuneration	**1,337**	1,500
Depreciation		
— owned property, plant and equipment	**92,708**	85,214
— right-of-use assets	**141,673**	168,063
Amortisation of intangible assets	**56,800**	51,454
Foreign exchange differences, net	**765**	1,501
Rental income from investment properties less direct outgoings of HK$292,000 (six months ended 30 September 2023: HK$281,000)	**(1,893)**	(2,530)
Utilities	**15,387**	16,653
Legal and professional fees	**6,969**	3,697
Repairs and maintenance expenses	**17,261**	10,534
IT development and office expenses	**14,388**	15,438
Laundry and cleaning expenses	**5,090**	5,213
Bank charges	**1,665**	4,986
Insurance expenses	**5,656**	4,840
Supplies and consumables	**4,541**	4,891

9. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current — Hong Kong		
Provision for the period	**34,641**	34,890
Current — Outside Hong Kong		
Provision for the period	**2,580**	3,578
Deferred tax	**(20,880)**	(24,617)
Tax charge for the period	**16,341**	13,851

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 2023: 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	
	2024	2023
	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	**14,097**	6,651

	For the six months ended 30 September	
	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per Share	**1,185,211**	1,185,211

(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$14,097,000 (2023: HK$6,651,000), and the weighted average number of ordinary shares of 1,185,211,000 (2023: 1,185,458,000) shares is calculated as follows:

Weighted average number of ordinary shares (diluted):

	2024	2023
	’000	*’000*
Weighted average number of ordinary shares at 30 September	**1,185,211**	1,185,211
Effect of exercise of warrants	**–**	247
Weighted average number of ordinary shares (diluted) at 30 September	**1,185,211**	1,185,458
Diluted earnings per Share (in HK cents)	**1.2**	0.6

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 2024, 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$69,554,000 (six months ended 30 September 2023: HK$91,106,000). 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 2024, additions of property, plant and equipment amounted to approximately HK$21,370,000 (six months ended 30 September 2023: HK$95,456,000).

12. TRADE RECEIVABLES

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

	As at 30 September 2024	As at 31 March 2024
	HK$’000	*HK$’000*
	(Unaudited)	(Audited)
Within 1 month	**201,616**	156,754
1 to 3 months	**90,296**	57,652
Over 3 months	**46,938**	48,610
	338,850	263,016

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 2024, none of the trade receivables were individually determined to be impaired (31 March 2024 (audited): HK$nil).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2024 *HK\$'000* **(Unaudited)**	As at 31 March 2024 *HK\$'000* (Audited)
Prepayments	**149,641**	141,085
Deposits	**140,247**	141,805
Other receivables	**268,996**	251,692
	558,884	534,582
Portion classified as non-current		
— Rental and other deposits	**(110,299)**	(113,636)
— Prepayments and other receivables	**(148,117)**	(195,317)
Current portion	**300,468**	225,629

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 2024 *HK\$'000* **(Unaudited)**	As at 31 March 2024 *HK\$'000* (Audited)
Unlisted equity investments	**9,637**	9,637

The Group designated above investments at fair value through other comprehensive income, as the investments are held for strategic purpose. As at 30 September 2024, 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 2023: HK$nil).

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

	As at 30 September 2024 *HK$'000* (Unaudited)	As at 31 March 2024 *HK$'000* (Audited)
Non-Current		
— Unlisted equity investments	**26,251**	25,510
— Unlisted fund investments	**20,817**	20,827
— Unlisted note investments	**8,414**	–
— Investment in life insurance policies	**58,190**	58,190
	113,672	104,527
Current		
— Listed equity investments	**970**	899
— Unlisted fund investments	**12,654**	12,280
	13,624	13,179
	127,296	117,706

15. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	As at 30 September 2024 *HK$'000* (Unaudited)	As at 31 March 2024 *HK$'000* (Audited)
Cash at bank and in hand	**746,390**	553,625
Time deposits with original maturity over 3 months	**76,457**	39,511
	822,847	593,136
Less: Time deposits with original maturity over 3 months	**(76,457)**	(39,511)
Cash and cash equivalents	**746,390**	553,625

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 2024 *HK$'000* **(Unaudited)**	As at 31 March 2024 *HK$'000* (Audited)
Within 1 month	**58,829**	47,442
1 to 2 months	**17,055**	12,379
2 to 3 months	**1,011**	2,611
Over 3 months	**11,326**	18,662
	88,221	81,094

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

17. BANK BORROWINGS

At 30 September 2024, the bank borrowings were unsecured and repayable as follows:

	As at 30 September 2024 *HK$'000* **(Unaudited)**	As at 31 March 2024 *HK$'000* (Audited)
Within 1 year or on demand	**222,893**	136,912
After 1 year but within 2 years	**407,218**	253,232
After 2 years but within 5 years	**19,908**	288,758
	650,019	678,902

18. SHARE CAPITAL AND DIVIDENDS

(a) Dividends

	For the six months ended 30 September	
	2024	2023
	HK$'000	*HK$'000*
Interim, declared — 1.0 HK cents (for the six months ended 30 September 2023: 0.5 HK cents)	**11,852**	5,926

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 2025.

(b) Share capital

	Number of shares	***HK$'000***
Authorised		
Ordinary shares of HK$0.00001 each	38,000,000,000	380
Ordinary shares, issued and fully paid		
At 31 March 2024 and 30 September 2024	**1,185,211,265**	**12**

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 momentum of global and local economic recovery has slowed down during the Interim Period of FY25, affected by economic uncertainties, high interest rates, and inflationary pressures. Consequently, the business environment for the healthcare industry in Hong Kong has remained both challenging and competitive. Local service providers are facing increased operational costs while striving to meet rising patient demands, all within a landscape marked by market volatility. Nevertheless, during the Interim Period of FY25, the Group demonstrated remarkable resilience and adaptability, reflecting its strategic vision, operational excellence, and commitment to stakeholders. Although the Group experienced a decline in revenue, it is essential to emphasize the significant progress made in enhancing operational effectiveness and efficiency. These improvements position the Group well for future growth, ensuring that it can navigate challenges while continuing to deliver value to its stakeholders.

During the Reporting Period, the Group recorded revenue and sales volume of HK$2,062.9 million and HK$2,084.4 million, representing a decline of 2.8% YoY and 4.4% YoY respectively. The slight decline in revenue and sales volume is the combined result of decrease contribution across the medical segment, aesthetic medical, beauty and wellness segment that are discretionary related services affected by the adverse market sentiment and the trend of cross-border consumption by Hong Kong citizens in Shenzhen, and offsetting the increase contribution from veterinary and other service segment.

Despite a slight decrease in revenue, the Group's net profit after tax during the Reporting Period increased by 88.1% YoY to HK$40.3 million, and the profit attributable to equity shareholders of the Company increased by 112.0% YoY to HK$14.1 million. The increase was mainly attributable to (i) improving operation efficiency of our newly established service points from the previous financial years ended 31 March 2024 and 31 March 2023; (ii) headquarters cost optimization in rental and staff expenses; and (iii) decrease in net interest expenses (i.e. interest expense minus interest income).

The Group is fully committed to driving sustainable bottom-line growth and improving productivity. After completing a strategic expansion phase, forming commercial alliances in recent years, we are now concentrating on enhancing interconnectivity within our service network and taking on B2B, B2I and B2G opportunities. This initiative enables seamless and coordinated referrals and follow-ups, fostering a genuinely patient-centric experience that provides convenient, reliable, comprehensive, and affordable healthcare services. By strengthening internal ecosystem synergy across our various business lines and accelerating the development of new medical and imaging centers, we expect to achieve considerable advancements in both operational efficiency and financial performance. In addition, the Group also prudently manages its working capital to ensure a healthy balance sheet.

Furthermore, the Group continues to implement significant cost restructuring through workforce and operational optimization. During the Reporting Period, we have reduced our total headcount by 469, comprising 219 back-office and 250 front-line positions, as compared to our FY23 baseline operation. We are also capitalizing on rental lease expirations to achieve reductions in rental rates across over 123,000 sq ft of service area, while consolidation of overlapping and synergistic operations has allowed us to return more than 125,000 sq ft of service area and back-office space since our FY23 baseline. This not only lowers our overall rent-to-sales ratio but also reduces other overhead expenses, enhances commercial synergy, and strengthens our one-stop customer service offering. Moreover, we have made an effort to manage our operating costs while consistently delivering excellence to our customers. After reviewing our operation flow, we implemented effective cost control measures such as restructuring, refining the doctor fee sharing and streamlining operational processes. Additionally, we have implemented stringent cost control measures across our general and administrative expenses and back-office operations through process simplification, centralization, strategic outsourcing, and digitalization. Excluding certain one-off compensation and costs, these initiatives have generated approximately HK$128 million in cumulative savings during the Reporting Period since our FY23 baseline. We anticipate further recurring cost improvements in the upcoming financial periods, driven by the elimination of one-off costs and the full impact of these measures.

While the Group has focused on ramping up new service points to enhance its network proposition, it has also leveraged lease renewals to consolidate overlapping or synergistic operations into single locations. This strategy has led to a net reduction of approximately 83,000 sq ft of service floor space, but a net increase of 8 service points was resulted following our strategic review and consolidation compared to the first half of FY24. The decrease in net floor space primarily originated from the medical service segment. As of 30 September 2024, the Group operates a comprehensive network of 171 service points, including 157 in Hong Kong, 4 in Macau, and 10 in Chinese Mainland, totaling approximately 619,000 sq ft of service area.

BUSINESS SEGMENT REVIEW

Medical service segment

The Group has worked diligently over the years to establish a comprehensive and strategic network of medical centers, functioning as an integrated platform that delivers fast, convenient, and comprehensive medical services to patients. Our medical service portfolio is primarily based in Hong Kong and includes an extensive network of 119 service points that offer medical specialties, advanced imaging, health screenings, laboratory testing, dental care, and pain management services, encompassing 39 specialist disciplines with a professional team of 325 registered practitioners. However, due to a more cautious spending sentiment and the trend of Hong Kong residents seeking cross-border consumption in Shenzhen for price advantages, some of our discretionary medical services aimed at B2C demand — such as dental care, health screenings, and pain management — were negatively affected. Consequently, our revenue from medical services decreased by 3.7% YoY to HK$1,264.3 million, accounting for approximately 61.3% of our total revenue.

The Group quickly adapted its operational strategies to capitalize on emerging opportunities in B2I, B2B, and B2G sectors, addressing the changing healthcare needs of patients and dynamic market landscape. We are working closely with insurance companies to create patient-friendly healthcare insurance plans and corporate medical market that encourage preventive care and regular check-ups. We also pro-actively participate in government tenders and partnering with community organizations to improve health literacy and access to services. The operations of 22 new medical facilities established organically in previous financial years continue to ramp up progressively.

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, consumer confidence is still lower than pre-pandemic level and the revenue contribution by this segment has decreased by 5.4% YoY to HK$629.8 million, accounted for 30.5% of the total revenue. Revenue from the 29 service points in Hong Kong declined by 9.7% YoY to HK$489.3 million. Revenue from the 10 service points in Chinese Mainland and the 3 service points in Macau recorded a YoY decline of 5.6% to HK$54.9 million and a YoY decline of 32.9% to HK$44.4 million respectively mainly due to local consumption downgrade.

The Group has proactively addressed the challenging market environment. In response to intensified competition, we have established more stringent budgetary requirements for advertising and promotion while increasing our efforts to upgrade our CRM systems, all aimed at strengthening our core competitiveness in the aesthetic medical, beauty, and wellness sectors. We understand that maintaining customer loyalty is vital for the Group's long-term growth. Additionally, to further improve operational efficiency, we have introduced a number of measures, including optimizing our sales network and resource allocation, as well as streamlining our operational structure and business processes through process re-engineering.

Veterinary and other service segment

Revenue from the Group's veterinary and multi-channel networking services segment rose by 18.9% YoY to HK$168.9 million, accounted for 8.2% of our total revenue, mainly driven by the growth of the Group's veterinary market share in Hong Kong, with the number of registered veterinary surgeons increased to 59 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 the FY24 continues to ramping up as expected and has generated positive EBITDA during the Reporting Period. AMAH has recently become a designated training clinic by the Veterinary Surgeons Board of HK ("VSB"). Any person holding a qualification as listed in VSB's Schedule 2, overseas specified veterinary graduates may from now on approach AMAH for undertaking the 6 months' clinical training required for registration with VSB. According to VSB, there are only 3 designated training clinics in Hong Kong. The success in becoming a designated training clinic highlights AMAH's high standard in hospital infrastructure, professional medical team and their quality service excellence. This is a remarkable result in the veterinary industry considering AMAH only commenced operation for one year and subsequently become a designated training clinic in Hong Kong.

As of 30 September 2024, the Group operates 9 veterinary service points in Hong Kong and we will continue to invest in its leading veterinary consolidation platform to transform it into one major growth engine. Our Group is dedicated to developing the veterinary business, addressing industry pain points, building a leading brand in the Hong Kong industry, and continuing to drive the growth of the veterinary business.

OUTLOOK

Cautious optimism amid increasing local economic and global uncertainties

Despite the challenging local and global economic landscape, we maintain a cautiously optimistic outlook. The Hong Kong healthcare market has shown resilience, experiencing a growth of approximately 16.9% YoY, reaching HK$284 billion in 2023. Meanwhile, the private healthcare sector expanded by approximately 12.6% YoY, totaling HK$110 billion, driven by increased public awareness of health issues in the post-pandemic era. While there are concerns regarding the trend of Hong Kong residents seeking cross-border medical services in Shenzhen for cost advantages, significant gaps remain in the regulatory framework and standards for registered practitioners, particularly concerning healthcare insurance reimbursement policies. Patients requiring surgical procedures continue to prefer receiving care in Hong Kong. The Group is optimistic about increasing its market share in Hong Kong, supported by our strong foundation and leading one-stop platform.

Strategic focuses to deliver bottom-line growth

The Group has effectively leveraged its strong foundation in direct B2C customer engagement to drive growth in the past. Having established a comprehensive healthcare service platform of significant size and scale through years of mergers, acquisitions, and organic growth, we now offer a one-stop service model. Moving forward, the Group will continue to concentrate on three key areas to achieve bottom-line growth: 1) business development, 2) operational excellence, and 3) digital transformation.

In terms of business development, the Group will utilize its platform approach, supported by IT capabilities, to create relevant product offerings aimed at maximizing our share of customer spending. This strategy includes targeting more scalable customer segments such as the B2B corporate medical market, the B2I insurance sector, and government initiatives through various Public-Private Partnerships (PPP). Capturing these growth segments will drive sustainable and profitable expansion with a compressed payback period, facilitating effective market consolidation. Additionally, we will implement careful revenue management across different customer segments to safeguard our margins.

For operational excellence, our focus will be on enhancing talent productivity, optimizing asset utilization, improving process efficiency, and controlling costs. The Group aims to maximize synergies and integration across various centers of excellence and business units, ultimately enhancing the customer experience and convenience.

Regarding digital transformation, we will enhance service scalability, improve cost efficiency, and create better customer experiences. By implementing robust and secure data management protocols, we will enable further automation and streamline operations, enhancing customer access through 24/7 online booking. We will also foster collaboration with our "TTIPP" ecosystem partners — spanning technology, telecommunications, insurance, real estate, and pharmaceuticals — to co-create innovative services and products while establishing a standardized governance framework across our internal operations.

Disciplined capital recycling with enhanced TTIPP partnerships

On 6 November 2024, the Group announced the divestment of its entire equity interest in New Medical Centre Holdings Limited ("NMC"), a specialist polyclinic in Hong Kong, as well as Hong Kong Medical Advanced Imaging (TST) Limited, an advanced imaging center, to AIA Group Limited. Since acquiring NMC in 2020, the Group has concentrated on strategic alignment, resource optimization, and system implementation, all supported by robust governance. These initiatives have led to asset enhancement through operational optimization, commercial synergies within our ecosystem, and improved customer experiences. As a result, the Group has enabled NMC to achieve significant growth in business scale, operational efficiency, and profitability, demonstrating our strong integration capabilities. This transaction underscores the Group's effective post-merger integration skills and marks a key milestone in strengthening collaboration with insurance partners in Hong Kong, further solidifying EC Healthcare's position as a leading integrated, one-stop healthcare service provider committed to delivering accessible, affordable, and effective medical services to the public.

The Group will continue to cultivate strategic partnerships with key players in the TTIPP sector to reinforce our leadership in establishing an integrated one-stop healthcare service provider in Hong Kong. As part of our TTIPP strategy, we will fully leverage EC Healthcare's one-stop healthcare service platform to unlock the value of our mature assets in collaboration with our strategic partners. While some assets are not yet fully integrated, we will ensure that their potential value is maximized. Additionally, we will optimize our asset portfolio by divesting non-core and underperforming assets and reallocating capital to new investments with stronger growth prospects. This approach will lay a solid foundation for profitable growth in the medium term, ensuring the long-term development and sustainable growth of the Group while maximizing returns for shareholders. Importantly, in light of current business conditions, we will also return excess cash to shareholders in the form of dividends as and when appropriate.

Prudent capital management and M&A strategy driving external growth

As part of our market consolidation strategy, we are committed to driving external growth through strategic M&A opportunities that expand our healthcare ecosystem. Our focus remains on consolidating fragmented markets and adding value to our assets through corporatization. Although the interest rate environment has peaked, it is expected to remain relatively high for some time, we will continue to exercise caution in our capital allocation and M&A strategy. To this end, we will transition to a deleveraging approach by reducing our debt, which will also lower our interest expenses. We will seek strategic investment opportunities that offer a favorable valuation carry and prioritize investments that enhance EBITDA margins. Furthermore, we will focus on opportunities that are relatively straightforward, requiring less time and resources for integration while generating synergies with our existing businesses. Our ongoing emphasis will be on upstream and midstream investment opportunities to boost overall profitability, aligning with our investment philosophy. Additionally, our two sustainability-linked loans have positioned us favorably to execute M&A consolidation whenever strategic and synergistic assets of reasonable valuation become available, further enhancing our ecosystem proposition.

Strategic positioning in Hong Kong's four key prime districts

We have consistently aimed to provide sustainable, attainable, and affordable preventive and precision medicine through a one-stop customer service model. As part of the Group's TTIPP strategy, we are committed to developing a comprehensive healthcare ecosystem that emphasizes high-quality customer service. On 1 June 2024, "Fung House," located at 19–20 Connaught Road, Central, Hong Kong, was renamed "EC Healthcare Tower (Central)," marking the Group's initial step in positioning itself as a one-stop comprehensive healthcare and medical service provider in Hong Kong's four key prime districts: Central, Tsim Sha Tsui, Mong Kok, and Causeway Bay.

Construction is also underway for another EC Healthcare Tower at Cameron Road in Tsim Sha Tsui. This upcoming tower will serve as a central hub for EC Healthcare's premium medical and healthcare services in Hong Kong, offering a truly seamless experience within a single location. Additionally, this tower is expected to enhance EC Healthcare's corporate branding, improve customer convenience, and increase operational efficiency through the consolidation of physical operations. It will also facilitate synergy across our various organic and acquired medical assets, leading to further asset enhancement and better returns for our investors.

FINANCIAL REVIEW

Revenue

Our revenue decreased by 2.8% to HK$2,062.9 million for the six months ended 30 September 2024 primarily due to challenging macroeconomic environment, which resulted in weakened consumption by both Hong Kong and Chinese Mainland consumers.

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 61.3% of the Group's total revenue (for the six months ended 30 September 2023: 61.9%) and decreased by 3.7% from HK$1,312.9 million for the six months ended 30 September 2023 to HK$1,264.3 million for the six months ended 30 September 2024, primarily attributable to the cautions spending sentiment and the trend of Hong Kong residents seeking cross-border consumption for price advantages 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 30.5% of the Group's total revenue (for the six months ended 30 September 2023: 31.4%) and decreased by 5.4% from HK$665.7 million for the six months ended 30 September 2023 to HK$629.8 million for the six months ended 30 September 2024, primarily due to the low consumer sentiment under the challenging market environment.

Veterinary and other services

Veterinary and other services mainly represent veterinary services and multi-channel networking and related services and veterinary services. Our revenue from veterinary and other services represents 8.2% of the total revenue (for the six months ended 30 September 2023: 6.7%) and increased by 18.3% from HK$142.7 million for the six months ended 30 September 2023 to HK$168.9 million for the six months ended 30 September 2024, 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 2024, our other net income and gains was approximately HK$21.4 million (for the six months ended 30 September 2023: HK$11.8 million), representing an increase of 81.7% as compared to the same period last year, primarily due to the increase in bank interest income of HK$4.0 million.

Cost of inventories and consumables

Our cost of inventories and consumables increased to HK$367.0 million for the six months ended 30 September 2024 (for the six months ended 30 September 2023: HK$332.6 million), representing an increase of 10.4% as compared to the same period last year, primarily attributable to the acquisitions of distribution businesses in aesthetic medical equipments and laboratory equipments in the previous financial year.

Registered Practitioner expenses

For the six months ended 30 September 2024, we incurred Registered Practitioner expenses of approximately HK$543.3 million (for the six months ended 30 September 2023: HK$590.1 million), representing 26.3% of the total revenue. The decrease of 7.9% as compared to the same period last year was primarily attributable to the decrease in the number of Registered Practitioners employed by the Group to improve the operational efficiency.

Employee benefit expenses

For the six months ended 30 September 2024, we incurred employee benefit expenses of approximately HK$474.2 million (for the six months ended 30 September 2023: HK$534.6 million), representing 23.0% of the total revenue. A decrease of 11.3% as compared to the same period last year was primarily attributable to a decrease in remuneration paid as a result of a decrease in the Sales Volume. As at 30 September 2024, we had 2,872 employees (excluding Registered Practitioners) (as at 30 September 2023: 2,715).

The Group is 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 share option schemes, a share award scheme and co-ownership plans 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 2024, the Group incurred marketing and advertising expenses of approximately HK$92.6 million, representing 4.5% of the total revenue (for the six months ended 30 September 2023: 5.1%) and a decrease of 13.9% as compared to the same period last year (for the six months ended 30 September 2023: HK$107.5 million).

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

For the six months ended 30 September 2024, the Group incurred rental and related expenses and depreciation of right-of-use assets of approximately HK$189.9 million (for the six months ended 30 September 2023: HK$214.1 million), representing 9.2% of the total revenue. The decrease of 11.3% as compared to the same period last year was in line with the decrease in the g.f.a of service centres and clinics from approximately 698,000 sq. ft. as at 30 September 2023 to approximately 615,000 sq. ft. as at 30 September 2024.

Credit card expenses

For the six months ended 30 September 2024, the Group incurred credit card expenses of approximately HK$37.5 million (for the six months ended 30 September 2023: HK$39.4 million), representing 1.8% of the total revenue and a decrease of 4.8% as compared to the same period last year which was in line with the decrease in Sales Volume during the Reporting Period.

Administrative and other expenses

For the six months ended 30 September 2024, the Group incurred other operating expenses of approximately HK$126.7 million (for the six months ended 30 September 2023: HK$107.6 million), representing 6.6% of the total revenue. The increase of 17.7% 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 2024, the Group had profit before tax of approximately HK$56.6 million (for the six months ended 30 September 2023: HK$35.3 million), representing an increase of 60.5% as compared to the same period last year.

Income tax expense

For the six months ended 30 September 2024, the Group incurred income tax expense of approximately HK$16.3 million, representing an increase of 18.0% as compared to the same period last year.

Profit for the period/profit margin

For the six months ended 30 September 2024, the Group recorded profit for the period of approximately HK$40.3 million, representing an increase of 88.1% as compared to the same period last year and a net profit margin of 2.0% (for the six months ended 30 September 2023: 1.0%), due to the (i) improving operational efficiency of our newly established service points from the previous financial years ended 31 March 2024 and 31 March 2023; (ii) headquarter cost optimization in rental and staff expenses; and (iii) decrease in interest expenses (i.e. interest expense minus interest income).

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

We continue to maintain a strong financial position with cash and cash equivalents and time deposits of HK$746.4 million and HK$76.5 million respectively as at 30 September 2024. 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 2024, a majority of our cash and bank balances were in Hong Kong dollar.

SUBSEQUENT EVENTS

(1) Very substantial disposal and connected transaction disposal of 51% of issued share capital in New Medical Centre Holding Limited

On 6 November 2024, the Company, Jade Master International Limited ("First Seller"), Dr. Ma Chi Min Effinie ("Second Seller"), Wu Yun Chai ("Third Seller") and AIA Hong Kong Medical Services Limited ("AIA") entered into the Share Purchase Agreement ("Share Purchase Agreement"), pursuant to which the AIA has conditionally agreed to purchase, and each of the First Seller, the Second Seller and the Third Seller has conditionally agreed to sell 51%, 48% and 1% of the issued share capital in New Medical Centre Holding Limited ("NMC") at a consideration of HK$437,580,000, HK$411,840,000 and HK$8,580,000 respectively ("Disposal").

NMC is principally engaged in investment holding. Its subsidiaries, The New Medical Centre Limited and New Medical Centre Imaging Limited are principally engaged in the provision of medical services and medical diagnostic services, respectively. Hong Kong Medical Advanced Imaging (TST) Limited ("HKMAI TST") is principally engaged in the provision of medical advanced imaging services. Hong Kong Medical Advanced Imaging Limited ("HKMAI") is principally engaged in the provision of medical imaging services, including MRI, CT scan, PET scan, EOS imaging, 3D mammogram, ultrasound scan, transient elastography, X-ray examination, and bone densitometry, and is operating one imaging centre in Mong Kok, Hong Kong.

The Company will procure Union Advanced Imaging Holding Limited ("UAIHL") and the other two shareholders of HKMAI TST (namely, Dr. Hui and Dr. Shum) to transfer an aggregate of 49% issued shares of HKMAI TST to NMC ("HKMAI TST Transfer"). The consideration payable by NMC to each of UAIHL, Dr. Hui and Dr. Shum for the HKMAI TST Transfer shall be HK$3,814,000, HK$8,471,000 and HK$8,471,000, respectively; and the First Seller, the Second Seller and the Third Seller collectively shall procure NMC to transfer 5.1% and 4.9% issued shares of HKMAI to UAIHL and the Second Seller, respectively ("HKMAI Transfer"). The consideration payable to NMC by each of UAIHL and the Second Seller for the HKMAI Transfer shall be nil as it only constitutes an internal reorganisation within the Company.

Upon completion of the Disposal, NMC will include 100% of the issued shares in HKMAI TST and exclude any interests in HKMAI, and will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the financial statements of the Company.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Second Seller is the indirect subsidiary of the Company, and the Third Seller is director of the Target Company, both Second Seller and Third Seller are considered as connected person of the Company at subsidiary level. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of the Second Seller and the Third Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Disposal are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Disposal and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interest of the Company and Shareholders as a whole, the transactions contemplated under the Disposal are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 6 November 2024, the Company has also entered into a services agreement with NMC, pursuant to which the Company shall agree to provide certain operational management services to HKMAI TST for three years after the Completion in accordance with the terms and conditions thereto. It is expected that the Company will provide the services with regard to six core functional areas of HKMAI TST, including (a) radiologist services, (b) customer services, (c) human resources services, (d) marketing and referral services, (e) IT and imaging equipment and (f) finance, operational and procurement services during the Service Period, subject to the termination provisions under the Services Agreement.

(2) Discloseable and connected transaction acquisition of 40% of issued share capital in HKMAI TST

On 6 November 2024, Dr. Hui, Dr. Shum and NMC entered into the acquisition agreement, pursuant to which NMC has conditionally agreed to purchase, and each of Dr. Hui and Dr. Shum has conditionally agreed to sell 20% and 20% of the issued share capital in HKMAI TST, respectively ("Acquisition"). The consideration payable by the Target Company to Dr. Hui and Dr. Shum is HK$16,942,000 in aggregate. Upon the completion of the Acquisition and the HKMAI TST Transfer, HKMAI TST will be a wholly-owned subsidiary of NMC.

Upon the completion of the Acquisition and HKMAI TST Transfer, HKMAI TST will be a wholly-owned subsidiary of the Target Company.

While the highest applicable percentage ratio pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition is part and parcel of the Disposal, the highest applicable percentage ratio of which (as defined in Rule 14.07 of the Listing Rules) exceeds 75%. As such, pursuant to Rule 14.24 of the Listing Rules, the Acquisition will be classified by reference to the larger of the two elements, i.e. the Disposal, which constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As each of Dr. Hui and Dr. Shum holds 20% equity interest in HKMAI TST, being an indirect subsidiary of the Company, each of Dr. Hui and Dr. Shum is considered a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of HKMAI TST. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.101 of the Listing Rules, since (i) each of the Dr. Hui and Dr. Shum is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Acquisition are entered into on normal commercial terms; and (iii) the Board (including the independent non-executive Directors) has approved the Acquisition and the transactions contemplated thereunder, and confirmed that such transactions are entered into on normal commercial terms, are fair and reasonable and are in the interests of the Company and Shareholders as a whole, the transactions contemplated under the Acquisition are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for and benefits of the Disposal and the Acquisition

The Disposal and the Acquisition are in line with the Company's strategy to make good use of and manage its resources to better develop its assets portfolio. The Disposal and the Acquisition allow the Company to re-allocate the proceeds for other investment opportunities when they arise and adjust, if needed, the overall strategy on its investment portfolio when the market conditions warrant.

The Company expects to record an expense of approximately HK$1.5 million from the Disposal in total comprehensive income, representing a net gain of approximately HK$338 million recognised in profit or loss. The Company intends to apply the entire net proceeds of the Disposal of approximately HK$436 million towards the general working capital requirements of the Company.

For details, please refer to the announcement of the Company dated 6 November 2024.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

Our capital expenditures during the six months ended 30 September 2024 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 2024 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 2024, the Group had outstanding interest-bearing bank borrowings in the aggregate amount of HK$650.0 million and convertible bonds of HK$241.8 million. The Group's gearing ratio (which equals total debt divided by total equity) was 35.0%.

Contingent Liabilities and Guarantees

As at 30 September 2024, the Group had no significant contingent liabilities and guarantees.

Charge over Assets

As at 30 September 2024, 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 FY24.

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 2024, 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$5.4 million.

PROFIT GUARANTEE IN RESPECT OF VETERINARY BUSINESS

Reference is made to the announcement of the Company dated 15 June 2021 regarding the acquisition of veterinary business (including the target companies (the "Target Companies (Veterinary Business)") named King Equity Investments Limited ("King Equity"), Eternal Harvest International Limited ("Eternal Harvest"), Hong Kong Veterinary Imaging Centre Limited ("HKVIC") and Crown Leader Limited ("Crown Leader")) (the "Acquisition of Veterinary Business").

For the Acquisition of Veterinary Business, (i) each of Dr. Tiong Hai Hean and Dr. Tan Shyue Wei (together the "Veterinary Sellers") guarantees that the aggregate audited net profit of King Equity for the years ended 31 March 2022 and 2023 shall be no less than HK$30.5 million and (ii) Dr. Tiong ("Dr. Tiong") guarantees that the aggregate audited net profit of Eternal Harvest, HKVIC and Crown Leader for the years ended 31 March 2022 and 2023 shall be no less than HK$17.0 million. According to the audited financial statements for the years ended 31 March 2022 and 2023, the aggregate net profit of King Equity was HK$28.3 million and the aggregate net profit of Eternal Harvest, HKVIC and Crown Leader was HK$12.5 million respectively. According to the sales and purchase agreements, there was shortfall of approximately HK$2.2 million (for King Equity) and approximately HK$4.6 million (for Eternal Harvest, HKVIC and Crown Leader) for satisfying the profit guarantees. As the Target Companies (Veterinary Business) failed to meet the guaranteed profit, the Veterinary Sellers should compensate the Group the amount of approximately HK$0.9 million and Dr. Tiong should compensate approximately HK$2.3 million according to the shortfall formula. As at 30 September 2024, the Veterinary Sellers have not yet fulfilled their compensation obligation. The Group has been demanding the Veterinary Sellers for the fulfilment of their obligation to settle the compensation. There is no option granted to the Group under the relevant agreements to sell the Target Companies (Veterinary Business) back to the Veterinary Sellers. The Group will consider taking necessary and appropriate actions for the profit guarantee shortfall if the Veterinary Sellers continue to fail to meet their obligations. In the meantime, the Company are also reviewing the veterinary business and operation plans together with the improvement measures taken by the management of the veterinary business.

Considering the Veterinary Sellers are managing the business and the business is profitable; and the Group is reviewing the business and operation plans with the Veterinary Sellers, the Directors consider that it is fair and reasonable and are in the interests of the Company and its Shareholders as a whole to continue to operate the veterinary business. The Group will constantly review the operations of the veterinary business and take appropriate actions accordingly.

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 1.0 HK cent per Share, which will be payable to Shareholders whose names appear on the register of members of the Company on Tuesday, 7 January 2025. The interim dividend will be payable in cash and are expected to be paid on or around Friday, 24 January 2025.

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 Friday, 3 January 2025 to Tuesday, 7 January 2025. 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 Thursday, 2 January 2025.

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the principles as set out in the CG Code contained in Appendix C1 to the Listing Rules. The Company has complied with all code provisions as set out in the CG Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 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 2024 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 2024 and up to the date of this announcement.

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the Corporate Governance Code contained in Appendix C1 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
"Director(s)"	the director(s) of the Company
"EBITDA"	earnings before interests, taxation, depreciation-owned property, plant and equipment and amortisation
"FY23"	the financial year ended on 31 March 2023
"FY24"	the financial year ended on 31 March 2024
"FY25"	the financial year ended on 31 March 2025
"Greater China"	Chinese Mainland, 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
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"M&A"	mergers and acquisitions
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Macau Doctor(s)"	doctor(s) licensed by and registered with the department of health in Macau (澳門特別行政區政府衛生局)
"Medical Professionals"	Healthcare Professionals, excluding full-time and exclusive Registered Practitioners
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PRC"	the People's Republic of China

"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), registered veterinary surgeons within the meaning of the Veterinary Surgeons Registration Ordinance (Cap. 529), Macau Doctors and Chinese Mainland Doctors
"Reporting Period"	six months ended 30 September 2024
"Sales Volume"	being the total sales volume generated from contracted sales entered into, and all products and services offered by, the Group
"Share(s)"	ordinary share(s) in the share capital of the Company with par value of HK$0.00001 each
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trained Therapists"	our employees who have completed mandatory internal training developed by our Doctors to provide quasi-medical services and/or traditional beauty services under our internal licensing programme
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board
EC Healthcare
Raymond Siu
Company Secretary

Hong Kong, 28 November 2024

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