# 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)


# 2024
# ANNUAL REPORT

# CONTENTS

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Choi Ka Tsan Karson
*(Chairman and Chief Executive Officer)*
Dr. Fok Siu Wing Dominic
Ms. Zhang Xiaoxue
Mr. Liu Shiyin
*(Resigned on 24 February 2025)*
Mr. Huang Yu
*(Appointed on 24 February 2025)*

### Non-executive Directors

Ms. Lee Wai Ling Linda
Ms. Lau Suk Hing Clara
Mr. Liu Yang
Ms. Zhang Leidi

### Independent Non-executive Directors

Mr. Yu Xuezhong
Dr. Xu Weiguo
Mr. Han Wenxin
Mr. Chan Wai Kan
Mr. Cheung Ka Ming
Mr. Tsui Wing Cheong Sammy

## BOARD COMMITTEES

### Audit Committee

Mr. Chan Wai Kan *(Chairman)*
Mr. Liu Yang
Dr. Xu Weiguo
Mr. Cheung Ka Ming

### Remuneration Committee

Mr. Cheung Ka Ming *(Chairman)*
Mr. Liu Yang
Mr. Yu Xuezhong
Mr. Chan Wai Kan

### Nomination Committee

Mr. Choi Ka Tsan Karson *(Chairman)*
Mr. Yu Xuezhong
Dr. Xu Weiguo
Mr. Tsui Wing Cheong Sammy

## COMPANY SECRETARY

Mr. Lo Wai Keung Eric
*(Appointed on 18 June 2024)*
Mr. Kwok Chung On
*(Resigned on 18 June 2024)*

## AUDITORS

Moore CPA Limited
*Certified Public Accountants*
*Registered Public Interest Entity Auditor*

## REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

(With effect from 14 June 2024)
6th Floor, Town Health Medical Group Centre
10-12 Yuen Shun Circuit
Siu Lek Yuen
Shatin, New Territories
Hong Kong

(Before 14 June 2024)
6th Floor, Town Health Technology Centre
10-12 Yuen Shun Circuit
Siu Lek Yuen
Shatin, New Territories
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Dah Sing Bank, Limited
Hang Seng Bank Limited
Nanyang Commercial Bank, Limited
Standard Chartered Bank (Hong Kong) Limited
UBS AG, Hong Kong Branch

# CORPORATE INFORMATION

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

(With effect from 1 January 2025)
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

(Before 1 January 2025)
Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

## WEBSITE

www.townhealth.com

# CHAIRMAN AND CEO'S STATEMENT

Dear Shareholders,

On behalf of Town Health, I hereby present the annual report for the year of 2024.

In 2024, the Group reached an important milestone of its 35th anniversary. Town Health established its first medical centre in Shatin to serve residents in the community since 1989. After 35 years of growth and remarkable changes since its establishment, Town Health has developed into one of the largest listed healthcare groups with the longest history in Hong Kong and one of the few comprehensive medical institutions that provides healthcare services in both Hong Kong and the Mainland China. At present, the Group's business segments include medical services, managed medical network, hospital management, health management, aesthetic medical and beauty and wellness, covering prevention, diagnosis, outpatient, hospitalization, rehabilitation, nursing, consumer healthcare and other sectors.

In its prime, Town Health launches a new start and stays true to its original aspiration despite the complex economic situation and various operational challenges. At the important milestone of its 35th anniversary, Town Health takes on a new corporate image to better deliver its core values and corporate commitments. The new logo of the Group is based on the design concept of caring and sense of responsibility. It presents a simple "house" shape. The house is constructed from the initials "T" and "h" of the English name "Town Health", and "T" and "h" also form the Chinese character "仁 (benevolence)", implying doctors' benevolence and excellent medical skills. The Group's new corporate colors, i.e. blue and lake green, are fresh and calm, and inject vitality into the Group's corporate image. The Group's medical centres have also successively taken on a new look. We are ready to embark on our new journey with a younger image to provide our customers with consistent and quality healthcare services, and are determined to become a world-class medical group rooted in Hong Kong and based in the Greater Bay Area which serves the whole country and connects with the world.

The Group is one of the few medical groups in Hong Kong that operates both a large medical network and a self-operated medical centre chain. Not only does the Group operate the first and only major medical network with two ISO certifications in Hong Kong, but also owns one of the largest and most extensive medical centre chains in Hong Kong, enabling citizens to have access to comprehensive medical services in the local communities that are close to their homes and workplaces. The Group has established an experienced medical team to provide general practice services, specialist services and dental services as well as allied health services at 435 healthcare service points of the Group's self-operated medical centres and its affiliates. With the gradual formation of the "one-hour living circle" in the Guangdong-Hong Kong-Macao Greater Bay Area, the consumption footprint of Hong Kong residents has gradually expanded to neighbouring cities such as Shenzhen and Guangzhou. The consumption patterns of Hong Kong residents in the Mainland China have also gradually shifted from the pursuit of entertainment to the pursuit of light medical services. Short waiting time and lower service fees for medical services in the Mainland China are attracting more and more Hong Kong residents to seek medical services in the Mainland China, posing a major challenge to the private medical services market in Hong Kong. In the face of fierce competition in the local healthcare market, the Group has taken decisive measures to reduce costs and increase efficiency, focusing on providing quality medical services and managed medical network that meet customer needs, to maintain our competitive advantages and solidify our market position. Meanwhile, the Group recognises and supports the Hong Kong Government's implementation of the Primary Healthcare Blueprint. Not only does it participate in a number of government-funded or public-private partnership programmes for primary healthcare, but also encourages its medical centres to participate in the eHealth to proactively promote the development of primary healthcare in Hong Kong.

# CHAIRMAN AND CEO'S STATEMENT

The Group's medical services system in Hong Kong covers multi-level and diversified medical services, ranging from primary care to high-end cross-specialty services. The Group's medical centres of general practice services, located in densely populated communities, provide primary care and chronic disease management services to community residents and nearby workers. In recent years, the centres participated in a number of government-funded or public-private partnership programmes for primary healthcare. The Group's self-operated dental centres have joined the Pilot Scheme on Dental Services (Dental Scaling) for Civil Service Eligible Persons since July 2023 to reduce the waiting time for public dental services for civil servants. In respect of specialist services, the Group adopts a multi-brand strategy. During the Year, the cardiology and orthopaedics brands, as well as Hong Kong Medical Consultants, the premier integrated specialty brand, continued to develop the businesses. To expand the coverage of cardiac specialist services, the cardiology brand "Hong Kong Cardiac Centre" has set up a medical centre in Tuen Mun Parklane Square, to provide comprehensive cardiac specialist consultation and examination services for residents in New Territories West since the first quarter of 2025. In order to further improve the Group's medical service network in Kowloon East, the Group took advantage of the significant property price adjustment to acquire a shop at Choi Hung Infinity Eight for approximately HK$18 million during the Year. The shopping mall is located at the top of the bus terminus and connected to Choi Hung MTR Station and is accessible by public transport easily. The Group plans to use the purchased shop, with a floor area of approximately 1,200 square feet, for the establishment of its own branded medical centre, and expects that it will create synergies with the Group's existing multi-disciplinary medical service centres in Ngau Tau Kok, Wong Tai Sin and Kwun Tong. In addition, the Group took advantage of the refurbishment of Hilton Plaza in Shatin as an opportunity to re-open three general practice medical centres and a paediatric medical centre in Lucky Plaza, Shatin in the first quarter of 2025 to complement the Group's existing medical centres in Citylink, Shatin, to further provide primary care and multi-specialty services and offer customers with better medical environment and one-stop service experience. The sustained and stable development of Hong Kong medical services as one of the core businesses of the Group is the cornerstone of the Group's sustainable development.

Dr. Vio & Partners Ltd. operates the managed medical network business of the Group in Hong Kong. It made history recently by becoming the first and only medical network in Hong Kong with both ISO 9001:2015 Quality Management System and ISO 27001:2022 Information Security Management System certifications. Vio is blessed with the most experienced management team in this business segment. It can trace its roots to 1947 when Dr. Erich Giorgio VIO, a graduate of Rome, came to Hong Kong from Shanghai. It has evolved over the last 77 years to become a large multidisciplinary medical network with over 600 affiliated service providers. The Vio network and Town Health's self-operated medical centres have many inherent synergies, which the Group will further harness in the future. Vio strives to make continuous improvement in service quality and customer satisfaction. It motivates staff to buy into Vio's commitment to serve by offering mentorship to staff to learn and achieve personal growth. It is family-friendly and will accommodate staff members' family needs. It has extensive experience in managing corporate medical schemes serving blue chip corporations, insurers, Government departments and public institutions. Its services can develop and evolve as clients' healthcare needs change with time and as medical knowledge and technology progress, so that clients can directly benefit from evidence-based medicine and improvements in service standards at a reasonable cost. Vio attaches great importance to cement good relationships with clients over the long term. It caters to the different needs of corporate clients and customise medical schemes according to their different needs, striving to provide a customer-centric service experience. Vio regularly reminds employees of the importance of quality customer service and regularly conducts staff training sessions to enhance employees' understanding of medical scheme rules and to raise awareness to protect client data.

# CHAIRMAN AND CEO'S STATEMENT

The Group is one of the few comprehensive medical institutions that provides healthcare services in both Hong Kong and the Mainland China. In the Mainland China, the Group is the first Hong Kong medical group to manage a national Grade III Level A hospital. Nanyang Xiangrui, a subsidiary of the Company, has been managing Nanshi Hospital, a national Grade III Level A hospital in Nanyang City, Henan Province since 2016, and has developed it into a comprehensive hospital group by adopting the operating model of "general hospital + branches". At the same time, with the support of China Life Insurance (Group) Company, one of the substantial Shareholders, the Group has engaged in the comprehensive health industry in Guangzhou City and Shenzhen City of Guangdong Province and Jinan City of Shandong Province, and set up three health management institutions to provide health check and characterised healthcare programmes. The ageing population and the rising prevalence of chronic diseases that result in rigid medical demand, support the continued development of the Group's hospital management business and health management business.

Nanyang Xiangrui, a subsidiary of the Company, mainly engages in hospital management business in the Mainland China and exports professional management team and operating model of "general hospital + branches" to Nanshi Hospital. During the Year, Nanshi Hospital became the first batch of hospitals in Nanyang City to pass the national "Grade III Level A" review, and the number of outpatient visits, health checks, inpatient visits and surgeries continued to increase year on year, demonstrating the Group's excellent governance effectiveness in hospital management business again. After obtaining the licence for internet hospital issued by the Health Commission of Nanyang City in March 2022, Nanshi Hospital established the internet hospital of Nanshi Hospital, the first internet hospital in Nanyang City. Since the internet hospital of Nanshi Hospital was put into service from March 2022 to December 2024, it has recorded over 1,305,000 visits. Nanyang Xiangrui has always supported Nanshi Hospital to realise its strategic vision of becoming a regional comprehensive medical and rehabilitation centre. It is worth mentioning that Nanyang City Integrated Sports Rehabilitation Service Centre and Xinhua Road West Clinic of Nanyang Nanshi Chinese Medicine Rehabilitation Hospital was opened in April 2024 as the first sports rehabilitation centre with the mission of "integrating sports and medicine" in Nanyang City. Nanyang Xiangrui's subsidiaries, engaged in medical technologies and services, sales and delivery of medical devices, property management, extended services for home care and other fields, will continue to fully support Nanshi Hospital to promote the integrated and coordinated development of "medical treatment, education and research" and promote the steady advancement of the Group's hospital management business in the Mainland China.

The Group's three health management institutions in Guangzhou City and Shenzhen City in Guangdong Province and Jinan City in Shandong Province provide characterised health management programmes according to the healthcare needs of customers in various regions, resulting in continuous expansion of the quality customer base. In Guangzhou City, the one-stop healthcare service platform of Guangzhou Integrated Clinic is home to a diagnosis and treatment base for reproductive system diseases, a diagnosis and treatment base for sleeping disorders, an evaluation base for cardiopulmonary exercise test, a monitoring base for digital healthcare, and a pharmacy selling assisted reproductive-related medicines and healthcare products. In Shenzhen City, Ganghe Clinic took advantage of the geographical proximity to Hong Kong to cooperate with more medical institutions in Hong Kong and the Mainland China to promote implementation of cross-border medical linkage and cooperation projects. In Jinan City, through the service scenario construction of "healthcare + insurance", Town Health International Health Management Centre deeply participated in the health management of the insurance customers of CLIS to provide group or individual health check, stomatology and medical beauty services, and continued to deepen the mutually beneficial cooperation between the two parties in the business.

# CHAIRMAN AND CEO'S STATEMENT

In the face of the consistently weak consumer activity in Hong Kong and the continuing wave of "consumption downgrade" in the Mainland China, TBMG, engaged in aesthetic medical and beauty and wellness, quickly adapted to the changes in the market and promoted high-quality business development by optimising the allocation of resources. During the Year, TBMG made strategic adjustments to its centre network layout and took advantage of the expiry of leases to consolidate overlapping centres or centres in synergistic operation. At the same time, TBMG strategically optimised its business scope and proactively enriched its service and product types, to seek new profit growth drivers in the rapidly changing beauty service market.

With the acceleration of the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the increasing exchanges between residents in the area, cross-border medical integration becomes the general trend. The Group is ready to integrate its existing healthcare resources across various business segments in Hong Kong and the Mainland China. To meet the health needs of more than 86 million residents in the Guangdong-Hong Kong-Macao Greater Bay Area, it will connect its chained medical centres, medical imaging and diagnostic centres, health management centres, hospitals and internet hospital to build a full-cycle, integrated and one-stop healthcare service ecosystem.

In 2024, we made achievements jointly based on past success. I would like to take this opportunity to express my sincere gratitude to the members of the Board for their foresight, wisdom and dedication, to all the staff of the Group for their hard work and valuable contributions, and to all Shareholders, customers and business partners for their long-term trust and support! In 2025, new changes are brewing in the global political and economic landscape, and will bring about both opportunities and challenges. I and the members of the Board will dare to take responsibilities to overcome difficulties, to guide all employees to expand businesses pragmatically, to lead Town Health to a new stage of development and to create greater value for Shareholders and customers. Meanwhile, I will also lead Town Health to continue to shoulder the social responsibility as a medical enterprise, and make contributions to promote the implementation of Hong Kong's Primary Healthcare Blueprint, the sustainable development of the healthcare industry in the Guangdong-Hong Kong-Macao Greater Bay Area and the creation of a healthy China.

**Choi Ka Tsan Karson**
*Chairman and CEO*

28 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

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

During the Year, the Group recorded a loss of approximately HK$158,207,000 (2023: HK$159,089,000), including a loss attributable to owners of the Company of approximately HK$203,703,000 (2023: HK$194,210,000). The overall results of the Group were affected by a number of losses incurred outside the Group's ordinary course of business recorded in the "other gains and losses, net" as shown in the consolidated statement of profit or loss. If the "other gains and losses, net" as shown in the consolidated statement of profit or loss are excluded, the Group would have recorded an operating profit of approximately HK$70,855,000 (2023: HK$86,386,000), including an operating profit attributable to owners of the Company of approximately HK$25,359,000 (2023: HK$51,265,000) with respect to its business operations for the Year.

The overall results of the Group were mainly affected by the following factors.

### Decrease in Gross Profit

The Group recorded gross profit of approximately HK$487,389,000 for the Year (2023: HK$501,948,000). The decrease in gross profit mainly resulted from the decrease in gross profit margin of certain businesses in the Mainland China.

### Increase in Impairment Losses Recognised on Interests in Associates

The Group recorded impairment losses recognised on the Group's interests in associates of approximately HK$76,762,000 for the Year (2023: HK$29,702,000), which was mainly attributable to the overall adverse economic conditions in Hong Kong and the Mainland China. In cases where certain associates did not achieve targeted performance levels, the management adopted a more conservative performance projection than that adopted during the year ended 31 December 2023, thereby imposing negative impacts on the valuation of the associates when the relevant impairment tests were being carried out for the Year. Please refer to notes 4 and 22 to the consolidated financial statements for details of valuation method and valuation inputs together with basis and assumptions.

### Decrease in Fair Value Losses on Investment Properties

The Group recorded fair value losses on the Group's investment properties of approximately HK$68,495,000 for the Year (2023: HK$98,626,000), which was due to the continuing contraction in the Hong Kong property market, although to a lesser extent, during the Year.

### Decrease in Impairment Losses Recognised on Goodwill

The Group recorded impairment losses on goodwill of approximately HK$70,000,000 for the Year (2023: HK$102,877,000), which was mainly attributable to the overall adverse economic conditions in Hong Kong. In cases where certain business units did not achieve targeted performance levels, the management adopted a more conservative performance projection than that adopted during the year ended 31 December 2023, thereby imposing negative impacts on the valuation of the business units when the relevant impairment tests were being carried out for the Year. Please refer to notes 4 and 20 to the consolidated financial statements for details of valuation method and valuation inputs together with basis and assumptions.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Annual Business Review

In 2024, the business environment in Hong Kong and the Mainland China was overshadowed by the unpredictable global political and economic landscape and the uncertain peripheral environment, leading to drastic fluctuations in the private healthcare market. The Group demonstrated operational resilience and adaptability.

In Hong Kong, the Group is principally engaged in managed medical network and the provision of medical services, and is one of the few medical groups in Hong Kong that operates both a large medical network and a self-operated medical centre chain. The Group owns one of the largest and most extensive medical centre chains in Hong Kong, providing general practice services, specialist services and dental services as well as various allied health services. The Group's business operations in Hong Kong were undoubtedly challenged by a combination of negative factors including economic uncertainties, shortage of healthcare staff, rising costs, increasing number of Hong Kong residents seeking medical treatment in the Mainland China and increasing competition in the industry.

The competitive advantages of the Group's abundant medical resources and large customer base helped us to withstand the adverse operating environment. The Group has taken decisive cost control measures while striving to improve operational efficiency and enhance its overall competitiveness. During the Year, the managed medical network and the medical services achieved coordinated development, the two businesses worked hand in hand to support the Hong Kong Government's Primary Healthcare Blueprint, and provide efficient, comprehensive and affordable preventive medicine and medical services to customers, members of medical schemes and Hong Kong residents at large.

In the Mainland China, Nanyang Xiangrui, a subsidiary of the Company, manages Nanshi Hospital, a national Grade III Level A hospital in Nanyang City, Henan Province. Meanwhile, the Group is engaged in the comprehensive health industry in Guangzhou City and Shenzhen City of Guangdong Province and Jinan City of Shandong Province and has set up health management institutions in these places to provide health check and characterised healthcare programmes. The ageing population and the rising prevalence of chronic diseases in the Mainland China have led to rigid medical demand. During the Year, the continuous development of hospital management business and the continuous expansion of high-quality customer base of health management demonstrated the effectiveness of the Group's proactive and locally-adapted business strategy in the Mainland China.

## BUSINESS REVIEW *(Continued)*

### Annual Business Review *(Continued)*

*Healthcare Service Network of the Group*

As of 31 December 2024, the Group had 435 healthcare service points covering multiple practices. Details of the network are as follows:

| | As of 31 December 2024 | | | As of 31 December 2023 |
|---|---|---|---|---|
| | **Affiliated** | **Self-operated** | **Total** | Total |
| **Medical services** | **248** | **71** | **319** | **307** |
| General practice services | 216 | 39 | 255 | 239 |
| Specialist services | 32 | 32 | 64 | 68 |
| **Dental services** | **12** | **14** | **26** | **21** |
| **Auxiliary services** | **65** | **25** | **90** | **91** |
| Physiotherapy services | 39 | 6 | 45 | 46 |
| Diagnostic imaging and laboratory testing services | 13 | 18 | 31 | 30 |
| Traditional Chinese medicine services | 13 | – | 13 | 14 |
| Health management services | – | 1 | 1 | 1 |
| **Total:** | **325** | **110** | **435** | **419** |

As of 31 December 2024, the number of doctors, dentists and auxiliary service staff who provided healthcare services via the Group's network of self-operated and affiliated medical service centres is as follows:

| | **As of 31 December 2024** | As of 31 December 2023 |
|---|---|---|
| **Medical services** | **639** | **622** |
| General practitioners | 409 | 384 |
| Specialists | 230 | 238 |
| **Dentists** | **36** | **34** |
| **Auxiliary service staff** | **146** | **124** |
| **Total:** | **821** | **780** |

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Business in Hong Kong

*Medical Services*

In 2024, the revenue from the Group's medical services in Hong Kong was approximately HK$787,053,000 (2023: approximately HK$770,996,000), accounting for approximately 42.92% (2023: approximately 42.06%) of the Group's revenue for the Year. The consumption habits and medical preference of Hong Kong residents have been changed. It has become a trend to go to the Mainland China for medical treatment. This obviously posed a major challenge to the private medical services market in Hong Kong, especially dental services. Despite the increasingly competitive market, during the Year, the Group recorded a year-on-year growth in the number of outpatient visits and revenue for medical services in Hong Kong, resulting from the diversified medical service layout and long-term good relationship with customers.

**In respect of general practice services,** the Group's medical centres of general practice services, located in densely populated communities, provide consultation, health check and chronic disease management services to cater for the primary healthcare needs of nearby residents and workers. The Group's medical centres of general practice services support the Hong Kong Government's Primary Healthcare Blueprint and have successively participated in a number of government-funded or public-private partnership programmes for primary healthcare, including General Outpatient Clinic Public-Private Partnership Programme, Chronic Disease Co-Care Pilot Scheme, Colorectal Cancer Screening Programme, Vaccination Subsidy Scheme, Elderly Health Care Voucher Programme, etc. For the convenience of residents of the community, the Group also implemented a series of convenience-for-people measures, including the addition of a queuing system in medical centres of general practice services, the implementation of night and public holiday consultation services, etc. During the Year, the Group was committed to promoting the sustainable development of the medical centres of general practice services in the communities, driving a steady increase in the number of outpatient visits of general practice services.

**In respect of specialist services,** the Group has established 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. "Hong Kong Cardiac Centre" and "Hong Kong Cardiac Diagnostic Centre", being the Group's cardiology brands, provided referral service programme for all patients referred by the Hospital Authority as a response to the Hospital Authority's public-private partnership programme on radiological imaging service. The programme generally includes a variety of imaging examinations, such as cardiovascular computed tomography, echocardiogram, treadmill electrocardiogram, 24-hour holter electrocardiogram, etc., which can reduce the burden on the public healthcare system and shorten the waiting time of patients, so as to avoid the deterioration of patients' condition due to excessive waiting time. For orthopaedics, the Group continued to develop "Hong Kong Traumatology & Orthopaedics Institute" and "TOI Physiotherapy Centre" as well as the sports trauma physical therapy sub-brand "Elite Physiotherapy and Sports Rehabilitation". In order to provide a better medical environment, the "Hong Kong Traumatology & Orthopaedics Institute", established by the department of orthopaedics at Landmark North, was relocated to the Tai Po Commercial Centre in October 2024, allowing nearby residents suffering from bone diseases, trauma and pain to receive nearby medical treatment more conveniently and comfortably.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Business in Hong Kong *(Continued)*

*Medical Services (Continued)*

The Group continues to improve its service system covering from primary care to high-end cross-specialty services. Hong Kong Medical Consultants, the premier integrated specialty brand of the Group, established multi-specialty medical centres in Central Building and Prince's Building, Central to mainly provide comprehensive, high-quality and effective cross-specialty medical and clinical services to Hong Kong residents and visitors from the Guangdong-Hong Kong-Macao Greater Bay Area. During the Year, Hong Kong Medical Consultants brought together experienced and top specialists to provide over twenty types of specialist and allied medical services. Hong Kong Medical Consultants recruited more senior specialists to join the medical team, including cardiothoracic surgery, orthopaedics and traumatology, etc. Hong Kong Medical Consultants has also established an allied health team, consisting of clinical psychologists, counselling psychologists, dietitians, occupational therapists, podiatrists and speech therapists to further enhance its rehabilitation and extended care service capabilities. In addition, to provide a better service and medical environment, the Oncology Day Centre of Hong Kong Medical Consultants was relocated to the 9th floor of Central Building, Central in November 2024. In addition, under the brand name of "Hong Kong Imaging and Diagnostics Centre", Hong Kong Medical Consultants established the Imaging and Cardiovascular Centre in the Central Building, Central and the MRI Centre in the Euro Trade Centre, Central. Imaging and diagnostic services are provided by radiologists and professional technicians. The services include cardiovascular computed tomography, low-dose computed tomography thorax, 3D mammography and magnetic resonance imaging, etc., so that customers of Hong Kong Medical Consultants can receive seamless outpatient and imaging examination and diagnosis services at the hub of Central. 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, which is conducive to solidifying the Group's competitive advantage and market share in the medical service industry.

**In respect of dental services,** with increasing number of Hong Kong residents seeking advanced dental treatment in the Mainland China, the private dental care market in Hong Kong is facing unprecedented challenges. During the Year, the Group paid close attention to the changes in the local dental services market, flexibly adjusted its business strategy and focused on the continuous upgrading of dental technology and devices, striving to meet customer needs and maintain good relationships with customers. The Group continues to provide professional and reliable high-quality dental care services. Since July 2023, the Group's self-operated dental centres have participated in Phase I of the Pilot Scheme on Dental Services (Dental Scaling) for Civil Service Eligible Persons (the "Pilot Scheme"), which helped reduce the waiting time for public dental services for civil servants. The Hong Kong Government has decided to extend the service period of the Pilot Scheme by 18 months and continue to operate the scheme under the public-private partnership model. The Group's self-operated dental centres will participate in Phase II of the Pilot Scheme and continue to provide dental scaling services to civil servants from 1 February 2025 to 31 July 2026.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Business in Hong Kong *(Continued)*

*Medical Services (Continued)*

With the introduction of more government-funded or public-private partnership programmes for primary healthcare by the Hong Kong Government, it is becoming a trend for patients to "walk to and from" public and private healthcare institutions. With eHealth, public and private healthcare institutions can exchange electronic health records. During the Year, the Group proactively promoted the participation of its medical centres in eHealth, which enabled the Group's doctors to have access to patients' electronic health records during provision of medical services in accordance with the "need to know" principle and with the mutual consent of patients, so as to provide more coherent medical services.

The Group has always adhered to the customer-oriented service spirit and is committed to enhancing the efficiency and quality of its services. During the Year, in addition to inviting more outstanding general practitioners, dentists, specialists and allied medical personnel to join the professional medical team, the Group also recruited a large number of health care assistants and dental surgery assistants. The Group also uses WhatsApp customer service hotline, customer questionnaire survey and complaint handling mechanism to understand customers' needs and opinion and conducts continuous tracking to optimise the medical service experience. In addition, the Group also proactively supports the implementation of the Primary Healthcare Blueprint and provides useful healthcare information to customers and the public free of charge through various online and offline channels from time to time.

*Managed Medical Network — Vio*

In 2024, the Group's managed medical network in Hong Kong recorded revenue of approximately HK$489,353,000 (2023: approximately HK$498,189,000), accounting for approximately 26.69% (2023: approximately 27.18%) of the Group's revenue for the Year. As a small and open economy with a high degree of integration with economies around the world, Hong Kong is directly affected by geopolitical tension and global economic uncertainty. Vio's revenue was inevitably constrained by the economic situation. Meanwhile, net emigration, cross-border consumption trend and shrunken workforce in Hong Kong also meant that Vio continued to face the double whammy of shrinking patient base and rising staff costs. Despite the adverse operating environment, Vio continued to provide insurance companies, enterprises and private clients with high quality medical services and scheme management, leveraging on its 77 years' business foundation, experienced management team, and an efficient and environmentally friendly I.T. system.

For the Year under review, Vio made history by becoming the first and only medical network in Hong Kong with both ISO 9001:2015 Quality Management System and ISO 27001:2022 Information Security Management System certifications. It continued to invest resources to upgrade its I.T. system and implemented a browser-based Clinic Management System (web-CMS) in phases. Front-line medical centres took the lead in using the new module and the overall operation was smooth while back-office system upgrade was in progress. The aim is to streamline workflow, improve cost control and administrative efficiency for clients, and speed up claims settlement for medical scheme members.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Business in Hong Kong *(Continued)*

*Managed Medical Network—Vio (Continued)*

Vio continued to recruit more general practitioners and specialists to join its medical service network to meet the needs of insurance companies and corporate clients for a wider range of medical services, and to provide cost-effective healthcare services to medical scheme members. Vio's 4 self-operated medical centres in Central, Tsim Sha Tsui, Tsuen Wan and Shatin provide consultations and health check services for workers and nearby residents in populous areas. These medical centres have built up a loyal customer base.

### Businesses in Mainland China

*Hospital Management Business*

Nanyang Xiangrui, a subsidiary of the Company, is mainly engaged in hospital management business and its business segments include medical technologies and services, sales and delivery of medical devices, property management, and extended services for home care and other fields.

Nanyang Xiangrui provided hospital management and consulting services to Nanshi Hospital, a national Grade III Level A hospital, and exported professional management team and advanced management model to Nanshi Hospital. During the Year, 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 steady momentum of development, which exemplified the effectiveness of the "general hospital + branches" operating model exported by Nanyang Xiangrui to Nanshi Hospital.

In 2024, Nanshi Hospital became one of the first batch of hospitals in Nanyang City to pass the national "Grade III Level A" review. Nanshi Hospital passed the comprehensive review on hospital management, medical quality assurance, nursing quality assurance, infection prevention and control management, management of key departments, medical technology quality assurance and other aspects by the Health Commission of Henan Province. The unique hospital management, outstanding medical service capacity, hospital specialty construction achievements of Nanshi Hospital are fully affirmed by the Health Commission, and Nanshi Hospital is recognised as the first to set up an internet hospital in Nanyang City.

Nanshi Hospital established the internet hospital of Nanshi Hospital as the first registered internet hospital in Nanyang City after obtaining the licence for internet hospital issued by the Health Commission of Nanyang City in March 2022. The internet hospital of Nanshi Hospital has recorded over 1,305,000 visits since it was put into service from March 2022 to December 2024. At present, the internet hospital of Nanshi Hospital has 65 departments and about 400 doctors are available to provide telemedicine 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Businesses in Mainland China *(Continued)*

*Hospital Management Business (Continued)*

Nanshi Hospital advocates the coordinated development of "medical treatment, education and research". During the Year, the number of outpatient visits, health check visits, inpatient visits and surgeries continued to increase year-on-year. Nanyang Ruishi Ophthalmology Hospital and Nanshi Chinese Medicine Rehabilitation Hospital also made leapfrog breakthrough in business development.

In terms of the general hospital, Nanshi Hospital continues to strengthen its discipline construction and enhance the core competitiveness of the hospital. The oncology department of Nanshi Hospital was selected as the provincial key clinical specialty in 2024. At present, Nanshi Hospital has one national key clinical specialty (burn and plastic surgery) and five provincial key specialties (burn and plastic surgery, neurology, rehabilitation medicine, spine and oncology). At the same time, in September 2024, the Molecular Neuroscience Diagnosis and Transformation Laboratory of Nanshi Hospital was opened and Nanshi Hospital officially became a member of the collaborative research system of the China National Clinical Research Center for Neurological Diseases and a branch centre of the "Dual Precision Resistance Action for Cerebrovascular Diseases" project, indicating that Nanshi Hospital has taken an important step in the field of precision treatment of cerebrovascular diseases. Nanshi Hospital will further improve the standardised diagnosis and treatment of neurological diseases to reduce the recurrence rate, disability rate and mortality rate of ischemic stroke patients. In addition, Nanshi Hospital has set up multi-disciplinary joint diagnosis and treatment clinics, covering epilepsy, spinal muscular atrophy, sleep-related breathing disorders, as well as organic mental disorders and other difficult diseases, whereby experts from various departments conduct multi-disciplinary consultations and jointly formulate the optimal treatment plans for patients.

Nanyang Ruishi Ophthalmology Hospital has been committed to the introduction and application of new technologies. Since the application of ZEISS minimally invasive femtosecond 3.0 technology in 2017, it has completed more than 16,000 refractive surgeries by December 2024 and accumulated rich clinical experience. On this basis, in the second half of 2024, Nanyang Ruishi Ophthalmology Hospital introduced ZEISS minimally invasive femtosecond precision 4.0-VISULYZE technology. Not only does the implementation of the newer technology comprehensively improve the accuracy and patient satisfaction of refractive surgeries, but also put forward higher requirements for patient data management and research summary in the hospital, helping to promote the integrated development of medical treatment, education and research.

Nanyang City Integrated Sports Rehabilitation Service Centre and Xinhua Road West Clinic of Nanyang Nanshi Chinese Medicine Rehabilitation Hospital opened in April 2024 as the first sports rehabilitation centre with the mission of "integrating sports and medicine" in Nanyang City. Following the national strategy of integration of sports and medicine, it extends the scientific fitness and disease prevention system from urban Grade III Level A hospitals to grassroots communities, providing more people with scientific, systematic and targeted rehabilitation, diagnosis and treatment services. In August 2024, the centre set up a rehabilitation service station for persons with disabilities to provide rehabilitation services that integrated Chinese and Western medicines for persons with disabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Businesses in Mainland China *(Continued)*

*Health Management Business*

The Group's health management institutions in Guangzhou City and Shenzhen City in Guangdong Province and Jinan City in Shandong Province operated steadily. Operation teams provided characterised health management programmes according to the healthcare needs of customers in various places and the high-quality customer base continued to expand during the Year.

In Guangdong Province, Guangzhou Integrated Clinic in Guangzhou City continued its strategic cooperation with nearby hospitals and reproductive medicine centres to provide peripheral supporting services for assisted reproductive services and life cycle healthcare services for female. Faced with the declining national fertility rate and the ageing population, Guangzhou Integrated Clinic introduced cooperation programmes of traditional Chinese medicine, rehabilitation and chronic disease management to reduce its dependence on the reproductive business segment and expand the whole life cycle health management services. At present, the one-stop healthcare service platform of Guangzhou Integrated Clinic is home to a diagnosis and treatment base for reproductive system diseases, a diagnosis and treatment base for sleeping disorders, an evaluation base for cardiopulmonary exercise test, a monitoring base for digital healthcare and a pharmacy selling assisted reproductive-related medicines and healthcare products. Ganghe Clinic, located in Shenzhen City, takes the geographical advantage of its proximity to Hong Kong and acts as a bridge for the Group's business in Hong Kong and the Mainland China. During the Year, Ganghe Clinic cooperated with more medical institutions in Hong Kong and the Mainland China to promote the implementation of cross-border medical linkage and cooperation projects. Meanwhile, Ganghe Clinic continued to mainly serve the insurance customers of the Shenzhen Branch of China Life Insurance and focus on providing characterised services, such as reproductive medicine, gynecological services and Helicobacter pylori screening, etc.

In Shandong Province, Town Health International Health Management Centre is located at China Life Building in Jinan City. During the Year, Town Health International Health Management Centre mainly provided group or individual health check, stomatology and medical beauty services for employees and customers of the prefecture-level city branches of CLIS and large and medium-sized enterprises. During the Year, through the service scenario construction of "healthcare + insurance", Town Health International Health Management Centre deeply participated in the health management of the insurance customers of CLIS and continued to deepen the mutually beneficial cooperation between the two parties in the business. Town Health International Health Management Centre helped prefecture-level city branches of CLIS to organise more than 550 various types of meetings and activities such as insurance product presentations, etc. In addition, Town Health International Health Management Centre continued to strengthen product innovation and launch more unique health check packages to meet the health check needs of different customers. Town Health International Health Management Centre cooperated with large hospitals in Shandong Province to promote the implementation of the first national meridians and collaterals imaging research and treatment programme, to solve the problem of obstruction of meridians and collaterals for customers through scientific image judgment and authoritative diagnosis and treatment experience. Town Health International Health Management Centre also launched the drug adaptability test for high blood pressure, high cholesterol and high blood sugar (the "three highs") to select the types of drugs that highly match with customers' health status, so that they are able to receive targeted treatment for the "three highs" and test for once is applicable for lifelong. On 27 September 2024, Jinan Likang, an indirect non wholly-owned subsidiary of the Company as tenant, entered into a tenancy agreement with CLIS as landlord in respect of the leasing of Units 01-06, 5/F, South Block, China Life Building (original address of Town Health International Health Management Centre) for a term from 1 October 2024 to 31 March 2027.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW *(Continued)*

### Other Businesses

During the Year, TBMG, which was engaged in aesthetic medical and beauty and wellness businesses, employed 13 full-time or part-time doctors (2023: 13 doctors), and operated 12, 9, 8 and 3 centres in Hong Kong, Shenzhen, Shanghai and Guangzhou, respectively (2023: 14, 10, 9 and 3 centres).

As the consumption patterns of Hong Kong residents changed, local consumption activities remained weak and private consumption expenditure continued to decline; the overall purchasing power and consumer confidence of residents in the Mainland China remained sluggish. The wave of "consumption downgrade" continued and the competition in the beauty service industry of the two places significantly intensified. TBMG quickly adapted to changes in the market and successfully reduced costs and improved efficiency through optimising resource allocation to promote high-quality business development.

During the Year, TBMG made strategic adjustments to its centre network layout and took advantage of the expiry of leases to consolidate overlapping centres or centres in synergistic operation. At the same time, TBMG strategically optimised its business scope and proactively enriched its service and product types, to seek new profit growth drivers in the rapidly changing beauty service market. In response to changes in its centre network and business scope, TBMG appropriately adjusted the allocation of resources to better cater for the changing needs of customers.

TBMG has built a complete customer database. During the Year, TBMG made good use of big data to accurately capture customers' consumption habits and provided customers with personalised service experience to improve customer satisfaction and retention rate. In addition, TBMG also analysed marketing trends through big data and adopted targeted marketing strategies to deliver the latest service and product information to target customers, seeking to increase interaction with existing customers and attract new customers.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

In 2025, opportunities and challenges will coexist. Despite increasing global economic uncertainties, rising trade frictions, geopolitical headwinds, continuing high costs and increasing number of Hong Kong residents seeking medical treatment in the Mainland China which pose challenges to the Group's business operations, the Group's rich medical resources and large customer base put us in a favourable position in a highly competitive market. Looking ahead, the Group is cautiously optimistic about the development prospects of the private healthcare market in Hong Kong and the Mainland China.

In the long run, the increasing per capita disposable income, ageing population and rising prevalence of chronic diseases in Hong Kong and the Mainland China which result in increasing demand for medical services, health management, rehabilitation and elderly care, and long-term care provide a positive environment with certainty for the long-term and sound development of the Group's businesses. The Group will seize the important opportunities of the upgrading and transformation of the healthcare industry and the joint development of the "Healthy Bay Area" of Guangdong, Hong Kong and Macao and give full play to its competitive advantages, to accelerate the pace of business development and achieve high-quality development.

On the one hand, Hong Kong has a reputable medical service system and first-class medical professionals and has mastered cutting-edge international technologies, drugs and devices. In terms of strength and hardware, Hong Kong is well positioned to complement the advantages of other cities in the Guangdong-Hong Kong-Macao Greater Bay Area. It is the general trend to go north and south for medical treatment. The Group will take proactive actions to attract Hong Kong customers to seek medical treatment in Hong Kong. At the same time, the Group will strive to let residents in the Mainland China who have purchased Hong Kong medical insurance and high-spending medical tourists to become customers of the Group.

On the other hand, the Group will make good use of its abundant medical resources and continue to support the Hong Kong Government's Primary Healthcare Blueprint. The Group will strengthen its partnership and business dealings with the Hong Kong Government by participating in more government-funded and public-private partnership programmes for primary healthcare. The Group will cooperate with the Hong Kong Government's Primary Healthcare Blueprint 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 maximise the effectiveness of its two-way referral mechanism between general practitioners and specialists to provide convenient, comprehensive, coherent, coordinated and affordable healthcare services in the communities where customers live and work.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK *(Continued)*

### Hong Kong

In terms of medical services, the Group will continue to integrate the existing resources of medical services in Hong Kong to further optimise the network of chained medical centres, continue to develop specialty brands and consistently serve our customers with a pragmatic attitude. On the one hand, the Group took advantage of the refurbishment of Hilton Plaza in Shatin as an opportunity to conduct a comprehensive review of the distribution of medical service points around the downtown of Shatin. Taking into account factors including the medical needs and habits of residents in New Territories East, the nearby self-operated and affiliated healthcare service points, the Group re-opened three general practice medical centres and a paediatric medical centre in Lucky Plaza, Shatin in the first quarter of 2025 to complement the Group's existing medical centres in Citylink, Shatin to further provide primary care and multi-specialty services and provide customers with better medical environment and one-stop service experience. On the other hand, given the irreversible ageing population and prevalence of chronic diseases, the Group will support the establishment of new medical centres under its specialty brands in densely populated communities. In particular, the cardiology brand "Hong Kong Cardiac Centre" has set up a medical centre in Tuen Mun Parklane Square to provide comprehensive cardiac specialist consultation services and examination services for residents in New Territories West since the first quarter of 2025. Meanwhile, the Group seeks to strengthen mutually beneficial synergies with its premier integrated specialty brand, Hong Kong Medical Consultants, to further improve the two-way referral mechanism between the general practice services and specialist services. The Group will also continue to invite outstanding doctors, allied health professionals and nurses to join the team to promote the professional development of the healthcare team and inject new momentum into healthcare services. Moreover, the Group plans to establish a Medical Advisory Committee. Not only will this effectively regulate the Group's medical services to meet the legal and social needs, but also ensure that the Group can provide customers with a professional and warm medical service experience. The continuous development of the Group's medical services is expected to drive the steady growth of the Group's overall revenue and further enhance its profitability.

For the managed medical network, Vio has a mature business, an experienced management team and a loyal customer base. Vio will leverage its competitive advantages as Hong Kong's only medical network with double ISO certifications to drive sustainable business development by providing quality-focused value-added services to insurance companies, enterprises and private clients and exploring new business cooperation with like-minded medical institutions. In anticipation of the new requirements and changes in the ISO 9001 to the 9001:2026 revision, Vio will strengthen its focus on service quality and establish more efficient and environmentally-friendly processes to further improve customer satisfaction. In addition, Vio will proactively make preparation to satisfy the licensing requirements for polyclinics as stipulated in the Private Healthcare Facilities Ordinance. As one of the 3 major medical groups in Hong Kong with their own self-operated medical clinic chains, we plan to strengthen the cooperation between Vio and the Group's self-operated medical centres.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK *(Continued)*

### Mainland China

In terms of hospital management, Nanyang Xiangrui will continuously enhance the comprehensive support of its various business segments to Nanshi Hospital and continue to strengthen the innovative hospital management, to further improve the clinical service level and operation efficiency of Nanshi Hospital. In the future, Nanyang Xiangrui will continue to support Nanshi Hospital to promote the integrated and coordinated development of "medical treatment, education and research" and realise the strategic vision of building Nanshi Hospital into a regional comprehensive medical and rehabilitation centre. Nanshi Hospital will give full play to the technical advantages of the expert team, continue to introduce international cutting-edge medical equipment and seek to continuously strengthen the discipline construction to enhance core competitiveness. Meanwhile, Nanshi Hospital will continue to strengthen its cooperation with Sanquan College of Xinxiang Medical University. Both parties jointly established a clinical college and the doctors of Nanshi Hospital will give all-round lectures to the students of Sanquan College, focusing on building a growth ladder for medical talents and promoting the high-quality development of regional medical and health services. Besides, Nanshi Hospital has been approved to build the Engineering Technology Research Centre for Stepwise Treatment of Bone Diseases of Nanyang City and the Engineering Technology Research Centre for Multi-disciplinary Joint Treatment of Acute, Critical and Severe Cardiac Diseases of Nanyang City. The two engineering technology research centres will serve a bridge between technological development and scientific research innovation, accelerating the transformation and application of scientific research results. At the same time, the comprehensive management platform of Nanshi Hospital has started the "AI + Pre-diagnosis Assessment System" trial since February 2025, forming a complete medical treatment process of "pre-diagnosis assessment (questionnaire) – AI examination suggestions – doctor's diagnosis – automatic retrieval of examination results – AI diagnosis and treatment suggestions – doctor's treatment programme" which allows the utilisation of knowledge base and data sharing. It has transformed the previous experience-based examination and medication by doctors into a new model of "experience-based clinical practice + intelligent analysis". Since the implementation of the trial, it has been highly praised by patients.

In terms of health management, as people's living standards continue to improve, they pay great attention to health management. As an important pillar industry to promote public health, the health service industry is showing a strong momentum of development in terms of digitalisation, preventive medicine, traditional Chinese medicine, elderly care and health, and industrial integration. Health management institutions in various places will continue to improve the reception capacity and service quality. At the same time, they will also increase the number of characterised health check and innovative health care programmes according to local conditions, further improve the product portfolio, and attract customers by relying on the novelty, scarcity and advanced nature of products. In Guangdong Province, Guangzhou Integrated Clinic and Shenzhen Ganghe Clinic will conform to the trend of low birth rate and ageing population, further reduce the dependence on the reproductive business segment and accelerate the expansion of diversified business layout to provide health management services that meet the needs of the time. In Shandong Province, Town Health International Health Management Centre plans to offer the service with provincial experts to interpret health check reports to help customers better understand their health status through face-to-face consultation or remote video and formulate scientific and reasonable health management plans accordingly, to let customers enjoy customised health management service experience. The Group's health management institutions in various places will take multiple measures to proactively increase customer flow and unit price to improve the overall revenue and profitability.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK *(Continued)*

### Others

In terms of other businesses, consumption downgrade becomes the main trend, impacting the consumer medical market. TBMG will continue to optimise its centre network, business scope and marketing strategies to improve the overall operational efficiency and profitability, and thus maintaining a sound financial position to flexibly respond to market changes. At the same time, TBMG will keep up with the latest trends in the beauty and wellness industry and continue to introduce cutting-edge products, instruments and technologies, supplemented by personalised service experience to retain existing customers and attract new customers. Besides, TBMG will continue to focus on digitalisation. It will make good use of big data to enhance customer satisfaction and retention rate, and promote customer conversion between beauty and wellness and aesthetic medical to further expand the quality customer base. TBMG will also continue to 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.

## PRINCIPAL RISKS AND UNCERTAINTIES

The operations and business of the Group may be affected by major risks and uncertainties which are set out below:

- The reliance on the Group's professional team: The Group depends on its professional team to provide medical services to its customers who look for quality healthcare services and stable doctor-patient relationship. The employment contracts of the Group's professional team with the Group may be terminated by either party giving the required notice. The business may be adversely affected if the Group is not able to recruit or retain members of its professional team to support the services of its network of medical centres. There are limited numbers of registered doctors and dentists and the Group has to compete with healthcare service providers in both the public and private sectors for these registered medical and dental practitioners. The professional team is one of the Group's valuable assets and the Group attracts quality new members to join the professional team through the Group's reputation, competitive compensation package, supportive working environment and attractive career development.

- The recognition of the Group's brand and reputation: The Group's image may be adversely affected by negative publicity as doctors and dentists of the Group may from time to time be subject to complaints, allegations or legal actions regarding the adequacy of patient care, treatment outcome and medical services provided, which may harm the business, operating results, financial condition, brand and reputation of the Group. The Group has developed a set of standard operation procedures for each of the medical centres and conducted sharing sessions among doctors and dentists from time to time so as to minimise the chance of medical negligence.

Details about the Group's financial risk management are set out in note 43(b) to the consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

The Group adopts a prudent cash and financial management policy. As at 31 December 2024, the Group held total bank balances and deposits of approximately HK$1,420,245,000 (2023: HK$1,431,426,000), including fixed bank deposits of approximately HK$227,741,000 (2023: HK$235,777,000), pledged bank deposits of approximately HK$1,107,000 (2023:HK$163,570,000) and bank balances and cash of approximately HK$1,191,397,000 (2023:HK$1,032,079,000). The majority of the Group's bank balances and cash are deposited with banks in Hong Kong and the Mainland China and denominated mostly in HK$ and RMB. In order to strengthen fund management, the Group's treasury activities are relatively centralised. Under the premise of ensuring the safety of funds, the Group, adhering to standardised operation, risk prevention, prudent investment and capital preservation as the primary principles, mainly utilises funds to place time deposits with banks to generate more returns for the Group and its Shareholders. As at 31 December 2024, the Group had bank borrowings of approximately HK$80,683,000 (2023: HK$87,563,000) of which approximately HK$6,746,000 (2023: HK$6,568,000) are repayable within one year. The Group's loans were arranged on a floating interest rate basis and denominated in HK$. As at 31 December 2024, the Group had available unutilised banking facilities of HK$20,000,000 (2023: HK$300,000,000). Details of the bank borrowings of the Group are set out in note 34 to the consolidated financial statements for the Year.

As at 31 December 2024, the Group's net current assets amounted to approximately HK$1,300,647,000 (2023: HK$1,344,516,000) and the Group had a current ratio (defined as total current assets divided by total current liabilities) of 3.19 (2023: 3.25). As at 31 December 2024, the Group's gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) was 2.71% (2023: 2.70%). 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CAPITAL STRUCTURE

As at 31 December 2024, the Group had equity attributable to owners of the Company of approximately HK$2,976,914,000 (2023: HK$3,242,129,000).

## HUMAN RESOURCES AND TRAINING SCHEME

As at 31 December 2024, the Group employed 1,441 staff (2023: 1,399 staff). Total employee costs for the Year amounted to approximately HK$743,697,000 (2023: HK$740,650,000), including directors' emoluments of approximately HK$11,745,000 (2023: HK$16,101,000). 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 2024, the Group had no significant contingent liabilities (2023: Nil).

## PLEDGE OF ASSETS

As at 31 December 2024, the Group pledged certain assets of approximately HK$120,545,000 (2023: HK$313,130,000), among which (i) leasehold land and building of approximately HK$30,438,000 (2023: HK$33,560,000) together with an investment property of approximately HK$89,000,000 (2023: HK$116,000,000) were pledged for the mortgage loans while (ii) bank deposits of approximately HK$1,107,000 (2023: HK$163,570,000) were pledged for the general banking facilities.

## CAPITAL COMMITMENTS

As at 31 December 2024, 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 (2023: Nil).

# BIOGRAPHICAL DETAILS OF DIRECTORS

## EXECUTIVE DIRECTORS

**Mr. Choi Ka Tsan Karson ("Mr. Choi")**, aged 39, was appointed as an executive Director and the Chairman of the Company on 15 December 2023. He was also appointed as the Chief Executive Officer and the Chairman of the Nomination Committee on 1 January 2024. As at the date of this annual report, Mr. Choi was interested in 1,911,136,764 Shares, representing approximately 28.21% of the total number of the issued Shares, and is a substantial Shareholder (as defined in the Listing Rules). Mr. Choi is the son of Dr. Choi, a substantial Shareholder. He is also the nephew of Ms. Lee Wai Ling Linda, a non-executive Director.

Mr. Choi graduated from University of Southern California, the United States with a degree of Bachelor of Arts in International Relations. Mr. Choi has been admitted to Honorary University Fellowship of the University of Hong Kong in October 2023.

Mr. Choi has been an independent non-executive director of Sing Tao News Corporation Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1105) since 2021 and has been redesignated as an executive director and the co-chairman with effect from 30 May 2022. Mr. Choi is currently the vice-chairman of Early Light Industrial Company Limited ("**Early Light**"), the founder and chairman of Unique Timepieces Watches Group Limited and the chairman of Fastwheel Motors Group Limited. Early Light is the world's largest toys manufacturer. Under the leadership of Mr. Choi, Early Light has developed diversified businesses, including the industries of toys manufacturing, shopping mall development, property rental and management, luxury watches retail, motors sales and maintenance, bioplastic production and education. Mr. Choi is also the chairman of Hong Kong Qianfan Technology Company Limited.

Mr. Choi is a deputy director of The Population, Resources and Environment Committee of the Chinese People's Political Consultative Conference and a member of the National Committee of the Chinese People's Political Consultative Conference. Mr. Choi was a member of the Court of the University of Hong Kong, and serves as members of various government advisory committees and leaders of social groups.

**Dr. Fok Siu Wing Dominic ("Dr. Fok")**, aged 64, was appointed as an executive Director on 15 December 2023.

Dr. Fok received a Bachelor of Medicine and Bachelor of Surgery from the University of Hong Kong in 1985, a Diploma in Family Medicine from The Chinese University of Hong Kong in 1992, and was admitted as a Fellow of the Royal Australian College of General Practitioners and a Fellow of the Hong Kong College of General Practitioners both in 1996. Dr. Fok has served in the Department of Community and Family Medicine of The Chinese University of Hong Kong, which was later merged with the School of Public Health to establish the School of Public Health and Primary Care ("SPHPC") at The Chinese University of Hong Kong, successively as an honorary associate professor from 1996 to 1997, an adjunct assistant professor from 1997 to 2000 and from 2002 to 2003, an honorary clinical assistant professor from 2003 to 2007 and a clinical assistant professor (honorary) from 2007 to 2010. Since 2010, Dr. Fok has served as a clinical assistant professor (honorary) in SPHPC at The Chinese University of Hong Kong. Dr. Fok has served as an honorary clinical assistant professor in family medicine at the University of Hong Kong since 2014.

Dr. Fok is a registered doctor with the Medical Council of Hong Kong and has more than 30 years of practicing experience. Dr. Fok has served in the Group as a registered medical practitioner since 1999.

# BIOGRAPHICAL DETAILS OF DIRECTORS

## EXECUTIVE DIRECTORS *(Continued)*

**Ms. Zhang Xiaoxue ("Ms. Zhang")**, aged 35, was appointed as an executive Director on 12 January 2024 and was appointed as the Chief Financial Officer of the Group since 5 April 2024. Ms. Zhang is also a director of a number of subsidiaries of the Company. Ms. Zhang obtained a master's degree of Science in Finance (international money, finance and investment) from University of Durham in the United Kingdom in January 2014.

Ms. Zhang has approximately ten years of experience in equity investment, financial management and risk management.

Ms. Zhang worked as an auditor in the audit department of KPMG Huazhen LLP（畢馬威華振會計師事務所（特殊普通合夥））from October 2014 to October 2016. From October 2016 to August 2021, Ms. Zhang worked in the transaction advisory department of KPMG Advisory (China) Limited（畢馬威企業諮詢（中國）有限公司）, successively serving as assistant manager and manager. From August 2021 to April 2024, Ms. Zhang worked in China Life Private Equity Investment Company Limited, successively serving as senior manager and deputy director of the investment management center. As at the date of this annual report, China Life Private Equity Investment Company Limited is a wholly-owned subsidiary of China Life Insurance, a substantial Shareholder (as defined in the Listing Rules).

**Mr. Huang Yu ("Mr. Huang")**, aged 44, has been appointed as an executive Director with effect from 24 February 2025 and was appointed as Vice President for Mainland Business（內地業務副總裁）of the Group since 26 February 2025. Mr. Huang graduated from Foreign Affairs College with a bachelor's degree in laws majored in diplomacy and international relations in 2003. He also obtained a degree of master of business administration from INSEAD in 2008. Prior to serving as an executive Director, Mr. Huang worked as a section officer from September 2003 to August 2006 in China Life Insurance, a substantial Shareholder. He was a senior consultant in Value Partners Management Consulting（威普企業諮詢管理有限公司）from January 2009 to August 2011 and was an investment manager in Terra Firma Capital Partners Limited（泰豐資本控股有限公司）from September 2011 to April 2013. In addition, Mr. Huang has worked as a senior investment manager in China Life Investment Holdings Co., Ltd.（國壽投資控股有限公司）from May 2013 to September 2016 and a senior investment director in China Life Private Equity Investment Company Limited（國壽股權投資有限公司）from October 2016 to September 2022. Mr. Huang successively served as an investment director and the associate general manager of the Healthcare Investment Department and the associate general manager of Pension Finance Investment Department in China Life Healthcare Investment Company Limited（國壽健康產業投資有限公司）since October 2022. Mr. Huang has many years of experience in business investment, consultation and management.

# BIOGRAPHICAL DETAILS OF DIRECTORS

## NON-EXECUTIVE DIRECTORS

**Ms. Lee Wai Ling Linda ("Ms. Lee")**, aged 67, was appointed as a non-executive Director on 15 December 2023. Ms. Lee is the sister of the wife of Dr. Choi, a substantial Shareholder. She is also the aunt of Mr. Choi, a substantial Shareholder, an executive Director, the Chief Executive Officer and the Chairman of the Company.

Ms. Lee obtained a Bachelor of Arts from the University of Toronto in Canada in 1980 and a Master of Science in Human Resources Management and Development from the University of Leicester in the United Kingdom in 2013. Ms. Lee has extensive experience in corporate human resources and corporate management. Ms. Lee has served BioLogiQ Elite (HK) Ltd. since June 2019 and held the position of Managing Director since January 2024. Ms. Lee served the Vocational Training Council from October 1998 to March 2019 with her last position as the deputy head of the human resources division, and the personnel and administration manager of Early Light Industrial Company Limited from June 1995 to June 1997.

**Ms. Lau Suk Hing Clara ("Ms. Lau")**, aged 63, was appointed as a non-executive Director on 15 December 2023.

Ms. Lau has served Early Light International (Holdings) Limited ("**Early Light International**") since June 1992. She has served as the personal assistant to the chairman of Early Light International and also serves as a director of several companies of Early Light International in Hong Kong and Mainland China. Ms. Lau has extensive experience in assisting the chairman of Early Light International in handling the group's real estate development, manufacturing and retail businesses for many years, including internal supervision, finance and general daily management and operations.

**Mr. Liu Yang ("Mr. Liu")**, aged 45, was appointed as a non-executive Director, a member of each of the Audit Committee and the Remuneration Committee on 12 January 2024. Mr. Liu obtained a bachelor's degree in Economics from University of International Business and Economics (對外經濟貿易大學) in July 2002. Mr. Liu is a non-practicing member of the Chinese Institute of Certified Public Accountants, a member of CPA Australia and has been awarded the professional designation of Certified Internal Auditor by The Institute of Internal Auditors.

Mr. Liu has over 20 years of experience in equity investment, financial management and risk management. Mr. Liu is currently the deputy general manager of China Life Private Equity Investment Company Limited and serves as a director and/or supervisor in several subsidiaries of China Life Private Equity Investment Company Limited. As at the date of this annual report, China Life Private Equity Investment Company Limited is a wholly-owned subsidiary of China Life Insurance, a substantial Shareholder (as defined in the Listing Rules).

# BIOGRAPHICAL DETAILS OF DIRECTORS

## NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Liu worked in the audit department of KPMG Huazhen LLP（畢馬威華振會計師事務所（特殊普通合夥））from August 2002 to March 2011, where he successively worked as auditor, assistant manager, manager, and senior manager. From March 2011 to May 2011, Mr. Liu served as the chief financial officer in Beijing Yuanjing Hokay Sports Development Co., Ltd.（北京遠景浩泰體育發展有限公司）. From May 2011 to February 2017, Mr. Liu worked in China Mobile Finance Co., Ltd.（中國移動通信集團財務有限公司）, where he successively held various positions including project manager in the special project preparatory group, project manager in the risk management department, deputy general manager, general manager, deputy general manager of the audit and compliance department and supervisor. Since February 2017, Mr. Liu worked in China Life Private Equity Investment Company Limited, successively working as the chief director and the person in charge of the investment management center, the person in charge of the financial management center, management committee member, and deputy general manager.

From January 2021 to October 2022, Mr. Liu served as a director in Goodwill E-Health Info Co., Ltd.（嘉和美康（北京）科技股份有限公司）(a company listed on the Shanghai Stock Exchange (stock code: 688246)); and from December 2020 to January 2022, Mr. Liu served as a director in Dareway Software Co., Ltd.（山大地緯軟體股份有限公司）(a company listed on the Shanghai Stock Exchange (stock code: 688579)).

**Ms. Zhang Leidi ("Ms. Zhang Leidi")**, aged 45, was appointed as a non-executive Director on 12 January 2024. Ms. Zhang Leidi obtained a master's degree in economics from Peking University in July 2003.

Ms. Zhang Leidi has over 20 years of experience in equity investment and project management. Ms. Zhang Leidi is currently the general manager（總經理）of China Life Private Equity Investment Company Limited, and serves as a director and/or supervisor in several subsidiaries of China Life Private Equity Investment Company Limited. As at the date of this annual report, China Life Private Equity Investment Company Limited is a wholly-owned subsidiary of China Life Insurance, a substantial Shareholder (as defined in the Listing Rules).

Ms. Zhang Leidi worked in Roland Berger Strategy Consultants from July 2003 to February 2010, where she successively worked as consultant, senior consultant and project manager. From March 2011 to September 2011, she worked as a part-time consultant in Roland Berger Strategy Consultants. From October 2011 to September 2016, Ms. Zhang Leidi worked in China Life Investment Holdings Co., Ltd.（國壽投資控股有限公司）, where she successively worked as senior manager, investment director and senior investment director of the direct investment department. Since October 2016, Ms. Zhang Leidi has worked in China Life Private Equity Investment Company Limited, successively working as managing director, chairperson of management committee and vice-president (presiding over the work)（副總經理（主持工作））, secretary of party committee (黨委書記) and general manager (總經理).

# BIOGRAPHICAL DETAILS OF DIRECTORS

## NON-EXECUTIVE DIRECTORS *(Continued)*

From March 2019 to April 2022, Ms. Zhang Leidi was a director of Bloomage Biotechnology Corporation Limited (華熙生物科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688363)); from March 2020 to May 2023, Ms. Zhang Leidi was a director of Nanjing Vazyme Biotech Co., Ltd. (南京諾唯贊生物科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688105)); from September 2020 to August 2023, Ms. Zhang Leidi was a director of Shanghai United Imaging Healthcare Co., Ltd. (上海聯影醫療科技股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 688271)); and since November 2022, Ms. Zhang Leidi has been a non-executive director of Biocytogen Pharmaceuticals (Beijing) Co., Ltd. (百奧賽圖(北京)醫藥科技股份有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 02315)).

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Yu Xuezhong ("Mr. Yu")**, aged 67, has been appointed as an independent non-executive Director since June 2015. Mr. Yu is also a member of each of the Nomination Committee and the Remuneration Committee. Mr. Yu has profound knowledge and extensive experience in teaching, scientific research and clinical experience in emergency medicine. Mr. Yu is currently an assistant to the medical superintendent, a professor in emergency medicine and a supervisor of the emergency medicine division of Peking Union Medical College Hospital (北京協和醫院). He is also the chairman of 中國醫師協會急診醫學分會 (in English for identification purpose only, The Society of Emergency Medicine of Chinese Medical Doctor Association) and the chairman of 中華醫學會急診醫學分會 (in English for identification purpose only, The Society of Emergency Medicine of Chinese Medical Association). Mr. Yu graduated from The Fourth Military Medical University (第四軍醫大學) in 1984. He obtained a master degree in medicine from 中國協和醫科大學 (in English for identification purpose only, China Union Medical University) (now known as Peking Union Medical College (北京協和醫學院)) in 1991.

**Dr. Xu Weiguo ("Dr. Xu")**, aged 73, has been appointed as an independent non-executive Director since 31 March 2021. Dr. Xu is also a member of each of the Audit Committee and the Nomination Committee.

Dr. Xu has solid theoretical foundation and profound practical experience in clinical medicine and hospital management. Dr. Xu is a former dean of the Xinhua Hospital affiliated to Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院附屬新華醫院). He has also been a doctoral adviser of Shanghai Jiao Tong University.

Dr. Xu was formerly a director of the Graduate School of Strategic Management of China Hospital Development Institute (中國醫院發展研究院醫院戰略管理研究所), the chairman of Health Management Branch of China Association of Medical Equipment (中國醫學裝備協會健康管理分會), a researcher of the Academic Committee of China Academy of Management Sciences (中國管理科學研究院學術委員會), a researcher of the Health Policy Research Center of Shanghai Jiao Tong University (上海交通大學衛生政策研究中心), a member of the Academic Committee of the Research Center for Healthcare Management of School of Economics and Management of Tsinghua University (清華大學經濟管理學院醫療管理研究中心學術顧問委員會) and a final evaluation expert of 2009年中華醫學科技獎 (in English, for identification purpose only, the "2009 Chinese Medical Science and Technology Award").

# BIOGRAPHICAL DETAILS OF DIRECTORS

## INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Dr. Xu was awarded 中國醫院「先聲杯」優秀院長 (in English, for identification purpose only, the "Xian Sheng Cup" – "Outstanding Dean of Hospitals in China") by the Chinese Hospital Association (中國醫院協會) in 2010 and 「華仁杯」2011最具領導力中國醫院院長 (in English, for identification purpose only, the "Hua Ren Cup 2011 – Dean of Best Leadership of Hospitals in China") by the China Hospital CEO Magazine (中國醫院院長雜誌社) in 2011.

Dr. Xu graduated from Harbin Medical University (哈爾濱醫科大學) in 1980 and obtained a master's degree in medicine from Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院) (formerly known as Shanghai Second Medical University (上海第二醫科大學)) in 1993 and the doctoral degree in management from Tongji University (同濟大學) in 2004. Dr. Xu was qualified as a Chief Physician by Shanghai Jiao Tong University School of Medicine (formerly known as Shanghai Second Medical University) in 2000.

**Mr. Han Wenxin ("Mr. Han")**, aged 50, has been appointed as an independent non-executive Director since 15 August 2022. He obtained a degree of Bachelor of Arts from the University of International Relations in July 1997 and obtained a degree of Master of Science in International Business from the University of Nottingham in December 2007. Mr. Han has been the chairman of CCD Strategy Limited since September 2019. Mr. Han has also been the executive director of Shanghai Hehuang Medical Technology Co., Ltd. since December 2020. Mr. Han is a vice chairman of Hainan Saint Apricot Medical Development Foundation.

**Mr. Chan Wai Kan ("Mr. Chan")**, aged 67, was appointed as an independent non-executive Director on 15 December 2023. He subsequently took on the role of chairman of the Audit Committee on 1 January 2024, and became a member of the Remuneration Committee on 12 January 2024.

Mr. Chan holds a Bachelor of Science degree in Economics and Accountancy from City, University of London, and a Master of Business Administration from The Chinese University of Hong Kong. He is a member of both the Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants.

Mr. Chan currently serves as an executive director at Shui On Investment Company Limited. Additionally, since 1 September 2023, he has held the position of non-executive director at SOCAM Development Limited, a company listed on the Main Board of the Stock Exchange (stock code: 983).

With over three decades of experience in financial management, Mr. Chan has successfully held senior management positions across diverse industries, including real estate development and investment, toy development and marketing, and magazine publishing.

# BIOGRAPHICAL DETAILS OF DIRECTORS

## INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

**Mr. Cheung Ka Ming ("Mr. Cheung")**, aged 63, was appointed as an independent non-executive Director on 15 December 2023. He was also appointed as the chairman of the Remuneration Committee on 1 January 2024 and a member of the Audit Committee on 12 January 2024.

Mr. Cheung received a Bachelor of Science degree from the University of Hong Kong in 1983 and a Master of Business Administration from the City University, London, United Kingdom in 1989. He is experienced in investment and financial services from his previous services in local and multinational financial institutions.

**Mr. Tsui Wing Cheong Sammy ("Mr. Tsui")**, aged 60, was appointed as an independent non-executive Director on 15 December 2023. He was also appointed as a member of the Nomination Committee on 12 January 2024.

Mr. Tsui obtained a Master of Business Administration from The Chinese University of Hong Kong. He was also a mentor in the HKU Media Mentorship Program at the Journalism and Media Studies Center of the University of Hong Kong.

Mr. Tsui founded China Tech Global Limited (now known as China Tech Global (Holdings) Limited) ("**China Tech**") in 2014 and then started to run the sanitizing business under BioEm Air Sanitizing Technology Company Limited, which is a subsidiary of China Tech. Mr. Tsui founded Golden Wealth Technology Limited ("**Golden Wealth**") in March 2020, and Golden Wealth became the SenseTime innovation partner and the distributor in Hong Kong and Macau of SenseTime Group Limited. Golden Wealth is engaged in provision of artificial intelligence solutions. The clients of Golden Wealth include Disciplined Services and major infrastructures in Hong Kong.

Mr. Tsui was appointed as an executive director and deputy chief executive officer of Celestial Asia Securities Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1049), with effect from October 2013 and was appointed as the chief executive officer of Celestial Asia Securities Holdings Limited with effect from January 2014 to July 2014. Mr. Tsui was an executive director and the chief executive officer of China Outdoor Media Group Limited (now known as National United Resources Holdings Limited), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 254), from April 2011 to September 2013.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SCOPE AND REPORTING PERIOD

This Environmental, Social, and Governance ("ESG") Report is presented by Town Health International Medical Group Limited (hereinafter referred as the "Company", and together with its subsidiaries referred as the "Group"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide contained in Appendix C2 to the Listing Rules.

The Group is principally engaged in (i) provision of medical and dental services in Hong Kong; (ii) managing healthcare networks and provision of third party medical network administrator services in Hong Kong; (iii) provision of medical and dental services, as well as hospital management and related services in the PRC; and (iv) others including leasing of properties.

This ESG report covered the overall environmental and social performances of its business operations in:

(i) the headquarter office in Shatin, Hong Kong;

(ii) the back office in Sheung Wan, Hong Kong;

(iii) the medical centres of Town Health Healthcare Services Limited in Hong Kong;

(iv) the office and medical centres of Hong Kong Medical Consultants Limited in Hong Kong; and

(v) the office of the hospital management and medical services business in Nanyang Xiangrui of the PRC.

The reporting period covered from 1 January 2024 to 31 December 2024 (the "Reporting Period"). The above business operations contributed to approximately 98% of the Group's revenue for the Reporting Period. Other operations that have no significant contribution to the Group's revenue, and environmental and social impacts are excluded from the reporting scope.

## SCOPE AND REPORTING PERIOD *(Continued)*

### Reporting Principles

In the preparation of this ESG report, the Group has adhered to the following reporting principles:

**Materiality:** A description of the Group's materiality assessment process can be found in the section headed "Stakeholder Engagement and Materiality" in this ESG report. It outlines the way the Group identifies, prioritises and validates material issues, including how the Group takes key stakeholders' views into account.

**Quantitative:** The details of how the Group quantifies the ESG data in relation to emissions/energy consumption can be found in the respective section below.

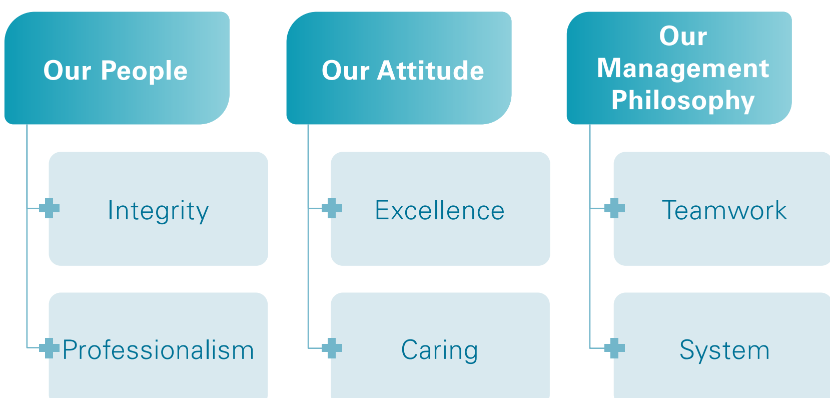
**Balance:** Performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgments.

**Consistency:** Consistent methodologies are employed for a meaningful comparison, using year-on-year data.

## THE GROUP'S MISSION AND VISION ON SUSTAINABILITY

The Group aims to maintain its leading position in Hong Kong medical network market. It believes that the pursuit of innovation is an important factor leading to a successful business, while a steady growth of business can support its staff and community in return. To achieve this goal, the Group would maintain good relationship with its stakeholders and at the same time implement responsible corporate governance policies to pursue sustainable business growth. As a leader in the medical field, the Group will do its best to fulfil its corporate social responsibility and be responsible to individuals, the community and the environment.

The Group's value lies in its people, its attitude and its management philosophy as shown below.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## THE GROUP'S MISSION AND VISION ON SUSTAINABILITY *(Continued)*

The board of directors ("Board") of the Company attaches great importance to the appropriate and effective ESG risk management and internal control. The Board reviews ESG performances and identifies related risks annually.

## THE BOARD'S STATEMENT

The Board recognises its responsibility to drive, evaluate and enhance ESG performance across the Group's operations. It assesses, prioritises, and manages material ESG-related issues based on a materiality assessment conducted by an external professional party. In 2021, environmental targets were established to reduce emissions, waste, energy and water consumption, ensuring the Group's overarching environmental protection goals are met. The Board believes these targets will lead to significant environmental improvements and support business growth.

Annually, the Board reviews the Group's ESG performance, management, and targets through meetings to ensure the effectiveness of implemented measures. To track progress toward ESG-related goals, the Board has implemented a comprehensive measurement system to oversee data collection and ensure the accuracy and reliability of ESG data. During the Reporting Period, the Group's ESG performance was compared against historical data, and baselines were established to measure progress toward targets. The conclusions of the Board's review on environmental targets are detailed in the relevant sections under "A. Environmental" in this ESG report.

## THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY

The Group recognises its impact on the society and environment. Therefore, upon compliance with laws and regulations, it adheres to the highest standards of corporate social responsibility in its business. Aligned with the Group's vision on sustainability, it is committed to protecting the environment, caring for staff and serving the community.

### Protecting the Environment

The Group understands that its business operation contributes to significant consumption of natural resources and the waste it releases pose threat to public health and the environment if handled improperly. It strives to protect the environment, reduce carbon emission and establish a green office by implementing various energy saving, water saving and waste reduction initiatives.

### Caring for Staff

The Group treasures its staff as its great assets. Promoting harmonious relationships and environment at workplace is of paramount importance to the Group. Not only does the Group provide attractive remuneration package, but it also maintains a safe working environment, builds positive cultures, provides equal opportunities and respect its employees.

## THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY

*(Continued)*

### Serving the Community

The Group recognises the importance of serving the underprivileged community and nurturing our next generation. It pledges to support local charity organisations through partnership with local charity organisations, donations and active participation in voluntary services. It also focuses on supporting organisations that enhance personal development and growth of youth to nurture young leaders for future generation.

### Stakeholder Engagement and Materiality

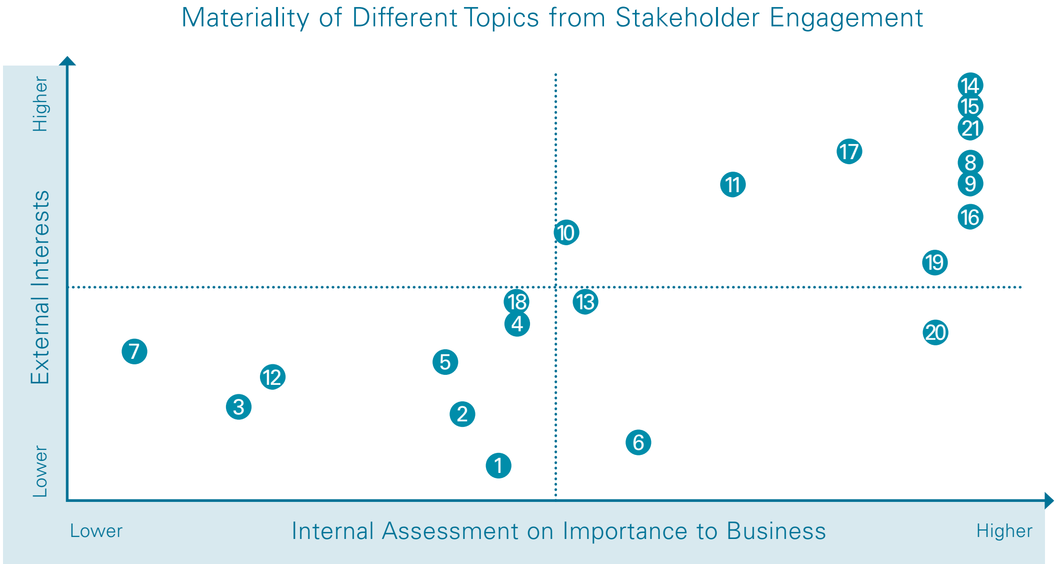
The Group values relationships with its employees, shareholders, investors, customers and suppliers. It believes that feedback from stakeholders helps to improve its business performance and bring insight to its future development. By communicating with stakeholders in a timely manner, the Group collects constructive feedback from stakeholders and builds shareholder and investor confidence. Stakeholders are engaged through regular meetings, regular performance review, appraisals and surveys.

During the Reporting Period, the Group has specifically engaged internal and external stakeholders, including the Board members, frontline staff, patients and suppliers to provide feedback on the materiality of the 21 ESG aspects for the Group's operation.

| Environmental | Social | Others |
|---|---|---|
| 1 Energy | 8 Employment | 19 Pharmaceuticals Handling |
| 2 Water | 9 Occupational Health and Safety | 20 Medical Advertising |
| 3 Air Emission | 10 Development and Training | 21 Safety and Hygiene in Medical Centres |
| 4 Waste and Effluent | 11 Labour Standards | |
| 5 Other Raw Materials Consumption | 12 Supply Chain Management | |
| 6 Environmental Protection Policies | 13 Intellectual Property Rights | |
| 7 Climate Change | 14 Data Protection | |
| | 15 Customer Service | |
| | 16 Product/Service Quality | |
| | 17 Anti-corruption | |
| | 18 Community Investment | |

## THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY

*(Continued)*




According to the materiality assessment, the five most material aspects to the Group are:

- Data Protection
- Customer Service
- Safety and Hygiene in Medical Centres
- Employment
- Occupational Health and Safety

The top material topics during the Reporting Period were all social topics or other topics related to medical practices. In terms of the identified material aspects, the Group has strictly adhered to the statutory requirements. The Group will continue to identify areas for improvement in the relevant aspects and will maintain close contact with its stakeholders in order to share and exchange ideas for advancing the Group's ESG management.

### Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please send to the Group via its email at enquiry@townhealth.com.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL

To cope with the global climate change challenge, the Group puts significant effort on environmental protection and reduction of greenhouse gas ("GHG") emissions. Although there was no specific policy adopted in relation to air and GHG emissions, discharges to water and land and generation of hazardous and non-hazardous waste, the Group has developed a guidance memorandum regarding environmental protection practices, which is reviewed regularly and delivered to staff through email. The Group mainly consumed electricity, water and paper and generated clinical waste, expired medication waste and paper waste during the Reporting Period.

The Group strives to comply with all relevant environmental laws and regulations that are applicable to its business operation. Its business does not involve in the production-related air, water or land pollutions which are regulated under the laws and regulations of Hong Kong and the PRC. There was no material non-compliance relating to air and GHG emissions, discharges into water and land and generation of hazardous and non-hazardous waste during the Reporting Period.

In 2021, environmental targets on emission and waste reduction, and energy and water consumption reduction have been originally established to ensure that the Group's overall objectives in environmental protection would be fulfilled. As these targets were mostly achieved in 2023, the targets and progress performance have been reviewed by the Board and the management, and new targets have been established during the Reporting Period.

### A1. Emissions

*A1.1 Air Emissions*

Petrol and diesel were used in private cars for business meetings and travels, which contributed to the emission of 0.17 kg of sulphur oxides ("SOx"), 92.40 kg of nitrogen oxides ("NOx"), and 7.04 kg of respiratory suspended particles ("RSP") during the Reporting Period[1].

| Air Emissions (in kg) | 2024 | 2023 | 2022 |
|---|---|---|---|
| SOx | 0.17 | 0.19 | 0.32 |
| NOx | 92.40 | 116.61 | 269.55 |
| RSP | 7.04 | 8.59 | 22.15 |

Note: There was no change to the calculation methodologies used in 2022, 2023, and 2024.

Indoor Air Quality

Although the Group's operation was not involved in the emissions of air pollutants, it strives to enhance indoor air quality for the health of employees, patients, clients and all visitors. The Group has set up air purifiers at its clinics and the filter is replaced regularly throughout the year. Antimicrobial coating was also applied to surfaces of the clinics to minimise the risk of bacterial cross infection.

1 Emission factors were made by reference to Appendix C2 to the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL *(Continued)*

### *A1.2 Greenhouse Gas Emissions*

| Scope of GHG Emissions | Emission Sources | Emission in 2024 (in tonnes of carbon dioxide equivalent "$tCO_2e$") | Emission in 2023 (in "$tCO_2e$") | Emission in 2022 (in "$tCO_2e$") |
|---|---|---|---|---|
| **Scope 1 Direct Emission** | Combustion of fuel for mobile sources – Petrol | 14.97 | 27.04 | 39.01 |
| | Combustion of fuel for mobile sources – Diesel | 15.24 | 3.39 | 18.25 |
| **Scope 2 Energy Indirect Emission** | Purchased electricity | 1,070.58 | 1,975.57 | 1,220.53 |
| **Scope 3 Other Indirect Emission** | Paper waste disposal at landfills | 66.24 | 0.14 | 15.91 |
| | Electricity used for freshwater processing | 1.54 | Nil | 1.59 |
| | Electricity used for sewage processing | 0.76 | Nil | 0.78 |
| | Business air travel by employees | 2.03 | Nil | Nil |
| **Total (in $tCO_2e$)** | | 1,171.36 | 2,006.14 | 1,296.07 |
| **Emission Intensity (in $tCO_2e$/million HKD)** | | 0.64 | 1.09 | 0.84 |

Note 1: Emission factors were made by reference to Appendix C2 to the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.

Note 2: Emission factor for purchased electricity from the National Grid of the PRC was made with reference to the National Emission Factors for Mainland China, outlined by the Ministry of Ecology and Environment of the PRC. Emission factor of 0.5810 $tCO_2e$/MWh was used for purchased electricity from the National Grid of the PRC in 2022. Emission factor of 0.608 $tCO_2e$/MWh was used for purchased electricity from the National Grid of the PRC in 2023. Emission factor of 0.5366 $tCO_2e$/MWh was used for purchased electricity from the National Grid of the PRC in 2024.

Note 3: Electricity and water consumption of some clinics were not included in the calculation as relevant data was managed by the facility office and the data was not available to the Group.

Note 4: $CO_2$ emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.

Note 5: There was no change to the calculation methodologies used in 2022, 2023, and 2024.

The Group's activities contributed to 1,171.36 $tCO_2e$, with emission intensity of 0.64 $tCO_2e$/million HKD, of the Group's total revenue, which included mainly carbon dioxide, methane, nitrous oxide and hydrofluorocarbons emissions during the Reporting Period.

## A. ENVIRONMENTAL *(Continued)*

*A1.3. Hazardous Waste*

The Group mainly involves in the provision of medical services, which generates clinical waste and expired medication from its operation. The Group complied with the Waste Disposal Ordinance, Chapter 354 of the Laws of Hong Kong and all applicable regulations and laws of Hong Kong and the PRC when handling and disposing of waste during the Reporting Period. A total of 0.602 tonnes of hazardous waste[2] were generated during the Reporting Period, which consisted of clinical waste (excluding expired medication). The overall hazardous waste generation intensity was 0.33 kg/million HKD of the Group's total revenue.

Clinical Waste

Clinical waste contributes to a large portion of the total waste generated from the Group's operation. The Group takes special caution in handling medical waste to minimise risks to public health and the environment. Guidelines on clinical waste management has been issued to all clinical staff. Employees in all clinic offices have been well trained to segregate the waste into the following groups:

| | |
|---|---|
| Group 1 | • Used or Contaminated sharps |
| Group 2 | • Laboratory Waste |
| Group 3 | • Human and Animal Tissues |
| Group 4 | • Infectious Materials |
| Group 5 | • Dressings |
| Group 6 | • Other Wastes |

Different types of clinical waste are placed in appropriate types of containers which are then sealed by proprietary closure or by tape. Wastes with body fluids such as tongue depressors have to be soaked with bleach before disposal at covered bins. All types of clinical waste are collected by licensed clinical waste collectors and the copies of trip tickets are kept for record. A total of 0.602 tonnes of clinical waste, representing an intensity of 0.33 kg/million HKD (2023: 0.43 kg/million HKD) of the Group's total revenue, was generated during the Reporting Period.

Expired Medication

The Group follows the "First In, First Out" method when storing and dispensing medicines to ensure that the oldest items are used first to prevent any wastage. The medication inventory is checked by assigned senior nurses every month in every individual medical centre. The products that past the expiration date or will expire in the next 60 days are kept in specific collection area and will be sent back to the headquarters' purchasing department for further handling, which will be collected by the regulatory body as chemical waste. During the Reporting Period, a total of 687.71 L and 130.89 kg of chemical wastes (2023: 20 L and 50 kg of chemical wastes) were collected by the regulatory body.

2 The total amount of hazardous wastes excluded the expired medication collected by regulatory body.

## A. ENVIRONMENTAL *(Continued)*

*A1.4. Non-hazardous Waste*

Non-hazardous waste from the Group's operation mainly comprises domestic waste, plastic waste, and other types of paper waste (such as newspaper or cardboard) from office operations. During the Reporting Period, the Group generated 10.92 tonnes of non-hazardous waste, with an intensity of 5.95 kg/million HKD of the Group's total revenue.

In addition, a total of 13.80 tonnes of office paper, with an intensity of 7.52 kg/million HKD (2023: 1.03 kg/million HKD) of the Group's total revenue, was disposed at landfills from office operations during the Reporting Period. Collection of non-hazardous waste is arranged by the property management companies of the premises.

*A1.5. Measures to Mitigate Emissions and Targets*

The Group keeps track of its fuel consumption, electricity consumption, water consumption, paper disposal at landfills and business air travels to estimate GHG emissions and strives to reduce related emissions whenever possible. The Group reduces its GHG emissions by reducing energy consumption whenever possible. The Group had targeted to achieve a 1% reduction in GHG emission by 2023, tracking against the GHG emission in financial year 2021. As this target was not achieved last year, the Group had revised its GHG emission reduction target to a 1% reduction in GHG emission by 2024, tracking against the GHG emission in financial year 2021.

Target Performance Review

| Indicator | 2021 baseline | 2024 Target | Reporting Period Performance | Progress |
|---|---|---|---|---|
| GHG emission | 1,389.69 $tCO_2e$ | 1,375.79 $tCO_2e$ | 1,171.36 $tCO_2e$ | Achieved |

Based on the above results, the Group has achieved the GHG emission reduction target to be achieved by 2024. The Board and the management have reviewed the target. The Group has set the target of 1% reduction in Scope 1 and Scope 2 emissions by 2026, whilst tracking against Scope 1 and Scope 2 emissions in financial year 2024. As disclosure requirements for Scope 3 GHG emissions will come into effect for 2025 ESG Report, the Group shall wait for detailed emissions figures from next reporting period before setting its reduction target for Scope 3 GHG emissions.

The Group will continue its effort in reducing GHG emission to maintain achievement of the newly established target.

## A. ENVIRONMENTAL *(Continued)*

*A1.6. Waste Reduction Initiatives and Targets*

The Group minimised radiology associated chemical waste by investing in digital radiology at the clinics to replace Silver Chloride coated plastic films. According to the memorandum regarding environmental protection practices, the Group encourages employees to implement the following initiatives:

- Printing double-sided;
- Adjusting margins and font size of documents, choosing multiple-page printing;
- Using the 'Print Preview' mode to ensure desired printing;
- Adopting electronic communication and document sharing to go paperless;
- Keeping soft copies of file documents rather than hard copies;
- Printing address on envelopes to reduce the use of labels;
- Folding and stapling internal non-confidential document to reduce the use of envelopes;
- Drying hands using handkerchiefs instead of tissue paper or dryer;
- Bringing personal mugs or cups to avoid use of disposable cups; and
- Compressing garbage to reduce the use of plastic bags.

Employees are also encouraged to reuse whenever possible, such as reusing envelopes, files, stationaries and tableware. As the Group had achieved its previous target of 1% reduction in waste by 2023 whilst tracking against the waste generation data in financial year 2021, the Group had set a new target of 1% reduction in waste by 2025 whilst tracking against the waste generation data in financial year 2023.

Target Performance Review

| Indicator | 2023 baseline | 2025 Target | Reporting Period Performance | Progress |
|---|---|---|---|---|
| Waste generation[3] | 2.73 tonnes | 2.70 tonnes | 11.52 tonnes | To be improved |

As the Group improved its tracking and recordkeeping of non-hazardous waste generation during the Reporting Period, this has resulted in a significant increase in the overall waste generation in comparison to baseline data from 2023. The Board and the management have reviewed the target, and have concluded that the baseline should be redefined to account for more complete tracking of generated waste by the Group. As such, the Group has set the target to reduce overall waste generation by 1% by 2026, whilst tracking against the waste generation data in financial year 2024.

The Group will enhance implementation of waste reduction measures and continuously monitor the waste reduction target.

[3] Waste generation includes hazardous waste (excluding expired medication) and non-hazardous waste (excluding office paper waste) generated.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL *(Continued)*

### A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources. The Group monitors and reviews potential environmental impacts in its operations. The Group also promotes green office and operation environment, and minimise the environmental impacts of the Group. To improve the efficiency of the use of resources in business operations, the Group has implemented various resource conservation initiatives in operations and encouraged behavioural changes of employees. Please refer to sections A2.2 and A2.4 of this report for detailed information on actions taken and policies implemented.

*A2.1. Energy Consumption*

The Group consumed a total of 2,658 MWh from petrol and diesel consumption in vehicle usage, as well as from electricity consumption in its daily operations during the Reporting Period. The energy consumption intensity during the Reporting Period was 1.45 MWh/million HKD of the Group's total revenue. The energy consumption details are presented below.

| Energy Consumption Sources | Use of Energy | Direct Consumption In 2024 | Consumption in 2024 (in MWh) | Consumption in 2023 (in MWh) | Consumption in 2022 (in MWh) |
|---|---|---|---|---|---|
| **Petrol** | For vehicles | 5,609 L | 54 | 77 | 130 |
| **Diesel** | For vehicles | 5,705 L | 60 | 13 | 66 |
| **Electricity** | For daily operation | 2,544 MWh | 2,544 | 3,083 | 2,819 |
| **TOTAL (in MWh)** | | | 2,658 | 3,173 | 3,015 |
| **Energy Consumption Intensity (in MWh/million HKD)** | | | 1.45 | 1.73 | 1.96 |

Note1: Emission factors were made by reference to Appendix C2 to the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.

Note 2: There was no change to the calculation methodologies used in 2022, 2023 and 2024.

## A. ENVIRONMENTAL *(Continued)*

*A2.2. Energy Use Efficiency Initiatives and Targets*

Energy consumption has a direct influence on the environment and operational costs. Various measures have been implemented by the Group to encourage energy conservation. The Group chooses electrical appliances with high energy efficiency and has installed automatic lighting devices to ensure that unnecessary lighting devices are switched off after office hours. Notices and reminders are regularly issued to staff to raise their awareness on their energy saving, reminders include:

- Maintaining the temperature of air conditioner at 25.5°C;
- Closing doors and windows when the air conditioner is turned on;
- Shutting down air conditioners, lights and other electronic devices when leaving office/meeting room;
- Using stairs rather than lifts, or choosing elevator that is nearest to your floor;
- Unplugging or disconnecting chargers and transformers when not in use;
- Switching off air conditioners, lights and all electronic equipment and devices when leaving office;
- Tuning brightness of monitors to the lowest comfortable setting;
- Setting computers to energy-saving modes; and
- Printing or photocopying in bulk to avoid frequent activation of printers from power saving mode.

When compared to that of the last reporting period, the energy consumption intensity has reduced by 16% mainly due to an overall reduction of energy consumption during the Reporting Period. As the Group had achieved its previous target of 1% reduction in energy consumption by 2023 whilst tracking against the energy data in financial year 2021, the Group has set a new target of 1% reduction in energy consumption by 2025 whilst tracking against the energy data in financial year 2023.

Target Performance Review

| Indicator | 2023 baseline | 2025 Target | Reporting Period Performance | Progress |
|---|---|---|---|---|
| Energy consumption | 3,173 MWh | 3,141 MWh | 2,658 MWh | In progress |

In terms of the reduction in the use of energy, the Group has already surpassed the target to be achieved by 2025. The Board and the management have reviewed the target and the Group will continue its effort in reducing energy consumption to maintain achievement of the target.

## A. ENVIRONMENTAL *(Continued)*

*A2.3. Water Consumption*

3,519 $m^3$ of water was consumed by the Group during the Reporting Period, with water consumption intensity of 1.92 $m^3$/million HKD (2023: 1.91 $m^3$/million HKD) of the Group's total revenue. Water consumption included only consumption from headquarter office and key medical centres that directly manage their water consumption data. Water consumption data of a few medical centres were managed by the Property Management Office of the buildings. Therefore, respective data was not available for collection. However, it is noteworthy that the water consumption from those medical centres was insignificant.

*A2.4. Water Use Efficiency Initiatives and Targets*

The Group regularly reminds its staff to conserve water resources through notices and reminders. To reduce water consumption, staff are reminded to:

- Cleaning containers only after the waste in containers has been disposed of;
- Controlling tap flow;
- Turning off tap while scrubbing with soap;
- Reporting any dripping taps or water leakage to relevant department promptly; and
- Using up all water in the bottle of water dispenser before exchange.

No issue in sourcing water that is fit for purpose had been identified during the Reporting Period. As the Group had achieved its previous target of 1% reduction in water consumption by 2023 whilst tracking against the water consumption data in financial year 2021, the Group has set a new target of 1% reduction in water consumption by 2025 whilst tracking against the water consumption data in financial year 2023.

Target Performance Review

| Indicator | 2023 baseline | 2025 Target | Reporting Period Performance | Progress |
|---|---|---|---|---|
| Water consumption | 3,501 $m^3$ | 3,466 $m^3$ | 3,519 $m^3$ | In progress |

In terms of water use reduction, the Group is currently lagging behind the target to be achieved by 2025. The Board and the management have reviewed the target. The Group will continue its effort in reducing water consumption, so as to endeavour to achieve the 2025 water use reduction target.

## A. ENVIRONMENTAL *(Continued)*

*A2.5. Packaging Materials*

Medicinal bottles, pill pouches, ointment jars, ointment bottles, dropper bottles and plastic bags have been used for packaging of medicine, pills or topical ointment. During the Reporting Period, the total pieces of packaging materials consumed were 2,632,345 pieces and the consumption intensity was 1,435.46 pieces/million HKD of the Group's total revenue. Since the weight of packaging materials were not recorded, the consumption amount was presented in unit of pieces.

| Type of Packaging Materials | Consumption in 2024 (pieces) | Consumption in 2023 (pieces) | Consumption in 2022 (pieces) |
|---|---|---|---|
| Pill pouches | 2,023,000 | 2,884,900 | 1,228,600 |
| Medicinal bottles | 366,000 | 522,450 | 162,050 |
| Plastic bags | 172,200 | 60,000 | 32,500 |
| Topical medicine jars | 50,145 | 70,100 | 63,128 |
| Topical medicine and drug bottles | 4,600 | 16,184 | 6,200 |
| Medicine spoons | 9,000 | 7,000 | 1,000 |
| Paper Packaging | 7,000 | 0 | 0 |
| Sample containers and measuring cups | 400 | 8,400 | 1,600 |
| Others (e.g. plastic card holders and paper bags) | 0 | 1,000 | 4,000 |
| Consumption TOTAL (pieces) | 2,632,345 | 3,570,034 | 1,499,078 |
| Consumption Intensity (pieces/ million HKD of total revenue) | 1,435.46 | 1,921.46 | 976.23 |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL *(Continued)*

### A3. The Environment and Natural Resources

*A3.1. Significant Impacts of Activities on the Environment*

The Group's operation does not cause significant adverse impacts on the environment. Healthcare activity inevitably generates waste and the Group is committed to managing clinical waste properly in accordance with applicable laws and regulations.

The Group believes that promoting environmental protection and enhancing environmental awareness could both reduce operating costs and create possible value to stakeholders of the Group. The Group strives to promote a "Green Office" culture in the offices and medical centres. It has implemented energy-saving initiatives focusing on the efficient use of air conditioners, lights and electronic devices and initiative for waste reduction. Guidelines on "Green Office" are sent to all the office staff and saved in common drive for reference. The Group required its staff to strictly abide by the guidelines on clinical waste management.

To reduce the environmental impact from packaging material use, the Group has started using iQ™ plant-based biopolymer, which is 100% certified by the United States Department of Agriculture ("USDA") and Japan Organics Recycling Association ("JORA"), for its drug plastic bags. iQ™ is derived from sustainably and responsibly sourced feedstock, and utilises starch which has been recovered from waste processing and industrial applications. Through adopting iQ™, the Group has not only decreased its usage of fossil-based plastic, but also reduced microplastic pollution in the environment as this material is biodegradable.

In addition, the Group uses AdBlue diesel exhaust fluid to reduce the environmental impact from diesel fuel consumption in its company vehicles, which works alongside selective catalytic reduction systems to reduce the emission of NOx from diesel engines.

The Group will continue to improve its environmental performances focusing on the abovementioned aspects.

# A. ENVIRONMENTAL *(Continued)*

## A4. Climate Change

Climate change-induced extreme weather events pose physical risks to healthcare facilities and can create challenges in serving affected populations. In addition, these events can lead to the spread of infectious diseases and cause food and water scarcity, which could have material implications for the health care delivery industry. The Group has no policy regarding climate change but it was aware of the physical and inherent transition risks caused by changing policies and strategies in response to climate change. The climate risks identified and their potential financial impacts affecting the Group are shown below.

| | Climate Risks | Potential financial impact |
|---|---|---|
| Physical Risks | Acute | Extreme weather events with increased severity during cyclones, hurricanes, storm surges and floods can cause supply chain interruption by bringing damage to healthcare facilities, disruption to human resources and disruption to delivery of services to patients. |
| | Chronic | Longer-term shifts in climate patterns can increase capital costs, operating costs, costs of human resources and insurance premium. |
| Transition Risks | Policy and Legal | Implementation of tightened environmental laws may increase the cost of energy and water, which could increase the compliance costs and operating costs of health care centres. |
| | Technology | Investments in new technologies such as energy-efficient equipment and infrastructure will reduce the Group's carbon footprint and maintain competitiveness in the healthcare delivery industry. Failure to adopt new technologies could result in increased costs and reduced efficiency. |
| | Market | Increased competition from companies with better environmental and sustainability performance could lead to loss in market share and revenue. |
| | Reputation | Failure to adequately address climate change risks could damage the Company's reputation and lead to a loss of investor confidence. Negative publicity related to environmental issues could impact the Company's brand and customer loyalty. |

## A. ENVIRONMENTAL *(Continued)*

### A4. Climate Change *(Continued)*

The Group is aware of the potential impacts brought by the above identified risks to its operation. It remains adaptive to changes and believes that such risks can spark innovation among businesses and bring about a smooth transition to a low-carbon economy. The Group has taken the following actions to mitigate climate risks:

- Regularly reminds employees to avoid unnecessary use of energy, water, paper and plastic through the circulation of its guidance memorandum regarding environmental protection practices;
- Monitors the latest regulatory and legal risks related to climate change;
- Explores new technologies and solutions to reduce its carbon footprint and increase energy efficiency; and
- Monitors changes in consumer behaviour and preferences related to sustainability to ensure the Group's competitiveness and responsiveness to market trends.

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in $tCO_2e$), total GHG emissions (in $tCO_2e$) and the GHG emission intensity (in $tCO_2e$/million HKD) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions" of this report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL

### 1. Employment and Labour Practices

*B1. Employment*

During the Reporting Period, the Group complied with all applicable employment and labour related laws and regulations of Hong Kong and the PRC including but not limited to:

- The Employment Ordinance, Chapter 57 of the Laws of Hong Kong;
- The Minimum Wage Ordinance, Chapter 608 of the Laws of Hong Kong;
- The Employees' Compensation Ordinance, Chapter 282 of the Laws of Hong Kong;
- The Occupational Safety and Health Ordinance, Chapter 509 of the Laws of Hong Kong; and
- The Labour Law of the PRC.

No non-compliance relating to compensation and dismissal, recruitment and promotion, working hours and rest periods or other benefits and welfare were found during the Reporting Period.

The Remuneration Committee was formed and is responsible for formulating remuneration policies and recommending specific remuneration packages of all directors and senior management to the Board for approval. The Group has implemented policies on recruitment, training, equal opportunity and occupational health and safety. Details of the policies are discussed in relevant sections below. There were no specific policies for remuneration, benefits, promotion and dismissal. However, terms regarding remuneration and benefit packages were clearly stated on employment contracts, employees' performances were reviewed annually. Promotion opportunities were provided to capable employees if there is any available superior post. Dismissal procedures were in compliance with all applicable labour laws and regulations of Hong Kong and the PRC.

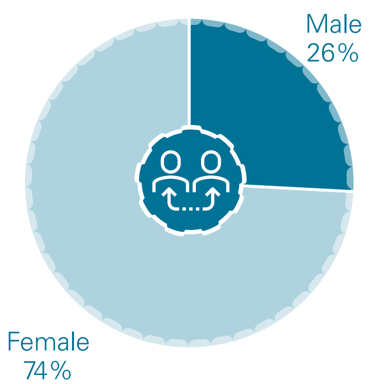
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL *(Continued)*

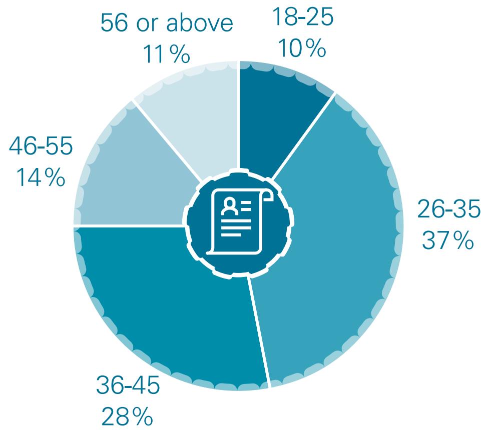
Total Workforce

The Group had a total of 1,279 employees as of 31 December 2024, 89% of them were full time employees and 11% of them were part time employees. Details of the employees' distribution are shown below.

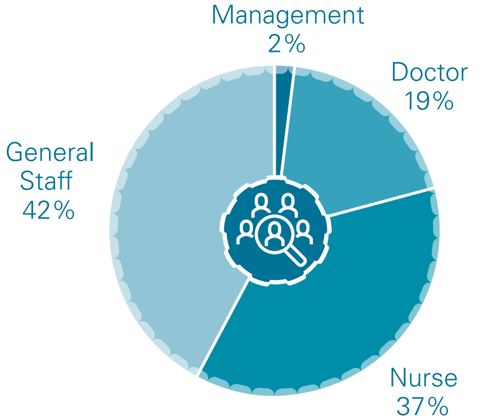
**Total Workforce by Gender**



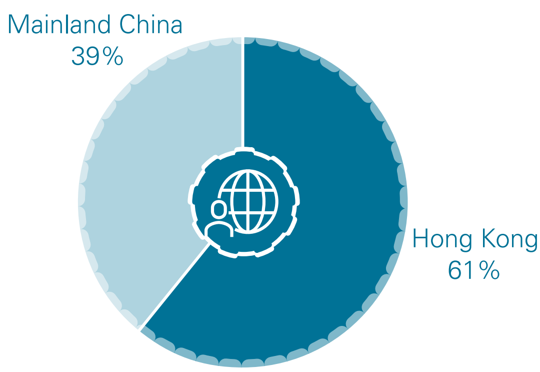

**Total Workforce by Age Group**




**Total Workforce by Employment Category**



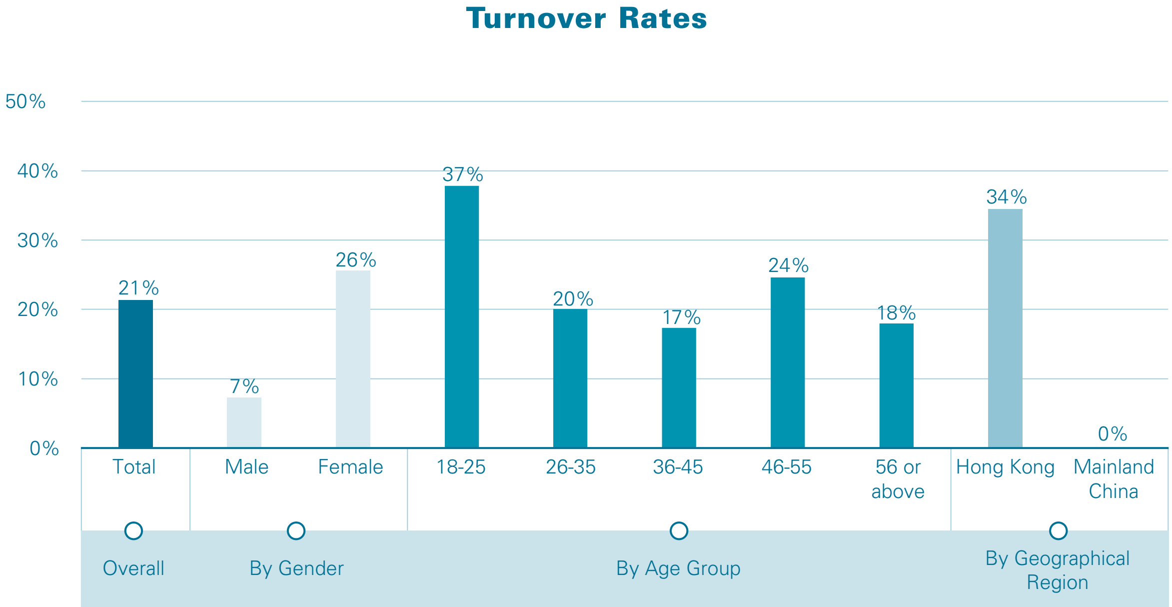

**Total Workforce by Geographical Region**




The total number of employees of the Group as shown in the Group's Annual Report 2024 was 1,441 as it includes the number of visiting doctors and specialists of the Group, personal data of whom was not collected.

## B. SOCIAL *(Continued)*

During the Reporting Period, a total of 267 employees left the Group. The overall turnover rate was 21%[4]. The employee turnover rates by category[5] are shown below.




Recruitment

There are various channels for recruitment, both internal and external, including but not limited to online job boards, referrals, headhunting agencies, internal recruitment, etc. The human resources department is responsible for the collection of application materials and conducts preliminary screening according to the job requirements of the position – including personal basic information, work-related knowledge background, work skills, work experience, physical fitness, etc. All new employees are required to sign the "Labour Contract" and relevant legal documents.

4 The overall turnover rate was calculated by the employees who left the Group within the Reporting Period/the total number of employees as of 31 December of the Reporting Period*100%.

5 The turnover rates were calculated by the employees who left the Group in a specific category within the Reporting Period/the total number of employees in a specific category as of 31 December of the Reporting Period*100%.

## B. SOCIAL *(Continued)*

Employee Benefits and Welfare

The Group offers competitive remuneration, promotion opportunities, and benefit packages to attract and retain talents. Working hours, remuneration and compensation packages are clearly stated in the employment contract. Employees are entitled to mandatory provident fund, medical insurance and body check programme. Dental specialists who are at higher risk of injury are offered with specific insurance plans to enhance their protection. On top of statutory holidays, different types of paid leave, including annual leave, sick leave, maternity leave, paternity leave, compensation leave, compassionate leave, injury leave, birthday leave and long service leave, are provided. To promote healthy work life, staff who have worked for two years or above, except contract and part-time staff, are provided with free annual health check.

Equal Opportunity

The Group is committed to providing equal opportunities throughout employment, including in the remuneration, recruitment, training and promotion of staff. It is committed to ensuring that no employee receives less favourable treatment or is unlawfully discriminated against on grounds of ethnic background, nationality, religion, colour, age, gender, sexual orientation, marital status, family status, disability or pregnancy. The Group appreciates the importance of cultural diversity at workplace and respect every employee. During the Reporting Period, the Group complied with all relevant laws and regulations of Hong Kong and the PRC including:

- The Sex Discrimination Ordinance, Chapter 480 of the Laws of Hong Kong;
- The Disability Discrimination Ordinance, Chapter 487 of the Laws of Hong Kong;
- The Family Status Discrimination Ordinance, Chapter 527 of the Laws of Hong Kong;
- The Race Discrimination Ordinance, Chapter 602 of the Laws of Hong Kong;
- The Labour Law of the PRC;
- The Employment Promotion Law of the PRC; and
- The Law on the Protection of Persons with Disabilities of the PRC.

During the Reporting Period, there was no non-compliance relating to equal opportunity, diversity, and anti-discrimination.

## B. SOCIAL *(Continued)*

Communication with Employees

Effective communication is crucial for collaboration. In daily operation, staff communicates closely through channels including email, clinic office phone or text message. Internal meetings are held regularly to facilitate status reporting, problem solving and performance evaluation. Through meetings, new instructions and guidelines are also developed and delivered to all levels of employees.

Appraisal is conducted regularly to provide a means for discussing, planning and reviewing the performance of employees, from senior management to frontline staff. In the appraisal reports, appraisers assess if employees' performances are aligned with its corporate values. Appraisees are also invited to comment on the appraisers' assessment results, which facilitates two-way communication and evaluation.

To show appreciation of employees' devotion to the Group, an award of Outstanding Customer Service is presented yearly to the staff who provided quality services. The Group has also formulated the Salary Increment Guideline to manage the salary of the employees. The Group would adjust the ranking and salary of the employees based on employees' appraisal, job responsibility and performance, and other factors. Gathering events are also regularly organised to promote healthy lifestyle and encourage interaction among staff.

*B2. Employee Health and Safety*

The Group values health and safety as of paramount importance and endeavours to provide safe working environment to all employees. During the Reporting Period, the Group complied with the Occupational Safety and Health Ordinance, Chapter 509 of the Laws of Hong Kong and other applicable laws of the PRC.

The Group implemented strict preventive and control measures to protect employees and patients from contamination, infections and accidents. Employees must put on personal protective equipment ("PPE"), including protective gown, surgical masks, protective goggles and gloves when engaging in medical treatment and disinfection procedures. In case of injuries or accidents, especially in the dental offices, the Group arranges specific medical attention for the injured employees. Medical treatment machines and equipment are protected with disposable covers before use and properly sterilised after use. The Group has established guidelines for handling and disposing of clinical wastes in order to reduce cross infection.

## B. SOCIAL *(Continued)*

Training and Occupational Safety Guidelines are provided to new employees to instruct them the proper use of PPE for infection control, proper handling of sharp equipment and safe lifting technique to prevent workplace injury. Briefing, news, reminders and tips are regularly provided to various employees to raise their awareness, refresh their knowledge, and practice using treatment related equipment and machines. The Group also regularly reviews the employees' health and safety procedures to safeguard employees' well-being.

The occupational health and safety data during the Reporting Period is shown below. The work injury cases were mainly fall from height. The cases have been followed up and evaluated to avoid recurrence. The management will continue to put effort in strengthening the Group's occupational health and safety performance. There were no work-related fatalities in the past three years including the Reporting Period.

Occupational Health and Safety Data

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Work related fatality | 0 | 0 | 0 |
| Work related fatality rate | 0% | 0% | 0% |
| Work injury cases >3 lost days | 3 | 7 | 3 |
| Work injury cases ≤3 lost days | 7 | 14 | 7 |
| Lost days due to work injury | 109.6 | 225.5 | 18.5 |

## B. SOCIAL *(Continued)*

*B3. Development and Training*

The Group acknowledges the importance of providing opportunities for training and development. The Group maintains the professional skills of the employees by providing opportunities for continuing professional development, education and training. Training programmes provided by the Group are customised to suit its business needs and to equip employees with practical knowledge and skills needed.

During the Reporting Period, the Group provided internal training to its staff covering topics of anti-corruption, occupational health and safety, fire safety, communication in healthcare and other professional knowledge in the healthcare sector.

334 New Joiner Training (3+3+4 Weeks)

Every employee needs to attend the 334 New Joiner Training organised by the Group to be familiarised with the necessary knowledge, technical skills and procedures. The training lasts for 10 weeks and employees will be examined after training to ensure that they have acquired necessary knowledge and have met the professional standards. Existing employees are also provided with reinforcement training to enhance operational efficiency. During the Reporting Period, 380 employees had received training with a total training hour of 1,801.55 hours.

Overall Training Data of the Group

| | | Percentage of Employees Trained | Average Hours of Training Received by Each Employee |
|---|---|---|---|
| **Overall** | **Group total** | 30% | 1.41 |
| Employee Category | **Management** | 90% | 5.89 |
| | **Doctors** | 0.4% | 0.10 |
| | **Nurse including Health Care Assistants ("HCA")** | 23% | 2.63 |
| | **General staff** | 46% | 0.71 |
| **Gender** | **Male** | 13% | 0.58 |
| | **Female** | 35% | 1.69 |

*Note 1:* The above training data only included internal training provided by the Group during the Reporting Period. External training data was not collected.

## B. SOCIAL *(Continued)*

Basic Customer Service Training for Health Care Assistants

The Basic Customer Service Training enables HCAs to understand the rationale for delivering quality customer services and ways to upgrade the Group's customer services in the aspects of HCAs' physical and oral manners, attitudes, diplomacy, and sensitivity. Apart from delivering relevant knowledge and skills, the training facilitates case discussions which better prepare HCAs to face future challenges.

*B4. Labour Standards*

The Group is committed to forbidding unlawful employment, including child and forced labour. The human resources department strictly abides by the Group's recruitment guidelines throughout the recruitment process. To avoid child or forced labour, the Group will verify all potential candidates' identities by checking their identity cards and relevant certificates before it provides an offer to the suitable candidates. The Group's employment contracts have stipulated clearly the terms regarding employee work hours, rest and leave entitlement, labour protection and working conditions have been stipulated clearly on the employment contract. Candidates suspected to have false academic qualifications and work experience will not be employed. If child or forced labour is discovered in the Group's operation, the Group will immediately terminate contract with such labour. The management of the Group reviews its measures implemented on labour standards regularly to ensure effectiveness of its management approach.

During the Reporting Period, employees who practise medicine and surgery have registered with the Medical Council of Hong Kong in accordance with the provisions of the Medical Registration Ordinance, Chapter 161 of the Laws of Hong Kong; and employees who practise dental treatment have registered with the Dental Council of Hong Kong under the Dentists Registration Ordinance, Chapter 156 of the Laws of Hong Kong. There was no child nor forced labour employed in the Group's operations, and there was no non-compliance with laws and regulations relating to prevention of child and forced labour during the Reporting Period.

### 2. Operating Practices

*B5. Supply Chain Management*

Supply chain management is a crucial component of the Group's quality control. The Group is highly attentive to the reputation and reliability of its pharmaceutical product suppliers. Although it does not have specific policy for procedures of procurement and the management of the environmental and social risks of its supply chain, it evaluates how its suppliers deal with social and environmental issues and ensures that suppliers and its business partners comply with local and international standards on pharmaceutical products to minimise environmental and social risks along its supply chain. Evaluation of suppliers were based on suppliers' background, qualification, performance history and feedback from customers. Quality and safety of the products are ensured through certifications and qualifications from its suppliers.

## B. SOCIAL *(Continued)*

To identify environmental and social risks along its supply chain, the Group also engages with its suppliers to understand their practices and ensure they align with its own standards. The Group monitors industry trends and best practices to identify areas where it may need to improve its own practices. To implement and monitor these practices, the Group maintains regular monitoring to ensure compliance with its standards and identify areas for improvements. The Group also welcomes stakeholders' feedback and raise concerns related to its supply chain practices. When selecting suppliers, the Group will consider environmentally preferable products and services from suppliers. Preference is placed to suppliers providing environmentally preferable products and services.

The Group seeks two or more quotations from different suppliers to compare in terms of cost, quality and goodwill in the market before confirmation of engagement. Engagement of suppliers, including but not limited to annual supplier engagement, renewal of suppliers' contract, and establishing new agreement with suppliers, requires reviewal and approval from the relevant head of department and the management. This ensures that selected suppliers have undergone complete evaluation of the Group before engagement. These practices have been implemented across the Group and are monitored from time to time. The Group has implemented the abovementioned practices and monitored the suppliers from time to time. The management of the Group monitor and review the practices on supply chain management regularly to ensure that the Group's suppliers are effectively monitored and risks along the Group's supply chain are identified.

If a complaint regarding product quality is received, the Group will immediately conduct an internal investigation to identify the supplier of the substandard product' and the reason causing the complaint. The associated supplier will be disqualified if their product is found to be possessing high environmental or social risks.

To manage pharmaceutical purchasing and medication inventory accurately and efficiently in both the warehouse and clinic offices, the Group developed a customised real-time registration system for its operations. Purchased pharmaceuticals are registered with traceable suppliers and their distribution information are shown clearly in the registration system. Stock inventory review is also carried out by senior nurses in every clinic office every month to further confirm the data.

In addition, the Group uses an internal e-procurement platform to facilitate electronic supply chain management. This enhances operational efficiency and reduces adverse environmental impacts by cutting down paper usage for internal order.

During the Reporting Period, the Group engaged 421 suppliers, 397 of which were from Hong Kong and 24 of were from Mainland China. The majority of the suppliers from Hong Kong was pharmaceutical distributors. All engaged suppliers have passed the Group's assessment and evaluation.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL *(Continued)*

### *B6. Product Responsibility*

The Group is committed to providing high-quality medical service. It ensures quality of service by the provision of qualified and trained professionals. It has registered trademark and it respects third-party intellectual property rights. The Group has work manuals for general practitioners, specialist medical practitioners, dentists and clinic operations, which set out standardised work procedures across the Group. During the Reporting Period, the Group complied with specific standards and all applicable laws and regulations regarding pharmaceutical handling and medical advertisement. There was no non-compliance relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and method of redress during the Reporting Period.

Pharmaceuticals Handling

Pharmaceuticals are handled with special precautions. The Group has specific standards for pharmaceuticals storage, labelling of packaging and storage compartments. Topical medications and Dangerous Drugs ("DD") are stored separately from general medications. DD were handled in accordance with the Dangerous Drugs Ordinance, Chapter 134 of the Laws of Hong Kong with clear traceable records during the Reporting Period.

In addition, the Group observes the principle of "3 checks and 8 rights" to keep our patients safe.

| 3 Checks | 8 Rights |
|---|---|
| 1. Check the container label before taking container from the shelf.<br>2. Check the container label against the prescription during actual dispensing.<br>3. Check the container label before putting the container away. | 1. Right date<br>2. Right patient<br>3. Right drug<br>4. Right dose<br>5. Right route<br>6. Right frequency<br>7. Right container<br>8. Right doctor |

Conspicuous reminders and instructions are also posted in pharmacies for staff's reference. Employees who violate serious pharmaceutical handling and safety procedures can be dismissed according to their employment contracts.

## B. SOCIAL *(Continued)*

Risk Management and Contingency Measures

The Group's work manual for clinic operations clearly stated the emergency handling process in case of drug or malpractice incidents, injuries and incidents without injuries. In case of such incidents, District Clinic Supervisor/Senior Healthcare Assistant ("DCS/SHCA") will be notified before reporting to the operation managers. If a doctor is required to deal with the incident, the doctor will be notified for further treatment. Medical malpractice form will be filled in by health care assistants in case of drug of malpractices. Incidents with no injuries involved will be followed up by the customer service department. The incident will then be reported to the operations department and the management for evaluation.

Medical Advertisement

During the Reporting Period, the Group complied with the Undesirable Medical Advertisements Ordinance, Chapter 231 of the Laws of Hong Kong, to protect public health without publication of advertisements for medicine, surgical appliance or treatment that may induce the seeking of improper management of certain health conditions. Information on its advertisement is reviewed before publication to ensure that the advertisement has no misleading information. Patients can choose whether to receive updated healthcare news and promotions.

Safety and Hygiene

Employees exercise strict disinfection procedures to ensure machines and equipment to be used are uncontaminated. Blood, especially blood with infectious diseases, is handled with special precautions. New employees are trained and examined on the knowledge and practice of safety and hygiene as administrative controls of hazards. The Group also hired a cleaning contractor to maintain the cleanliness and hygiene of all clinic offices. All cleaning procedures, guidelines and quality requirements are standardised across the Group. The clinical environment is kept clean and tidy constantly to avoid accidents. Cleaning staff of the Group clean the clinic thoroughly every day before the clinic is opened and after the clinic is closed. The clinic floor is mopped with 1:49 diluted bleach during lunch break. The Group's operation involves hospital management and the provision of medical services. There are no tangible products to be recalled. Therefore, there were no products recalled due to safety and health reasons during the Reporting Period. If any pharmaceuticals from suppliers are subject to recall, the Group will immediately remove the defective pharmaceutical products from its operations upon notice from suppliers.

## B. SOCIAL *(Continued)*

Customer Service

The Group makes every effort to maintain a high standard of customer service and continuously improves its service to enhance its competitiveness. It is committed to respectful, compassionate and practice of ethical patient care. Quality of services is monitored and evaluated through monthly inspections by management staff. Frontline staff are provided with customer service training and relevant guidelines to strengthen their awareness and service skills.

The Group employs the "Award and Penalty System", under which both staff and medical centres with outstanding customer services are recognised and encouraged through awards on an annual basis, while disciplinary action would be taken if an employee has committed an act of serious misconduct.

Complaints

The Group also has systematic channels for enquiries and complaints. Complaints can be lodged by phone, email, fax and mail, and are dealt with in accordance with the Group's guidelines on clinic complaints stipulated in the Group's clinical standard operation procedure ("CSOP"). All personal data submitted will only be used for the purposes which are directly related to the complaint. Upon receipt of complaints, the complaints will be handled by the customer services department and investigated by the clinical manager. Investigation progress and results will be reported to the general manager. The Group commits to respond to the complainant within three days. Record of complaints is maintained to monitor the progress of complaints. To achieve continuous service improvement, improvement proposals will be formulated according to complaint investigation and findings. The CSOP will be updated when necessary and updates will be discussed in customer services meetings which will be held regularly. Some medical centres of the Group have complied with the requirements of ISO 9001:2008 Quality Management System. The Group monitored its quality assurance processes on pharmaceutical handling, safety and hygiene, and complaint handling from time to time. Details of the quality assurance processes are described in the sections "Pharmaceuticals Handling", "Medical Advertisement", and "Customer Service" of section B6 of this report. If any deviation from the Group's objective is discovered, the Group will take corrective actions immediately.

During the Reporting Period, a total of 30 complaints were received. 60% of which was general complaints and 40% were related to medical issues. All complaints have been resolved according to the CSOP procedures.

## B. SOCIAL *(Continued)*

Intellectual Property Rights

During the Reporting Period, the Group complied with all laws and regulations regarding intellectual property ("IP") rights including but not limited to the Trade Marks Ordinance, Chapter 559 of the Laws of Hong Kong, Patents Ordinance, Chapter 514 of the Laws of Hong Kong and Copyright Ordinance, Chapter 528 of the Laws of Hong Kong. The Group has maintained 16 registered trademarks during the Reporting Period. It reminds employees to respect IP rights of third parties. Proper authorisation shall be obtained before using any IP.

Data Protection and Privacy

The Group register and collect patients/customers' personal data according to the Group's standard registration procedures. Security measures are in place to ensure adequate protection and confidentiality of all corporate data and information. Directors and all staff shall not have access to any confidential information of the Group or personal data of customers without authorisation. Authorised personnel who have access to or are in control of such information, including information in the company's computer system and in clinics, shall protect the information from unauthorised disclosure or misuse. Special care should be taken in the use of any personal data, including personal data of directors, staff and patients/customers. The management and HCA implement the Group's Standard Registration Procedures. The 334 New Joiner Training provides HCA with the necessary training regarding the procedures. The procedures are regularly monitored by the operation department and will be evaluated when necessary.

The medical centres also have policies for data privacy, which assigned responsibilities to general managers for monitoring and supervising compliance with the Personal Data (Privacy) Ordinance, Chapter 486 of the Laws of Hong Kong and maintaining related documents, such as data protection logbook, data privacy policies and data access request forms. The Personal Information Collection Statement informed patients and clients about the purpose of personal data collection, the handling of personal data and the right to access to and correct personal data. The Group ensures that the data handler is explicitly informed of the purpose for data usage and the classes of persons to whom the data may be transferred. If there is any loss of documents containing personal data, the Group would report to the office of the Privacy Commissioner for Personal Data and register with the Hong Kong Police Force. During the Reporting Period, the Group fully complied with the Personal Data (Privacy) Ordinance, Chapter 486 of the Laws of Hong Kong and other applicable laws of the PRC relating to protection of data privacy.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL *(Continued)*

*B7. Anti-corruption*

Integrity and honesty are of paramount importance when it comes to gaining trust and reputation from stakeholders of the Group. The Group commits to managing all business without undue fraud and has regarded honesty, integrity, transparency and fairness as its core values. All directors and employees are required to strictly follow the Code of Conduct and Staff Regulations to prevent potential bribery, extortion, fraud and money laundering.

The Group's Code of Conduct clearly states that:

- All directors and employees should avoid conflicts of personal interest and their professional duties;
- Employees should not take advantage of their positions in the Group and exercise power, make unfair decisions or actions, or use the Group's assets and information for private and personal gain and benefit;
- Employees are required to declare any conflict of interest by completing the required form as instructed by the Group's human resources department;
- Neither directors nor employees shall obtain or provide benefits to the regulatory bodies, patients, suppliers, or people with business relationship with the Group;
- Any acceptance of voluntary gifts in excess of the specified value must be declared and undergone the approval process as administered by the Group's human resources department; and
- In cases of suspected corruption or other criminal offences, it should be made to the appropriate authority.

## B. SOCIAL *(Continued)*

The whistleblowing policy outlines the Group's zero tolerance approach to bribery and corruption and guides employees in recognising the circumstances which may lead to, or give the appearance of, being involved in corruption or unethical business conduct. The Group's employees are encouraged to raise their concerns of suspected acts of misconduct, malpractice or fraud through the Group's whistleblowing mechanisms. All cases will be investigated and followed up independently by the internal audit department of the Group. The internal audit department of the Group will then report the investigation result to the Chief Executive Officer. If personnel of the internal audit department are involved in the suspected misconduct, whistleblower can report directly to the Audit Committee. All cases will be treated in a highly confidential manner and whistleblowers will be protected from unfair treatment. The whistleblowing policy is reviewed once a year to ensure effectiveness of the policy.

To facilitate enforcement, the Group also has clear disciplinary procedures for employees who violate any established regulations or other applicable laws or rules. During the Reporting Period, the Group complied with the Prevention of Bribery Ordinance, Chapter 201 of the Laws of Hong Kong and other applicable laws and regulations of the PRC relating to anti-corruption.

The Group believes that enhancing employees' awareness and strengthening their understanding of anti-corruption laws is vital to preventing corruption and misconduct in its business operation. Anti-corruption training is provided to directors and staff annually. During the Reporting Period, all Directors and relevant staff attended the anti-corruption training. The training covered topics of business and profession ethics, integrity and corruption prevention. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

## B. SOCIAL *(Continued)*

### *B8. Community Investment*

The Group recognises its responsibility towards its stakeholders, the community and the environment. It focuses on supporting local communities through donations and active participation in voluntary services in accordance with its Corporate Social Responsibility Policy. During the Reporting Period, the Group has participated in the following activities and focused mainly on the areas of education, health, employment and local community.

| Focus Areas | Activities | Details |
|---|---|---|
| Education | Free health seminars | Provided free seminars covering disease prevention and promoting health consciousness for local students. A total of 5 staff from the Group participated in the event as volunteers, and a total of 41 hours were spent on this event. |
| Health | Free vision and cataract screening test | Provided free vision and cataract screening test for the local community. A total of 57 staff from the Group participated in the event as volunteers, and a total of 114 hours were spent on this event. |
| Employment | Recruitment talks | Collaborated with Hong Kong College of Technology to conduct recruitment talks to local college students, helping them find employment in the healthcare industry. A total of 2 staff from the Group participated in the event as volunteers. |
| Local Community | Food donation | Participated in Food Angel, a food donation programme launched by Bo Charity Foundation, to reduce food waste by donating unconsumed and surplus food from an event. |

# REPORT OF THE DIRECTORS

The Directors hereby present the annual report and the audited consolidated financial statements of the Company and the Group for the Year.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of the Company's principal subsidiaries, associates and joint ventures are respectively set out in notes 48, 22 and 23 to the consolidated financial statements.

Further discussion and analysis of these activities (including a discussion of the principal risks and uncertainties faced by the Group and an indication of potential future developments in the Group's business) and a review of the performance of the Group for the Year can be found in the section headed "Management Discussion and Analysis" on pages 8 to 23 of this annual report. These discussions form part of this report of the Directors.

### Key relationships

*Employees*

As human resources represent one of the greatest assets of the Group, the Group always ensures that all staff are reasonably remunerated, and the Group also continues to improve, regularly review and update its policies on remuneration and benefits, training and occupational health and safety, so as to maintain a good relationship with its staff.

*Customers*

The Group's extensive healthcare service network allows it to offer its customers quality healthcare services. The Group's customers comprise individual customers (mainly patients) and corporate customers (including insurance companies and corporations). Most of the patients of the medical and dental practices settle payment in cash. Payments arising from patients using medical cards will normally be settled within 180 to 240 days whilst settlement by corporate customers of the Group's managed medical network business is normally within 60 to 180 days. The Group allows credit period of 180 to 270 days and 60 to 240 days to its customers under mainland hospital management services and related services and trade customers under other business activities, respectively.

*Suppliers*

The Group sustains its healthcare business operations and development with the support of a sound supply chain management. The Group sources its pharmaceutical drugs from reputable and reliable suppliers. The Group is highly attentive as to whether its suppliers and business partners comply with the local and international standards in relation to pharmaceutical drugs. The Group obtains certifications and qualifications from its suppliers before it makes procurement to ensure the quality and safety of its pharmaceutical drugs. During the Year and up to the date of this annual report, the Group maintained good relationship with its suppliers and business partners.

# REPORT OF THE DIRECTORS

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW *(Continued)*

### Environmental policies and performance

The Group is committed to building an environmental-friendly corporate environment that pays close attention to conserving natural resources. The Group strives to minimise its impact on the environment by reducing its electricity consumption and encouraging recycle of office supplies and other materials. Further discussion on the environmental performance of the Group during the Year are set out in the Environmental, Social and Governance Report on pages 31 to 63 of this annual report.

The Group's operations are mainly carried out in Hong Kong and the PRC while the Company itself is listed on the Stock Exchange. The Group's establishment and operations shall comply with all relevant PRC and Hong Kong laws and the applicable laws in the jurisdictions where it has operations. During the Year and up to the date of this annual report, the Group has complied with all relevant laws and regulations in the PRC and Hong Kong in all material respects and the following legislation is particularly noteworthy:

**(i) Medical Registration Ordinance and Dentists Registration Ordinance**

All practicing medical practitioners and dental practitioners in Hong Kong are required to be registered with the Medical Council of Hong Kong and the Dental Council of Hong Kong which were established under the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong) and the Dentists Registration Ordinance (Chapter 156 of the Laws of Hong Kong), respectively.

Both practicing medical practitioners and dental practitioners registered with the Medical Council of Hong Kong and the Dental Council of Hong Kong, respectively, are issued with a practicing certificate and they are required to renew their practicing certificates each year. The Group maintains an up-to-date register of the registrations status of the doctors and dentists and the Group ensures its compliance with both the Medical Registration Ordinance and the Dentists Registration Ordinance during the Year and up to the date of this annual report.

**(ii) Waste Disposal Ordinance**

The Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) provides for the control and regulation of the production, storage, collection and disposal of clinical waste. Any unauthorised disposal of clinical waste is prohibited.

The medical and dental treatments provided at the medical centres of the Group may produce used or contaminated sharps such as needles, laboratory waste and infectious materials, etc. During the Year, the Group was not subject to any proceedings brought under or received any complaints or warnings in relation to the Waste Disposal Ordinance.

**(iii) Undesirable Medical Advertisements Ordinance**

The Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong) protects public health through prohibiting or restricting the publication of advertisements for medicine, surgical appliance or treatment that may induce the seeking of improper management of certain health conditions.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW *(Continued)*

During the Year, no practice promotion and advertisement had been published by the Group in newspaper, magazines, journals or in any mass media.

Further discussion on the Group's compliance with laws and regulations during the Year are set out in the Environmental, Social and Governance Report on pages 31 to 63 of this annual report.

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 119 of this annual report.

## DIVIDEND

The Board recommended the payment of a final dividend of Hong Kong 0.12 cent per Share for the Year (2023: Hong Kong 0.12 cent per Share) 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.

The Company does not have any arrangement with the Shareholders in which the Shareholders have agreed to waive any dividends.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 246 of this annual report.

## DONATIONS

Charitable donations made by the Group during the Year amounted to approximately HK$380,000 (2023: HK$nil).

## SUBSIDIARIES

Details of the Company's principal subsidiaries are set out in note 48 to the consolidated financial statements.

## INVESTMENT PROPERTIES

The Group has revalued all of the investment properties it held as at 31 December 2024 using the fair value of the investment properties as at 31 December 2024. The net decrease in fair value of investment properties, which was recorded in the consolidated statement of profit or loss and other comprehensive income, amounted to approximately HK$68,495,000.

Details of movements in the investment properties of the Group are set out in note 16 to the consolidated financial statements. Further details of the Group's major properties are set out on page 245 of this annual report.

# REPORT OF THE DIRECTORS

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements.

## SHARE CAPITAL

As at 31 December 2024 and the date of this annual report, there is a total 6,773,522,452 issued Shares.

### Issue of subscription shares and convertible preference shares

Pursuant to the CPS Subscription Agreement and agreement for Ordinary Shares Subscription, both dated 31 October 2014 and entered into among the Company, Fubon Life, Fubon Insurance and Broad Idea, on 29 December 2014, the Company allotted and issued (i) 459,183,673 Shares at HK$0.98 per Share (with its net price as approximately HK$0.96 per Share); and (ii) 374,999,999 Convertible Preference Shares at HK$1.2 per Share (with its net price as approximately HK$1.17 per Share). The closing share price per Share on 30 October 2014 as quoted on the Stock Exchange was HK$1.20, being the trading day preceding the date of the CPS Subscription Agreement and the agreement for Ordinary Shares Subscription. The aggregate nominal value of the Ordinary Shares Subscription was approximately HK$4,591,837. Each of the net proceeds from the Ordinary Shares Subscription and the CPS Subscription amounted to approximately HK$440 million. The aggregate net proceeds from the Ordinary Shares Subscription and the CPS Subscription amounted to approximately HK$880 million (collectively, the "First Net Proceeds"). The reasons for the entry of both agreements were to facilitate the Group's business expansion into the healthcare market in the Mainland China and the Group's development of a "one-stop, IT O2O platform" for the integration of the Group's growing variety of healthcare and well-being business.

Details on the original use of the First Net Proceeds, which were expected to be utilised by the end of 2023, are set out as follows:

| Original use of the First Net Proceeds | Amount (HK$ million) | Total utilisation up to 31 December 2023 (HK$ million) | Unutilised balance as at 31 December 2023 (HK$ million) | Original timeline for utilisation |
|---|---|---|---|---|
| Acquisition, investment and development of hospitals and medical institutions in the PRC, and medical or healthcare related business in Hong Kong | 650 | 602 | 48 | End of 2023 |
| Investment and development of several medical specialty centres in Hong Kong and one dental chain in the PRC | 150 | 13 | 137 | End of 2023 |
| Developing a "one-stop, IT O2O platform" to integrate the Group's growing variety of healthcare and well-being business segments | 80 | 18 | 62 | End of 2023 |
| Total | 880 | 633 | 247 | |

# REPORT OF THE DIRECTORS

**Issue of subscription shares and convertible preference shares** *(Continued)*
As at 1 January 2024, the unutilised First Net Proceeds amounted to approximately HK$247 million.

On 1 January 2024 and 12 January 2024, upon expiry of the original timeline for the utilisation of the First Net Proceeds, in view of the adverse impacts of COVID-19 Pandemic and the post-pandemic slow down in the global economic growth on the medical and healthcare industry, and to utilise the Group's financial resources in a more efficient manner, the Board has resolved to change the use of the remaining First Net Proceeds.

Details on the revised use of the remaining First Net Proceeds and the utilisation are set out as follows:

| Revised use of the remaining First Net Proceeds | Amount (HK$ million) | Utilisation during the Year (HK$ million) | Unutilised balance as at 31 December 2024 (HK$ million) | Timeline for utilisation |
|---|---|---|---|---|
| Acquisition, investment and development of hospitals and medical institutions, and medical or healthcare related business | 110 | 0 | 110 | End of 2026 |
| Investment and development of medical specialty centres and dental chains | 137 | 120 (Note) | 17 | End of 2026 |
| Total | 247 | 120 | 127 | |

Note: For redemption of Tranche B Convertible Bonds.

# REPORT OF THE DIRECTORS

### Issue of shares to China Life Insurance

On 5 January 2015, the Company entered into an investment agreement with China Life Insurance, pursuant to which China Life Insurance has agreed to subscribe for 1,785,098,644 Shares. The closing share price per Share on 2 January 2015 as quoted on the Stock Exchange was HK$1.22, being the last trading day before the date of the investment agreement. The aggregate nominal value of the Shares subscribed was approximately HK$17,850,986.44. Upon completion of the CLG Subscription which took place on 29 May 2015, 1,785,098,644 Shares were allotted and issued to China Life Insurance at HK$0.98 per Share (with its net price as approximately HK$0.978 per Share). The net proceeds from the issue of Shares to China Life Insurance amounted to approximately HK$1,746 million (the "Second Net Proceeds"). The reasons for the entry of the investment agreement were to explore and develop the insurance market in the Mainland China, acquire mainland hospitals and invest in the development of related healthcare businesses and offer other insurance related services such as health check or laboratory testing services in the Mainland China.

Details of the original use of the Second Net Proceeds, which were expected to be utilised by the end of 2023, are set out as follows:

| Original use of the Second Net Proceeds | Amount (HK$ million) | Utilisation up to 31 December 2023 (HK$ million) | Unutilised balance as at 31 December 2023 (HK$ million) | Original timeline for utilisation |
|---|---|---|---|---|
| Developing a dental chain in the Mainland China and investing in or acquiring dental clinics and/or hospitals in the Mainland China; developing or acquiring medical clinics in the Mainland China; developing hospitals, investing in or acquiring public or private hospitals in the Mainland China; and developing or acquiring rehabilitation hospitals and where appropriate in conjunction with nursing and/or aged care homes in the Mainland China | 1,500 | 646 | 854 | End of 2023 |
| Developing or acquiring business in provision of health check, laboratory testing and medical diagnostic services in the Mainland China | 150 | 104 | 46 | End of 2023 |
| Developing managed care business in the Mainland China and cross border healthcare platform for medical tourism business | 96 | 0 | 96 | End of 2023 |
| Total | 1,746 | 750 | 996 | |

As at 1 January 2024, the unutilised Second Net Proceeds amounted to approximately HK$996 million.

# REPORT OF THE DIRECTORS

**Issue of shares to China Life Insurance** *(Continued)*

On 1 January 2024 and 12 January 2024, upon expiry of the original timeline for utilisation of the Second Net Proceeds, in view of the adverse impacts of COVID-19 Pandemic and the post-pandemic slow-down in the global economic growth on the medical and healthcare industry, and to utilise the Group's financial resources in a more efficient manner, the Board has resolved to change the use of the remaining Second Net Proceeds.

Details on the revised use of the remaining Second Net Proceeds and the utilisation are set out as follows:

| Revised use of the remaining Second Net Proceeds | Amount (HK$ million) | Utilisation during the Year (HK$ million) | Unutilised balance as at 31 December 2024 (HK$ million) | Timeline for utilisation |
|---|---|---|---|---|
| Acquisition, investment and development of medical and healthcare related business in the provision of medical, dental, rehabilitation, nursing, aged care, health check, laboratory testing, medical diagnostic, managed care and medical tourism services | 996 | 19 | 977 | End of 2026 |
| Total | 996 | 19 | 977 | |

Further details of the above changes in the use of proceeds are set out in the announcements of the Company dated 1 January 2024 and 12 January 2024, respectively.

# REPORT OF THE DIRECTORS

### Issue of the Convertible Bonds

According to the Share Purchase Agreement in relation to the Acquisition at the consideration of HK$476,000,000, the Company had paid HK$120,000,000 in cash to the Seller and issued the Convertible Bonds (in the amount of HK$356,000,000) to the nominees of the Seller in three tranches on 26 August 2022 as follows:

(i) Tranche A in the sum of HK$120,000,000, with maturity date falling on 12 months from the date of issue of the Convertible Bonds;

(ii) Tranche B in the sum of HK$120,000,000, with maturity date falling on 24 months from the date of issue of the Convertible Bonds; and

(iii) Tranche C in the sum of HK$116,000,000, with maturity date falling on 36 months from the date of issue of the Convertible Bonds.

The Convertible Bonds do not bear any interest. The Convertible Bonds carry the Conversion Rights to convert the outstanding principal amount of the Convertible Bonds into the Conversion Shares (in integral multiples of 1,000,000 Shares) at the conversion price of HK$0.76 per Conversion Share.

*Redemption of the Convertible Bonds*

As at 31 December 2024, the Tranche A and Tranche B Convertible Bonds have been fully redeemed and the outstanding principal amount of the Convertible Bonds was HK$116,000,000.

*Dilutive impact of the Convertible Bonds*

Assuming the outstanding Convertible Bonds of HK$116,000,000 are converted in full at the conversion price of HK$0.76 per Conversion Share, a maximum of 152,631,579 Conversion Shares will be issued, representing (i) approximately 2.25% of the issued share capital of the Company as at the date of this annual report; and (ii) approximately 2.20% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company from the date of this annual report up to the full conversion of the outstanding Conversion Bonds).

### Issue of the Convertible Bonds *(Continued)*

*Dilutive impact of the Convertible Bonds (Continued)*

Assuming that there is no other change in the shareholding of the substantial Shareholders since the date of this annual report, the shareholding of the substantial Shareholders immediately before and after the exercise of the Conversion Rights is set out below for illustration purposes:

| | Shareholding immediately before the exercise of the Conversion Rights | | Shareholding immediately after the exercise of the Conversion Rights | |
|---|---|---|---|---|
| Name of Shareholder | Number of Shares held | Approximate percentage of shareholding | Number of Shares held | Approximate percentage of shareholding |
| China Life Insurance | 1,785,098,644 | 26.35% | 1,785,098,644 | 25.77% |
| Broad Idea (Note 1) | 1,418,576,764 | 20.94% | 1,418,576,764 | 20.48% |
| Mr. Choi (Note 1) | 1,911,136,764 | 28.21% | 1,911,136,764 | 27.59% |
| Dr. Choi (Note 1) | 1,419,198,764 | 20.95% | 1,419,198,764 | 20.49% |
| Classictime (Note 2) | 830,742,000 | 12.26% | 830,742,000 | 11.99% |
| Minerva Group (Note 2) | 830,742,000 | 12.26% | 830,742,000 | 11.99% |

Notes:

1. On 23 January 2025, Mr. Choi acquired 51% equity interest in Broad Idea from Dr. Choi. Since then, the equity interest of Broad Idea was owned as to 51% by Mr. Choi and 49% by Dr. Choi. Accordingly, both Mr. Choi and Dr. Choi are deemed to be interested in the 1,418,576,764 Shares held by Broad Idea under Part XV of the SFO.

2. Classictime is a wholly-owned subsidiary of Minerva Group. Accordingly, Minerva Group is deemed to be interested in the 830,742,000 Shares held by Classictime under Part XV of the SFO.

Taking into account that as at 31 December 2024, the Group had total net assets of approximately HK$3,380,347,000 and total net current assets of approximately HK$1,300,647,000 and the measures taken by the Group to maintain its financial position, the Company expects that it will be able to meet its redemption obligations under the outstanding Convertible Bonds.

An analysis of the Company's Share price at which it would be equally financially advantageous for the holders of the outstanding Convertible Bonds to convert or redeem the outstanding Convertible Bonds based on their implied internal rate of return on the maturity date is set out below:

| | Share price (HK$) |
|---|---|
| 26 August 2025 (i.e. the maturity date of the Tranche C Convertible Bonds) for the Tranche C Convertible Bonds | 0.76 per Share |

Further details of the Acquisition are set out in the announcements of the Company dated 11 July 2022, 15 August 2022, 26 August 2022, 19 April 2024 and 23 July 2024, respectively.

# REPORT OF THE DIRECTORS

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and the laws of Bermuda, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves during the Year and reserves available for distribution to the shareholders of the Group are set out on pages 122 and 123 of this annual report and in note 47 to the consolidated financial statements.

The Company's reserves available for distribution to shareholders as at 31 December 2024, comprised share premium, capital redemption reserve, contributed surplus, distributable reserve and accumulated profits of approximately HK$3,291,717,000 (2023: approximately HK$3,517,896,000).

## DIRECTORS

The Directors who held office during the Year and as at the date of this annual report are:

**Executive Directors:**

Mr. Choi Ka Tsan Karson *(Chairman and Chief Executive Officer) (Note 1)*
Dr. Fok Siu Wing Dominic
Ms. Zhang Xiaoxue *(Note 2)*
Mr. Liu Shiyin *(Note 3)*
Mr. Huang Yu *(Note 4)*

**Non-executive Directors**

Ms. Lee Wai Ling Linda
Ms. Lau Suk Hing Clara
Mr. Liu Yang *(Note 5)*
Ms. Zhang Leidi *(Note 6)*

**Independent Non-executive Directors**

Mr. Yu Xuezhong
Dr. Xu Weiguo
Mr. Han Wenxin
Mr. Chan Wai Kan *(Note 7)*
Mr. Cheung Ka Ming *(Note 8)*
Mr. Tsui Wing Cheong Sammy *(Note 9)*

# REPORT OF THE DIRECTORS

## DIRECTORS *(Continued)*

Notes:

1. On 1 January 2024, Mr. Choi Ka Tsan Karson was appointed as the Chief Executive Officer and the chairman of the Nomination Committee.

2. On 12 January 2024, Ms. Zhang Xiaoxue was appointed as an executive Director.

3. On 12 January 2024, Mr. Liu Shiyin was appointed as an executive Director. On 24 February 2025, he resigned as an executive Director.

4. On 24 February 2025, Mr. Huang Yu was appointed as an executive Director.

5. On 12 January 2024, Mr. Liu Yang was appointed as a non-executive Director as well as a member of each of the Audit Committee and the Remuneration Committee.

6. On 12 January 2024, Ms. Zhang Leidi was appointed as a non-executive Director.

7. On 1 January 2024, Mr. Chan Wai Kan was appointed as the chairman of the Audit Committee. On 12 January 2024, he was appointed as a member of the Remuneration Committee.

8. On 1 January 2024, Mr. Cheung Ka Ming was appointed as the chairman of the Remuneration Committee. On 12 January 2024, he was appointed as a member of the Audit Committee.

9. On 12 January 2024, Mr. Tsui Wing Cheong Sammy was appointed as a member of the Nomination Committee.

## DIRECTORS' SERVICES CONTRACTS

Mr. Choi Ka Tsan Karson has been appointed as an executive Director and the Chairman of the Company under his letter of appointment for a term from 15 December 2023 to 31 December 2024; and he has already entered into a new letter of appointment with the Company for a term from 1 January 2025 to 31 December 2027.

Dr. Fok Siu Wing Dominic has been appointed as an executive Director under his letter of appointment for a term from 15 December 2023 to 31 December 2024; and he has already entered into a new letter of appointment with the Company for a term from 1 January 2025 to 31 December 2027.

Each of Ms. Zhang Xiaoxue and Mr. Liu Shiyin has been appointed as an executive Director under their letters of appointment for a term from 12 January 2024 to 31 December 2024; and they have already entered into new letters of appointment with the Company for a term from 1 January 2025 to 31 December 2027. However, Mr. Liu Shiyin resigned on 24 February 2025.

Each of Ms. Lee Wai Ling Linda and Ms. Lau Suk Hing Clara has been appointed as a non-executive Director under their letters of appointment for a term from 15 December 2023 to 31 December 2024; and each of Mr. Liu Yang and Ms. Zhang Leidi has been appointed as a non-executive Director under their letters of appointment for a term from 12 January 2024 to 31 December 2024. All the above four non-executive Directors have already entered into new letters of appointment with the Company for a term from 1 January 2025 to 31 December 2027.

Each of Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy has been appointed as an independent non-executive Director under their letters of appointment for a term from 15 December 2023 to 31 December 2024. Mr. Yu Xuezhong has been appointed as an independent non-executive Director under his letter of appointment for a term from 1 January 2022 to 31 December 2024. Dr. Xu Weiguo has been appointed as an independent non-executive Director under his letter of appointment for a term from 31 March 2021 to 30 March 2024 and renewed his letter of appointment for a term from 31 March 2024 to 31 December 2024. Mr. Han Wenxin has been appointed as an independent non-executive Director under his letter of appointment for a term from 15 August 2022 to 31 December 2024. All the above six independent non-executive Directors have already entered into new letters of appointment with the Company for a term from 1 January 2025 to 31 December 2027.

Mr. Huang Yu has been appointed as an executive Director under his letter of appointment for a term from 24 February 2025 to 31 December 2027.

As at 31 December 2024 and up to the date of this annual report, no service contract or appointment letter entered into between a Director and the Group is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

# REPORT OF THE DIRECTORS

## CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the following table sets out the changes in the information regarding the Directors which are reportable in this annual report:–

| Name of Director | Particulars of change |
|---|---|
| Mr. Huang Yu | On 26 February 2025, Mr. Huang entered into a service contract with the Group, pursuant to which, subject to his obtaining of the relevant work visa, he was appointed as Vice President for Mainland Business (內地業務副總裁) of the Group. Pursuant to such service contract, he is entitled to a monthly salary of HK$180,000, an annual discretionary bonus as well as housing accommodation. |

Updated biographical details of the Directors are set out in the section headed "Biographical Details of Directors" on pages 24 to 30 of this annual report.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Long positions in the Shares

| Name of Director | Capacity | Total number of Shares held | Approximate % of shareholding of the Company (Note) |
|---|---|---|---|
| Ms. Lau Suk Hing Clara | Beneficial owner | 242,560,000 | 3.58% |

Note: The total number of Shares as at 31 December 2024 (i.e. 6,773,522,452 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Substantial Shareholders' long positions in the Shares

| Name of Shareholder | Capacity | Number of Shares held | Total number of Shares held | Approximate % of shareholding of the Company (Note 1) |
|---|---|---|---|---|
| China Life Insurance | Beneficial owner | 1,785,098,644 | 1,785,098,644 | 26.35% |
| Broad Idea | Beneficial owner | 1,418,576,764 (Note 2) | 1,418,576,764 | 20.94% |
| Dr. Choi | Interest of a controlled corporation | 1,418,576,764 (Note 2) | 1,419,198,764 | 20.95% |
| | Beneficial owner | 622,000 | | |
| Classictime | Beneficial owner | 830,742,000 (Note 3) | 830,742,000 | 12.26% |
| Minerva Group | Interest of a controlled corporation | 830,742,000 (Note 3) | 830,742,000 | 12.26% |

Notes:

1. The total number of Shares as at 31 December 2024 (i.e. 6,773,522,452 Shares) has been used for the calculation of the approximate percentage.

2. Such 1,418,576,764 Shares were held by Broad Idea. The equity interest of Broad Idea was beneficially owned as to 100% by Dr. Choi as at 31 December 2024. As such, Dr. Choi was deemed to be interested in the 1,418,576,764 Shares held by Broad Idea under Part XV of the SFO.

3. Such 830,742,000 Shares were held by Classictime, a wholly-owned subsidiary of Minerva Group. Accordingly, Minerva Group was deemed to be interested in the 830,742,000 Shares held by Classictime under Part XV of the SFO.

Save as disclosed above, as at 31 December 2024, the Company has not been notified by any persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the percentages of revenue attributable to the Group's largest customer and the five largest customers were approximately 21% and 43% of the Group's total revenue respectively. The Group's largest supplier and five largest suppliers accounted for approximately 10% and 32% of the Group's total purchases respectively.

As far as the Directors are aware, none of the Directors, their close associates (as defined in the Listing Rules) or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the number of issued Shares in the Company), had any interest at any time during the Year in any of the five largest customers or suppliers of the Group for the Year.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors nor their respective close associates had an interest in a business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules during the Year.

## DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Share Capital" above and the section headed "Connected Transactions and Related Party Transactions" below, no Director had a material interest, whether directly or indirectly, in any contract of significance subsisting during or at the end of the Year.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company, its subsidiaries, its fellow subsidiaries or its holding companies, a party to any arrangement to enable the Directors or chief executives of the Company or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## CONTRACT OF SIGNIFICANCE ENTERED INTO WITH CONTROLLING SHAREHOLDERS

The Company has no controlling Shareholder, hence at no time during the Year had the Company or any of its subsidiaries entered into any contract of significance with the controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

## EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreement was entered into or renewed by the Company during the Year or subsisting as at 31 December 2024.

# REPORT OF THE DIRECTORS

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

## LITIGATION

On 11 July 2022, the Company and Speedy Light International Limited (an indirect wholly-owned subsidiary of the Company, the "Buyer") entered into the Share Purchase Agreement to purchase 100% of the issued shares in Central Medical from the Seller. Under the Share Purchase Agreement, each of the seller parties, namely (i) the Seller; (ii) Central Healthcare Group Limited; (iii) Dr. Tsang Wah Tak, Kenneth; (iv) Dr. Leung Wing Hung; (v) Dr. Fong Ka Yeung; (vi) Mr. Shiu Shu Ming; and (vii) Dr. Chu Leung Wing (collectively the "Seller Parties") has guaranteed to the Buyer that the audited consolidated net profit or loss of Central Medical and its subsidiaries ("Central Medical Group") after tax attributable to shareholders (excluding all listing expenses and share-based payments) as set out in the consolidated accounts of Central Medical Group audited by Central Medical's auditors (the "Adjusted Net Profit") for each of the three financial years ended 31 March 2022, 2023 and 2024 should be no less than the performance target of HK$30,000,000 (the "Profit Guarantee").

Based on the audited consolidated accounts of Central Medical Group with respect to the year ended 31 March 2023, the Adjusted Net Profit of Central Medical Group for the year ended 31 March 2023 amounted to HK$23,469,554, which was below the performance target of HK$30,000,000. Due to non-fulfillment of the Profit Guarantee, the Seller Parties would be liable jointly and severally to pay to the Buyer an amount calculated in accordance with the adjustment mechanism as set out in the Share Purchase Agreement. After calculation, such amount would be HK$97,956,690 (the "Claim Amount"). On 23 April 2024, the Buyer served a notice in accordance with the Share Purchase Agreement to the Seller, Central Healthcare Group Limited, Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming (the "Respondents") to demand them, along with the other Seller Parties, to pay to the Buyer the Claim Amount on or before 30 April 2024. Notwithstanding the lapse of 30 April 2024, the Respondents have failed to pay the Claim Amount. Due to the failure to pay the Claim Amount, after taking legal advice, on 4 June 2024, the Buyer has initiated proceedings against the Respondents claiming, among others, the Claim Amount, the related interest, the legal fees and costs. However, due to the confidential nature of those proceedings, the Company is not able to disclose further information at this time. The Company will issue further announcement(s) to update the development of the matter, as and when appropriate, in accordance with the Listing Rules.

In respect of the Adjusted Net Profit for the year ended 31 March 2024, its amount is yet to be confirmed as the relevant audited consolidated accounts of Central Medical Group have yet to be issued. The Company will issue announcement(s) if the Seller Parties fail to meet the Profit Guarantee for this year, as and when appropriate, in accordance with the Listing Rules.

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

According to the Share Purchase Agreement at the consideration of HK$476,000,000, the Company had paid HK$120,000,000 in cash to the Seller and issued Convertible Bonds to the nominees of the Seller in three tranches on 26 August 2022 as follows:

(i) Tranche A in the sum of HK$120,000,000, with maturity date falling on 12 months from the date of issue of the Convertible Bonds;

(ii) Tranche B in the sum of HK$120,000,000, with maturity date falling on 24 months from the date of issue of the Convertible Bonds; and

(iii) Tranche C in the sum of HK$116,000,000, with maturity date falling on 36 months from the date of issue of the Convertible Bonds.

The Convertible Bonds do not bear any interest. The Convertible Bonds carry the Conversion Rights to convert the outstanding principal amount of the Convertible Bonds into the Conversion Shares at the Conversion Price of HK$0.76 per Conversion Share.

As at 31 December 2024, the Tranche A and Tranche B Convertible Bonds have been fully redeemed. The outstanding principal amount of the Convertible Bonds (i.e. Tranche C Convertible Bonds) is HK$116,000,000.

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

## MATERIAL ACQUISITIONS AND DISPOSALS

During the Year, the Company did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

## EVENTS AFTER THE YEAR

There was no significant event that happened after the Year.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 95 to 110 of this annual report.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

### Continuing connected transactions: the Consultancy Agreements

On 27 June 2022, (i) Easy Result, a non wholly-owned subsidiary of the Company, entered into the HKCCL Consultancy Agreement with HKCCL, a company wholly-owned by Dr. Law Kwan Kin (a director of Easy Result as at the date of the HKCCL Consultancy Agreement and an executive Director from 28 June 2022 to 1 March 2023) in respect of the provision of the HKCCL Services by HKCCL to Easy Result; and (ii) HKTOIL, a non wholly-owned subsidiary of the Company, entered into the EWC Consultancy Agreement with EW Clinic, a business operated and wholly-owned by Dr. Wong Chun Wa (a director of HKTOIL as at the date of the EWC Consultancy Agreement and an executive Director from 28 June 2022 to 31 December 2023) in respect of the provision of the EWC Services by EW Clinic to HKTOIL.

As at the date of the Consultancy Agreements, as each of Dr. Law Kwan Kin and Dr. Wong Chun Wa was a director of a subsidiary of the Company, each of Dr. Law Kwan Kin, Dr. Wong Chun Wa, HKCCL (a company wholly-owned by Dr. Law Kwan Kin) and EW Clinic (a business wholly-owned by Dr. Wong Chun Wa) was a connected person of the Company at the subsidiary level. As disclosed in the announcement of the Company dated 28 June 2022, each of Dr. Law Kwan Kin and Dr. Wong Chun Wa has become an executive Director with effect from the announcement of the Company dated 28 June 2022. Thus, each of Dr. Law Kwan Kin, Dr. Wong Chun Wa, HKCCL and EW Clinic has become a connected person of the Company at the issuer level, resulting in the HKCCL CCTs and the EWC CCTs constituting continuing connected transactions of the Company with connected persons at the issuer level for the purpose of Chapter 14A of the Listing Rules with effect from 28 June 2022.

With effect from 1 January 2024, as both Dr. Law Kwan Kin and Dr. Wong Chun Wa were no longer executive Directors, each of Dr. Law Kwan Kin, Dr. Wong Chun Wa, HKCCL and EW Clinic had become a connected person of the Company at the subsidiary level. The HKCCL CCTs and the EW CCTs constituted continuing connected transactions of the Company with connected persons at the subsidiary level for the purpose of Chapter 14A of the Listing Rules with effect from 1 January 2024.

The major terms of the Consultancy Agreements are as follows:

The term of the HKCCL Consultancy Agreement and the EWC Consultancy Agreement were from 27 June 2022 to 31 December 2024.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Continuing connected transactions: the Consultancy Agreements *(Continued)*

Pursuant to the HKCCL Consultancy Agreement, HKCCL shall, through the HKCCL Physicians, provide the HKCCL Services to Easy Result. In consideration of the HKCCL Services provided by HKCCL, Easy Result shall pay to HKCCL a monthly consultancy fee consisting of (1) a monthly basic fee of HK$280,000, payable on or before the last working day of each month; and (2) a monthly performance bonus (if any) equivalent to a predetermined percentage range of the net profit of the HKCCL Practice (which is calculated by deducting from the total gross income of the HKCCL Practice certain agreed costs and expenditure related to the provision of the HKCCL Services), which is linked to the performance of HKCCL and payable within the next two months.

Pursuant to the EWC Consultancy Agreement, EW Clinic shall, through Dr. Wong Chun Wa and/or such other Registered Medical Practitioner(s) and Registered Specialist(s) employed or otherwise engaged by EW Clinic and acceptable to HKTOIL, provide the EWC Services to HKTOIL. In consideration of the EWC Services provided by EW Clinic, HKTOIL shall pay to EW Clinic a monthly consultancy fee consisting of (1) a monthly basic fee of HK$300,000, payable on or before the last working day of each month; and (2) a monthly performance bonus (if any) equivalent to a predetermined percentage of the net profit of the EWC Practice (which is calculated by deducting from the sum of the total gross income of EW Clinic and certain gross income of the EWC Practice certain agreed costs and expenditure, plus the net profit/loss of the Registered Specialists of the EWC Practice), which is linked to the performance of EW Clinic and payable within the next two months.

Further details of the Consultancy Agreements were set out in the announcement of the Company dated 28 June 2022.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Continuing connected transactions: the Service Agreement

On 11 July 2022, HKMC, a company which has become a wholly-owned subsidiary of the Company with effect from the date on which the Acquisition Completion took place (i.e. 26 August 2022), entered into the Service Agreement with KTAL, a company owned by Dr. Tsang Wah Tak, Kenneth (a director of HKMC and other subsidiaries of the Company as at 26 August 2022, and an executive Director from 11 November 2022 to 19 June 2023) and his spouse in equal shares, in respect of (i) the provision of the KTAL Services by KTAL to HKMC; and (ii) the provision of the HKMC Services by HKMC to KTAL.

With effect from 26 August 2022, Dr. Tsang Wah Tak, Kenneth, who held 50% of the issued share capital of KTAL, has become a director of a number of subsidiaries of the Company and thus a connected person of the Company at the subsidiary level. Accordingly, KTAL, being an associate of Dr. Tsang Wah Tak, Kenneth, has become a connected person of the Company at the subsidiary level since 26 August 2022. The transactions contemplated under the Service Agreement therefore constituted the continuing connected transactions of the Company with connected person at the subsidiary level for the purposes of Chapter 14A of the Listing Rules with effect from 26 August 2022.

Following the appointment of Dr. Tsang Wah Tak, Kenneth as an executive Director with effect from 11 November 2022, Dr. Tsang Wah Tak, Kenneth and KTAL have become connected persons of the Company at the issuer level for the purposes of Chapter 14A of the Listing Rules with effect from 11 November 2022.

With effect from 20 June 2023, Dr. Tsang Wah Tak, Kenneth was no longer executive Directors of the Company. Accordingly, each of Dr. Tsang Wah Tak, Kenneth and KTAL had become a connected person of the Company at the subsidiary level for the purpose of Chapter 14A of the Listing Rules. The transactions contemplated under the Service Agreement therefore constituted continuing connected transactions of the Company with connected person at the subsidiary level with effect from 20 June 2023.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

**Continuing connected transactions: the Service Agreement** *(Continued)*

The major terms of the Service Agreement are as follows:

The term of the Service Agreement is three years commenced from 26 August 2022 and ending on 25 August 2025.

Pursuant to the Service Agreement, (a) KTAL shall procure each of the Key Individuals to provide the KTAL Services to HKMC; and (b) HKMC shall provide the following HKMC Services to KTAL:

(i) providing to the Key Individual such facilities and equipment as mutually agreed by KTAL and HKMC for provision of the KTAL Services; and

(ii) providing to the Key Individual nursing, pharmacy, billing, administrative and other support services for provision of the KTAL Services.

In consideration of the provision of the KTAL Services by KTAL, HKMC shall pay to KTAL a performance fee, determined with reference to the operating profit generated from the KTAL Services provided by KTAL and/or the Key Individual to the Group, which shall be the aggregate of: (i) 60% of the operating profit generated from the service in relation to medical consultation and treatment, and hospitalised services and interpretation (which is calculated as the operating profit attributable to the Key Individual less the gross profit for medication and investigation services); (ii) 40% of the operating profit generated from the service in relation to medication (which is calculated as the medication revenue less the cost of inventories consumed); and (iii) 40% of the operating profit generated from the service in relation to investigation (which is calculated as the investigation revenue less the laboratory test cost).

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Continuing connected transactions: the Service Agreement *(Continued)*

KTAL shall be responsible for its share of the costs and expenses arising from HKMC's provision of the HKMC Services and/or relating to the setup, upkeep and management of the clinics operated by HKMC and offices. Such costs and expenses include the direct costs and expenses relevant to the provision of the medical services by the Key Individual carrying out the KTAL Services, which shall be determined with reference to the relevant monthly management accounts of HKMC and payable in arrears on a monthly basis.

Further details of the Service Agreement were set out in the announcement of the Company dated 11 November 2022.

### Continuing connected transactions: the ERG Framework Agreement and the BTG Framework Agreement

On 11 November 2022, TH (BVI), a wholly-owned subsidiary of the Company entered into (i) the ERG Framework Agreement with Easy Result, a company owned as to 51% indirectly by the Company and 49% by a company wholly-owned by Dr. Law Kwan Kin (an executive Director from 28 June 2022 to 1 March 2023), in respect of the provision of the ERG Specialist Medical Services, the ERG Diagnostic Services, the ERG BO Support Services and the ERG Medical and Diagnostic Services between the Relevant Group (ex ERG) and the ER Group; and (ii) the BTG Framework Agreement with Best Tree, a company owned as to 51% indirectly by the Company and 49% by Dr. Wong Chun Wa (an executive Director from 28 June 2022 to 31 December 2023), in respect of the provision of the BTG Specialist Medical Services, the BTG Clinical Support Services, the BTG BO Support Services, the BTG Medical and Diagnostic Services, the grant of the BTG Licenses and the entering into of the BTG Leases between the Relevant Group (ex BTG) and the BT Group. As at the date of the ERG Framework Agreement and the BTG Framework Agreement, as (i) each of Easy Result and Best Tree was a non wholly-owned subsidiary of the Company; and (ii) each of Dr. Law Kwan Kin and Dr. Wong Chun Wa was an executive Director who holds more than 10% interest in Easy Result and Best Tree respectively, each member of the ER Group and the BT Group was a connected subsidiary of the Company and thus a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the ERG Framework Agreement and the BTG Framework Agreement constituted the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

With effect from 1 January 2024, as both Dr. Law Kwan Kin and Dr. Wong Chun Wa were no longer executive Directors, each of Dr. Law Kwan Kin, Dr. Wong Chun Wa, Easy Result and Best Tree had become a connected person of the Company at the subsidiary level. The transactions contemplated under the ERG Framework Agreement and the BTG Framework Agreement constituted continuing connected transactions of the Company with connected persons at the subsidiary level for the purpose of Chapter 14A of the Listing Rules with effect from 1 January 2024.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Continuing connected transactions: the ERG Framework Agreement and the BTG Framework Agreement *(Continued)*

The major terms of the ERG Framework Agreement and the BTG Framework Agreement are as follows:

The term of the ERG Framework Agreement and the BTG Framework Agreement were from 11 November 2022 to 31 December 2024.

Pursuant to the ERG Framework Agreement:

(1) the ER Group shall provide (i) the ERG Diagnostic Services; and (ii) the ERG Specialist Medical Services to the Relevant Group (ex ERG); and

(2) the Relevant Group (ex ERG) shall provide (i) the ERG BO Support Services; and (ii) the ERG Medical and Diagnostic Services to the ER Group.

The payment terms of the fees payable by the Relevant Group (ex ERG) to the ER Group for the ERG Diagnostic Services and the ERG Specialist Medical Services shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the payment terms shall be no less favourable to the Relevant Group (ex ERG) than those offered by independent third parties to the Relevant Group (ex ERG) for providing the same or substantially similar services in the same period.

Pursuant to the BTG Framework Agreement:

(1) the BT Group shall provide (i) the BTG Clinical Support Services; and (ii) the BTG Specialist Medical Services to the Relevant Group (ex BTG); and

(2) the Relevant Group (ex BTG) shall provide or grant (as the case may be) (i) the BTG BO Support Services; (ii) the BTG Medical and Diagnostic Services; (iii) the BTG Licences; and (iv) the BTG Leases, to the BT Group.

The rates and the payment terms of the fees payable by the Relevant Group (ex BTG) to the BT Group for the BTG Specialist Medical Services shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the rates and the payment terms shall be no less favourable to the Relevant Group (ex BTG) than those offered by independent third parties to the Relevant Group (ex BTG) for providing the same or substantially similar services in the same period.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Continuing connected transactions: the ERG Framework Agreement and the BTG Framework Agreement *(Continued)*

The rates and the payment terms of (i) the fees payable by the BT Group to the Relevant Group (ex BTG) for the BTG Licences and (ii) the fees payable by the BT Group to the Relevant Group (ex BTG) for the BTG Leases shall be on normal commercial terms and negotiated on arm's length basis between the parties, provided that the rates and the payment terms shall be no less favourable to the Relevant Group (ex BTG) than the terms offered by the Relevant Group (ex BTG) to independent third parties for licensing and leasing similar properties.

Further details of the ERG Framework Agreement and the BTG Framework Agreement were set out in the announcement of the Company dated 11 November 2022.

### Continuing connected transactions: the 2024 Framework Agreements

On 27 September 2024, the Company entered into (1) the 2024 CLIO Framework Agreement with CLIO in respect of the provision of the CLIO Medical Related Services by the Group to CLIO Group; and (2) the 2024 CLIS Framework Agreement with CLIS in respect of (i) the provision of the CLIS Medical Related Services by the Group to CLIS Group; and (ii) the procurement of the CLIS Products by the Group from CLIS Group.

As at the date of the 2024 Framework Agreements, (i) CLIO was a wholly-owned subsidiary of China Life Insurance; (ii) CLIS was a branch of CLIC and China Life Insurance was a controlling shareholder of CLIC; and (iii) China Life Insurance held approximately 26.35% of the issued Shares and was a substantial shareholder and hence a connected person of the Company. As such, each of CLIO (being a subsidiary of China Life Insurance) and CLIS (being a branch of CLIC and hence an associate of China Life Insurance) was also a connected person of the Company and the transactions contemplated under the 2024 Framework Agreements constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The major terms of the 2024 Framework Agreements are set out below:

The term of each of the 2024 Framework Agreements is from 1 January 2024 to 31 December 2026 (both dates inclusive).

Pursuant to the 2024 Framework Agreements, the Group shall provide the Medical Related Services to CLIO Group and CLIS Group, respectively, on terms and conditions (including the service fees) to be determined in the ordinary course of business and on normal commercial terms after arm's length negotiations between the parties.

Further details of the 2024 Framework Agreements were set out in the announcement of the Company dated 27 September 2024.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

**Continuing connected transactions: the 2022 CGB Framework Agreement**

On 14 November 2022, the Company entered into the 2022 CGB Framework Agreement with CGB (HK) in respect of (i) the provision of the Medical & Healthcare Services by the Group to the staff of CGB (HK); and (ii) the provision of the Banking Services by CGB (HK) to the Group.

As at 14 November 2022, (i) CGB (HK) was a branch of CGB which was owned as to approximately 43.69% by CLIC; (ii) CLIC was owned as to approximately 68.4% by China Life Insurance; and (iii) China Life Insurance held approximately 24.98% of the Shares and is a substantial shareholder and thus a connected person of the Company. As such, CGB (HK), being an associate of China Life Insurance, was also a connected person of the Company and the transactions contemplated under the 2022 CGB Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The major terms of the 2022 CGB Framework Agreement are as follows:

The term of the 2022 CGB Framework Agreement is from 14 November 2022 to 31 December 2024.

Pursuant to the 2022 CGB Framework Agreement, the Group shall provide the Medical & Healthcare Services to the staff of CGB (HK) on terms and conditions (including the service fees and the payment terms) to be determined in the ordinary course of business and on normal commercial terms, provided that the terms shall be no less favourable to the Group than those offered by the Group to independent third parties for providing the same or substantially similar services in the same period.

Pursuant to the 2022 CGB Framework Agreement, CGB (HK) shall provide the Loan Services, the Deposit Services and Other Banking Services on terms and conditions (including the lending interest rates, the deposit interest rates and the payment terms) to be determined in the ordinary course of business and on normal commercial terms, provided that the terms shall be no less favourable to the Group than those offered by independent third parties to the Group for providing the same or substantially similar services in the same period.

Further details of the 2022 CGB Framework Agreement were set out in the announcement of the Company dated 14 November 2022.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Continuing connected transactions: the 2025-2027 CGB Framework Agreement

On 19 December 2024, the Company entered into the 2025-2027 CGB Framework Agreement with CGB (HK) to renew the continuing connected transactions in respect of (i) the provision of the CGB Medical Related Services by the Group to CGB (HK); and (ii) the provision of the Banking Services by CGB (HK) to the Group.

As at the date of the 2025-2027 CGB Framework Agreement, (i) CGB (HK) was a branch of CGB and CLIC is a controlling shareholder of CGB; (ii) CLIC was owned as to approximately 68.37% by China Life Insurance; and (iii) China Life Insurance held approximately 26.35% of the issued Shares and was a substantial Shareholder and hence a connected person of the Company. As such, CGB (HK), being an associate of China Life Insurance, was also a connected person of the Company and the transactions contemplated under the 2025-2027 CGB Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The major terms of the 2025-2027 CGB Framework Agreement are as follows:

The term of the 2025-2027 CGB Framework Agreement is from 1 January 2025 to 31 December 2027.

Pursuant to the 2025-2027 CGB Framework Agreement, the Group shall provide the CGB Medical Related Services to CGB (HK) on terms and conditions (including the service fees) to be determined in the ordinary course of business, on normal commercial terms after arm's length negotiations between the parties and shall be no less favourable to the Group than those offered by the Group to independent third parties for providing the same or substantially similar services in the same period.

Pursuant to the 2025-2027 CGB Framework Agreement, CGB (HK) shall provide the Loan Services, the Deposit Services and the Other Banking Services on terms and conditions (including the lending interest rates, the deposit interest rates and the payment terms) to be determined in the ordinary course of business, on normal commercial terms after arm's length negotiations between the parties and shall be no less favourable to the Group than those offered by independent third parties to the Group for providing the same or substantially similar services in the same period.

Further details of the 2025-2027 CGB Framework Agreement were set out in the announcement of the Company dated 19 December 2024.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Amount of the CCTs

| | Annual caps for the Year | Actual aggregate annual transaction values during the Year |
|---|---|---|
| HKCCL CCTs | HK$12,000,000 | HK$7,773,528 |
| EWC CCTs | HK$12,000,000 | HK$9,039,979 |
| KTAL CCTs | HK$14,300,000 | HK$6,161,642 |
| HKMC CCTs | HK$6,300,000 | HK$0 |
| Provision of the ERG Diagnostic Services | HK$7,300,000 | HK$1,807,826 |
| Provision of the ERG Specialist Medical Services | HK$5,400,000 | HK$3,928,499 |
| Provision of the BTG Specialist Medical Services | HK$6,700,000 | HK$3,264,079 |
| Grant of the BTG Licences and entering into of the BTG Leases | HK$5,300,000 | HK$4,333,024 |
| CLG CCTs | HK$13,000,000 | HK$9,596,162 |
| Provision of the Medical & Healthcare Services under the 2022 CGB Framework Agreement | HK$500,000 | HK$0 |
| Provision of the CGB Medical Related Services under the 2025-2027 CGB Framework Agreement | Not applicable for the Year | Not applicable for the Year |
| | **Maximum daily balance during the Year** | **Maximum actual daily balance during the Year** |
| The Deposits (including any interest accrued thereon) to be placed by the Group with CGB (HK) | HK$120,000,000 (or its equivalent) | HK$100,349,406 |

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Annual Review of the CCTs

The independent non-executive Directors have reviewed the CCTs conducted during the Year and confirmed that such transactions were entered into by the Group:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the terms of the CCT Agreements that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company has engaged its auditors to report on the CCTs conducted during the Year and the Company's auditors has provided a letter to the Board to confirm that nothing during the Year has come to the attention of the Company's auditors that causes the Company's auditors to believe that the CCTs:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) have exceeded the relevant annual caps.

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Connected transaction: the 2024-2027 Tenancy Agreement

On 27 September 2024, Jinan Likang, an indirect non wholly-owned subsidiary of the Company as tenant, entered into the 2024-2027 Tenancy Agreement with CLIS as landlord, to lease Units 01-06, 5/F, South Block of the Building for a term of thirty months from 1 October 2024 to 31 March 2027.

As at the date of the 2024-2027 Tenancy Agreement, (i) China Life Insurance was a controlling shareholder of CLIC and CLIS was a branch of CLIC; and (ii) China Life Insurance held approximately 26.35% of the issued Shares of the Company and was a substantial Shareholder and hence a connected person of the Company. As such, CLIS (being a branch of CLIC) was an associate of China Life Insurance and was therefore a connected person of the Company, and the transaction contemplated under the 2024-2027 Tenancy Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to the 2024-2027 Tenancy Agreement, the rental of RMB201,536.80 per month (inclusive of tax but exclusive of the premises service fee and other public utility changes) would be payable to CLIS and the premises service fee of RMB35,337.96 per month would be payable to the property service company designated by CLIS. The rentals and the premises service fee for every six months shall be prepaid five days in advance at the beginning of the relevant 6-month period. The rentals and the premises service fee of the first six months shall be paid upon the signing of the 2024-2027 Tenancy Agreement.

The premises are currently used by Jinan Likang for the operation of a health management centre in Jinan City, Shandong Province in the PRC.

Further details of the 2024-2027 Tenancy Agreement were set out in the Company's announcement dated 27 September 2024.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

### Related party transactions

Details of significant related party transactions undertaken by the Group during the Year in the ordinary course of business are set out in note 45 to the consolidated financial statements. Save for the continuing connected transactions and connected transactions as disclosed above, all other related party transactions as described in note 45 to the consolidated financial statements either (i) do not fall under the definition of "continuing connected transaction" or "connected transaction" under the Listing Rules during the Year; or (ii) constitute fully-exempt connected transaction under the Listing Rules during the Year. The Directors confirm that the Company has complied with the disclosure requirements (if any) in accordance with Chapter 14A of the Listing Rules.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their merit, qualifications and competence.

The emoluments of the Directors are recommended by the Remuneration Committee and decided by the Board, having regard to the Company's operating results, individual Directors' performance and comparable market statistics.

## PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

## TAX RELIEF

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of such securities.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company maintained a sufficient public float as at the date of this annual report.

## AUDITORS

Moore CPA Limited has been the auditors of the Group since 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, 20 June 2023 and 12 June 2024.

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.

# REPORT OF THE DIRECTORS

## REVIEW BY AUDIT COMMITTEE

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

On behalf of the Board

**Choi Ka Tsan Karson**
*Chairman and Chief Executive Officer*

28 March 2025

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the Year.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

With the aim of creating long-term sustainable growth for the Shareholders and delivering long-term values to all stakeholders, the Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors.

During the Year, the Group has continued to bolster its corporate value and culture. For further details of the Group's value, strategy, culture and evaluation of performance, see also the sections headed "Chairman and CEO's Statement", "Management Discussion and Analysis" and "Environmental, Social and Governance Report" in this annual report.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. During the Year, the Company has complied with the respective code provisions of the CG Code then in force during the Year, save for the deviation as described below:

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, the chairman of the Board (the "Chairman"), 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 can ensure consistent leadership to shape and advance long-term strategies and optimise operation 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 there are four non-executive Directors and six independent non-executive Directors, who form the majority in the 14-member Board. 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 and the Board will review its compositions from time to time.

### Directors' and Employees' securities transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all the Directors have complied with the required standard set out in the Model Code throughout the Year.

During the Year, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard as set out in the Model Code, for the compliance by the relevant employees who is likely to possess any unpublished inside information of the Company.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

### Board of Directors

As at the date of this annual report, the Board comprises fourteen members. Four of which are executive Directors, namely Mr. Choi Ka Tsan Karson who is the Chairman and Chief Executive Officer, Dr. Fok Siu Wing Dominic, Ms. Zhang Xiaoxue and Mr. Huang Yu. Four members are non-executive Directors, namely Ms. Lee Wai Ling Linda, Ms. Lau Suk Hing Clara, Mr. Liu Yang and Ms. Zhang Leidi. The other six members are independent non-executive Directors, namely Mr. Yu Xuezhong, Dr. Xu Weiguo, Mr. Han Wenxin, Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors" on pages 24 to 30 of this annual report.

During the Year and up to the date of this annual report, there were certain changes in the composition of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee.

On 1 January 2024, (i) Dr. Wong Chi Kit Nelson resigned as an executive Director and the Chief Executive Officer; (ii) Dr. Wong Chun Wa resigned as an executive Director; (iii) Mr. Ng Ting Chi resigned as an executive Director; (iv) Ms. Yao Yuan resigned as an executive Director; (v) Ms. Lau Wai Yee, Susanna resigned as an executive Director and a member of each of the Nomination Committee and the Remuneration Committee; (vi) Mr. Ho Kwok Wah, George, *MH* resigned as an independent non-executive Director and the chairman of each of the Audit Committee, the Nomination Committee and the Remuneration Committee; (vii) Mr. Chui Tsan Kit resigned as an independent non-executive Director and a member of each of the Nomination Committee and the Remuneration Committee; and (viii) Mr. Tang Chi Kong resigned as an independent non-executive Director and a member of each of the Nomination Committee and the Remuneration Committee.

On 1 January 2024, (i) Mr. Choi Ka Tsan Karson was appointed as the Chief Executive Officer of the Company; (ii) Mr. Chan Wai Kan was appointed as the chairman of the Audit Committee; (iii) Mr. Choi Ka Tsan Karson was appointed as the chairman of the Nomination Committee; and (iv) Mr. Cheung Ka Ming was appointed as the chairman of the Remuneration Committee.

On 11 January 2024, Mr. Hou Jun resigned as a non-executive Director. On 12 January 2024, Ms. Zhang Leidi was appointed as a non-executive Director. On 3 January 2024, Ms. Zhang Leidi has obtained the legal advice referred to in Rule 3.09D of the Listing Rules and she has confirmed she understood her obligations as a non-executive Director.

On 12 January 2024, each of Ms. Zhang Xiaoxue and Mr. Liu Shiyin was appointed as an executive Director and Mr. Liu Yang was appointed as a non-executive Director in the SGM. On 3 January 2024, each of Ms. Zhang Xiaoxue, Mr. Liu Shiyin and Mr. Liu Yang has obtained the legal advice referred to in Rule 3.09D of the Listing Rules and they have confirmed they understood their obligations as Directors.

On 12 January 2024, (i) Mr. Yu Xuezhong resigned as a member of the Audit Committee; (ii) Dr. Xu Weiguo resigned as a member of the Remuneration Committee; (iii) Mr. Liu Yang was appointed as a member of each of the Audit Committee and the Remuneration Committee; (iv) Mr. Chan Wai Kan was appointed as a member of the Remuneration Committee; (v) Mr. Cheung Ka Ming was appointed as a member of the Audit Committee; and (vi) Mr. Tsui Wing Cheong Sammy was appointed as a member of the Nomination Committee.

# CORPORATE GOVERNANCE REPORT

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES
*(Continued)*

### Board of Directors *(Continued)*

On 24 February 2025, Mr. Liu Shiyin resigned as an executive Director and Mr. Huang Yu was appointed as an executive Director. On 14 February 2025, Mr. Huang has obtained the legal advice referred to in Rule 3.09D of the Listing Rules and he has confirmed he understood his obligations as an executive Director.

Save as disclosed in the biographies of the Directors set out in the section headed "Biographical Details of the Directors" in this annual report, none of the Directors has any relationship (including financial, business, family members or other material/relevant relationship) with any other Directors or chief executives.

All Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Bye-laws as amended from time to time and the requirements of the Listing Rules.

The Board has adopted the terms of reference of the Board which set out the role and responsibilities of the Board, powers of the Board, and the practice of the Board in respect of corporate governance matters.

The Board held 11 meetings and passed 8 written resolutions during the Year. The Board is responsible for the formulation of the Group's business strategies and overall policies, and monitoring the performance of the management and corporate governance functions. The executive Directors and the Management Team are delegated with the power to execute the business strategies, develop and implement the policies in the daily operation of the Group. The independent non-executive Directors provide their professional advice to the Group whenever necessary.

The composition of the Board, including the names of the independent non-executive Directors, is disclosed in all corporate communications to the Shareholders.

All Directors have full and timely access to all the information and accounts of the Group. The Directors may seek independent professional advice in appropriate circumstances, at the expense of the Company. The Company will, upon request, provide separate independent professional advice to the Directors to assist them to discharge their duties to the Company. The Company has arranged appropriate insurance cover for the Directors.

### Board diversity policy

The Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of Board members can be achieved through consideration of a number of aspects, including but not limited to the gender, age, cultural and educational background, and professional experience of the Board members. The appointment of Directors will be based on the Group's own business model and specific needs, having due regard to the benefits of diversity of the Board.

The Board has reviewed its composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the business and development of the Company.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

**Board diversity policy** *(Continued)*

As at the date of this annual report, the Board comprised four female members and ten male members and achieved gender diversity in respect of the Board.

The Board also recognises the importance of diversity at the workforce level. As at 31 December 2024, the gender ratio of the workforce of the Group (including management) was approximately 26%:74% male to female. The Group will periodically review internal records on gender diversity, identify suitable candidates for relevant positions within the Group and try to ensure that there is gender diversity when recruiting staff at various levels based on the Group's own business model and specific needs, so as to improve gender diversity of the workforce in the future.

To ensure independent views and input are available to the Board, the Company has established mechanisms under which the Board must include at least three independent non-executive Directors; and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. The Company must appoint independent non-executive Directors representing at least one-third of the Board. The independent non-executive Directors are required to, among others,(i) bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, (ii) take the lead where potential conflicts of interests arise, (iii) serve on the audit, remuneration, nomination and other governance committees, if invited, (iv) scrutinise the Company's performance in achieving agreed corporate goals and objectives and monitor performance reporting, (v) give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation, (vi) attend general meetings to gain and develop a balanced understanding of the views of the Shareholders, and (vii) make a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. The independent non-executive Directors should also make sufficient time available to discharge their responsibilities and should not accept an invitation to serve as an independent non-executive Director on the Board unless they can devote adequate time and effort to the work involved. Further, independent non-executive Directors sitting on multiple boards of directors of listed companies will need to ensure that they devote sufficient time to each board and board committee.

The Chairman would at least annually hold meetings with the independent non-executive Directors without the presence of other Directors to ensure independent views and input are available to the Board. In addition, the Board ensures that all the Directors (including the independent non-executive Directors) obtain external independent legal, financial, governance or other expert advice, as may be required, at the Company's expense. The Company is required to review the board diversity policy, mechanisms and its implementation and effectiveness on an annual basis. The Company has reviewed the board diversity policy, the mechanism(s) and its implementation and effectiveness during the Year and considered the results of such review satisfactory.

**Directors' continuous professional development**

During the Year, all the Directors, namely, Mr. Choi Ka Tsan Karson, Dr. Fok Siu Wing Dominic, Ms. Zhang Xiaoxue, Mr. Liu Shiyin (former executive Director), Ms. Lee Wai Ling Linda, Ms. Lau Suk Hing, Mr. Liu Yang, Ms. Zhang Leidi, Mr. Yu Xuezhong, Dr. Xu Weiguo, Mr. Han Wenxin, Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy, confirmed that they had complied with the code provision C.1.4 of the CG Code during the Year by participating in continuous professional development. The Company had arranged seminars to develop and refresh the Directors' knowledge and skills. Newly appointed Directors during the Year also received comprehensive, formal and tailored induction on appointment.

# CORPORATE GOVERNANCE REPORT

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

### Chairman and Chief Executive Officer

As at the date of this annual report, Mr. Choi Ka Tsan Karson is the Chairman and Chief Executive Officer.

### Independent non-executive Directors

Pursuant to Rule 3.10 of the Listing Rules, the Company has six independent non-executive Directors, two of whom have appropriate professional qualifications or accounting or related financial management expertise. The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that each of the independent non-executive Directors is independent.

### Term of appointment of non-executive Directors

Each of Ms. Lee Wai Ling Linda and Ms. Lau Suk Hing Clara has been appointed as a non-executive Director under their letters of appointment for a term from 15 December 2023 to 31 December 2024; and each of Mr. Liu Yang and Ms. Zhang Leidi has been appointed as a non-executive Director under their letters of appointment for a term from 12 January 2024 to 31 December 2024.

All the above four non-executive Directors have already entered into new letters of appointment with the Company for a term from 1 January 2025 to 31 December 2027.

### Term of appointment of independent non-executive Directors

Each of Mr. Chan Wai Kan, Mr. Cheung Ka Ming and Mr. Tsui Wing Cheong Sammy has been appointed as an independent non-executive Director under their letters of appointment for a term from 15 December 2023 to 31 December 2024.

Mr. Yu Xuezhong has been appointed as an independent non-executive Director under his letter of appointment for a term from 1 January 2022 to 31 December 2024. Dr. Xu Weiguo has been appointed as an independent non-executive Director under his letter of appointment for a term from 31 March 2021 to 30 March 2024 and renewed his letter of appointment for a term from 31 March 2024 to 31 December 2024. Mr. Han Wenxin has been appointed as an independent non-executive Director under his letter of appointment for a term from 15 August 2022 to 31 December 2024.

All the above six independent non-executive Directors have already entered into new letters of appointment with the Company for a term from 1 January 2025 to 31 December 2027.

### Remuneration Committee

The Board has established a Remuneration Committee with its role and function set out in its specific written terms of reference in accordance with the provisions set out in the CG Code, which have been posted on the websites of the Stock Exchange and the Company. During the Year, the Remuneration Committee has reviewed its terms of reference. The principal duties of the Remuneration Committee are to formulate the Company's remuneration policy and review and recommend remuneration packages of the Directors and senior management to the Board for approval. The Company's remuneration policy is to provide a competitive level of remuneration in accordance with current market conditions to attract and motivate the Directors and staff for their contribution.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

**Remuneration Committee** *(Continued)*

The Remuneration Committee adopted the approach under code provision E.1.2(c)(ii) then in force to make recommendations to the Board on the remuneration packages of the Directors and senior management of the Company.

From 1 January 2024 to 11 January 2024, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Cheung Ka Ming (Chairman), Mr. Yu Xuezhong and Dr. Xu Weiguo.

From 12 January 2024 to the date of this annual report, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Cheung Ka Ming (Chairman), Mr. Yu Xuezhong and Mr. Chan Wai Kan and one non-executive Director, namely Mr. Liu Yang.

The Remuneration Committee held 3 meetings during the Year. The Remuneration Committee reviewed the remuneration policy of the Company, assessed the performance of the executive Directors and senior management and recommended specific remuneration packages of the Directors and senior management to the Board. The letter of appointment of each of the Directors and the terms thereof were also reviewed and approved by the Remuneration Committee during the Year.

**Nomination Committee**

The Nomination Committee has its specific written terms of reference in accordance with the provisions set out in the CG Code, which have been posted on the websites of the Stock Exchange and the Company. During the Year, the Nomination Committee has reviewed its terms of reference.

From 1 January 2024 to 11 January 2024, the Nomination Committee comprised two independent non-executive Directors, namely Mr. Yu Xuezhong and Dr. Xu Weiguo, and one executive Director, namely Mr. Choi Ka Tsan Karson (Chairman).

From 12 January 2024 to the date of this annual report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Yu Xuezhong, Dr. Xu Weiguo and Mr. Tsui Wing Cheong Sammy, and one executive Director, namely Mr. Choi Ka Tsan Karson (Chairman).

The Group has adopted a board diversity policy, a summary of which is set out in the section headed "Board diversity policy" on pages 97 to 98 in this Corporate Governance Report.

Major responsibilities of the Nomination Committee are to formulate and implement the policy for nominating candidates for election by the Shareholders at the general meeting (either to fill a casual vacancy or as an addition to the Board); review the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified to become members of the Board and make recommendations to the Board on the selection of individuals nominated for directorship; assess the independence of non-executive Directors; and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors based on merits of the Directors, having due regard to the benefits of diversity on the Board. The process of nomination of Directors is led by the Nomination Committee, whose recommendations are made on a merit basis.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES *(Continued)*

**Nomination Committee** *(Continued)*

The Company has adopted a nomination policy. Details of the nomination policy in force during the Year are set out below:

1. *Objective*

   The Nomination Committee shall nominate suitable candidates to the Board for its consideration and make recommendations to the Shareholders for election and appointment of Directors at general meetings so as to ensure that all nominations are fair and transparent.

2. *Selection Criteria*

   2.1 The Nomination Committee would consider the following factors as reference in assessing the suitability of a proposed candidate:–

   (i) professional and personal integrity and reputation;

   (ii) accomplishment and experience in the healthcare industry in Hong Kong and/or Mainland China;

   (iii) commitment in respect of available time and relevant interest;

   (iv) diversity in all relevant aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

   (v) any other factors as the Nomination Committee may deem fit to consider in the best interests of the Company and the Shareholders.

   These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

   2.2 Each proposed candidate will be asked to submit the necessary personal information, including the information as required by Rule 13.51(2) of the Listing Rules, together with his/her written consent to be appointed as a Director and to the public disclosure of his/her personal data on any documents or relevant websites for the purpose of or in relation to his/her election as a Director.

   2.3 The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

**Nomination Committee** *(Continued)*

3. *Nomination Procedures*

(A) Nomination by the Board members

3.1 The secretary of the Nomination Committee shall call a meeting, and invite nominations of candidates from the Board members (if any), for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by the Board members.

3.2 For the appointment of any Director by the Board, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

(B) Nomination by the Shareholders

3.3 If a Shareholder wishes to propose a person for election as a Director at a general meeting without the Board's recommendation or the Nomination Committee's nomination, he/she shall deposit a written notice ("Notice") at the Company's head office in Hong Kong from time to time or the office of the Company's branch share registrar in Hong Kong.

3.4 The Notice (i) must include the personal information of the proposed candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the proposed candidate indicating his/her willingness to be elected and consent of publication of his/her personal information.

3.5 The period for lodgment of the Notice shall commence on the day after the dispatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

3.6 In order to allow the Shareholders to have sufficient time to consider the proposal of election of the proposed candidate as a Director, Shareholders who wish to make the proposal are urged to submit and lodge the Notice as early as practicable.

(C) General

3.7 A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the Company Secretary.

3.8 The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

# CORPORATE GOVERNANCE REPORT

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES
*(Continued)*

### Nomination Committee *(Continued)*

According to the Bye-laws, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and who shall then be eligible for re-election at such meeting, and Directors are all subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years.

The circular to the Shareholders with notice of the forthcoming annual general meeting will contain biographical details of all Directors proposed to be re-elected at the annual general meeting to enable the Shareholders to make an informed decision on re-election of Directors.

During the Year, the Nomination Committee held 2 meetings and reviewed the structure, size and composition of the Board for the year in light of the board diversity policy, in terms of factors including the skills, knowledge and experience possessed by the members of the Board, assessed the independence of independent non-executive Directors and made recommendations to the Board on the selection of individuals nominated for directorship pursuant to the Company's nomination policy set out on page 101 to 102 of this Annual Report.

### Audit Committee

The Board has established the Audit Committee with written terms of reference in accordance with the provisions set out in the CG Code, which have been posted on the websites of the Stock Exchange and the Company. During the Year, the Audit Committee has reviewed its terms of reference. The principal duties of the Audit Committee are to review the Company's annual results and accounts and interim results and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the Group's financial reporting, risk management and internal control procedures.

From 1 January 2024 to 11 January 2024, the Audit Committee comprised three independent non-executive Directors, namely Mr. Chan Wai Kan (Chairman), Mr. Yu Xuezhong and Dr. Xu Weiguo.

From 12 January 2024 to the date of this annual report, the Audit Committee comprised three independent non-executive Directors namely Mr. Chan Wai Kan (Chairman), Mr. Cheung Ka Ming and Dr. Xu Weiguo, and one non-executive Director, namely, Mr. Liu Yang.

The Audit Committee held 5 meetings during the Year and 1 meeting was with the Company's external auditors so that the members of the Audit Committee could exchange their views and concerns with the auditors. The Audit Committee reviewed the annual and interim results of the Group and made recommendations to the Board and the management in respect of the Group's financial reporting, risk management and internal control procedures. The Audit Committee also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions.

### Corporate governance functions

The Board is responsible for performing corporate governance and has reviewed the Company's policies and practices on corporate governance and compliance with the CG Code, reviewed and monitored the training and continuous professional development of the Directors and senior management and reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements during the Year as well as the disclosures in this Corporate Governance Report.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES
*(Continued)*

### Attendance of Directors at meetings

The attendance of the Directors at the general meetings of the Company and meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee during the Year are set out below:

| Directors | Number of meetings attended/held: General meetings | Board meetings | Audit Committee meetings | Remuneration Committee meetings | Nomination Committee meetings |
|---|---|---|---|---|---|
| *Executive Directors* | | | | | |
| Mr. Choi Ka Tsan Karson | 2/2 | 11/11 | N/A | N/A | 2/2 |
| Dr. Fok Siu Wing Dominic | 2/2 | 11/11 | N/A | N/A | N/A |
| Ms. Zhang Xiaoxue (Note 1) | 1/2 | 11/11 | N/A | N/A | N/A |
| Mr. Liu Shiyin (Note 2) | 1/2 | 11/11 | N/A | N/A | N/A |
| Mr. Huang Yu (Note 3) | N/A | N/A | N/A | N/A | N/A |
| *Non-executive Directors* | | | | | |
| Ms. Lee Wai Ling Linda | 2/2 | 10/11 | N/A | N/A | N/A |
| Ms. Lau Suk Hing Clara | 2/2 | 9/11 | N/A | N/A | N/A |
| Mr. Liu Yang (Note 4) | 1/2 | 10/11 | 4/5 | 3/3 | N/A |
| Ms. Zhang Leidi (Note 5) | 1/2 | 10/11 | N/A | N/A | N/A |
| Mr. Hou Jun (Note 6) | 2/2 | 0/11 | N/A | N/A | N/A |
| *Independent Non-executive Directors* | | | | | |
| Mr. Yu Xuezhong | 1/2 | 10/11 | N/A | 2/3 | 1/2 |
| Dr. Xu Weiguo | 2/2 | 11/11 | 5/5 | N/A | 2/2 |
| Mr. Han Wenxin | 2/2 | 11/11 | N/A | N/A | N/A |
| Mr. Chan Wai Kan | 1/2 | 10/11 | 5/5 | 3/3 | N/A |
| Mr. Cheung Ka Ming | 2/2 | 11/11 | 5/5 | 3/3 | N/A |
| Mr. Tsui Wing Cheong Sammy | 2/2 | 10/11 | N/A | N/A | 2/2 |

Notes:

1. On 12 January 2024, Ms. Zhang Xiaoxue was appointed as an executive Director in the SGM.

2. On 12 January 2024, Mr. Liu Shiyin was appointed as an executive Director in the SGM. On 24 February 2025, he resigned as an executive Director.

3. On 24 February 2025, Mr. Huang Yu was appointed as an executive Director.

4. On 12 January 2024, Mr. Liu Yang was appointed as a non-executive Director in the SGM.

5. On 12 January 2024, Ms. Zhang Leidi was appointed as a non-executive Director.

6. On 11 January 2024, Mr. Hou Jun resigned as a non-executive Director.

# CORPORATE GOVERNANCE REPORT

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

### Accountability and audit

The Directors acknowledge their responsibility of preparing the financial statements of the Group which give a true and fair view of the state of affairs of the Group and of the profit and cash flows for the Year. The Directors prepared the financial statements of the Group on a going concern basis, and selected appropriate accounting policies and applied them consistently, with applicable disclosures required under the Listing Rules and pursuant to the relevant statutory requirements.

The statement by the auditors of the Company, Moore CPA Limited, regarding their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 111 to 118 of this annual report.

### Risk management and internal control

The Board has the overall responsibility of internal control of the Group, including reviewing its effectiveness, risk management, and setting appropriate policies having regard to the objectives of the Group. The risk management and internal control systems are designed to meet the particular needs of the Group, to mitigate the risks which the Group is exposed to and to manage rather than eliminate the risk of failure to achieve the business objectives of the Company. The systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group's internal control and risk management systems have been developed by the Board with the following features and processes:

(1) the management, with the assistance of the front-line personnel, identifies risks that may potentially affect the Group's business and operations;

(2) the management and head of various business units assess on the risks identified by considering the impacts of the risks on the business caused by the adverse events associated with the risks and the likelihood of occurrence of these adverse events;

(3) the management prioritises the risks based on their probability and the severity of the impact on the business;

(4) the management reports regularly to the Board on the risks identified and the impact on the Group for the Board's formulation of the risk management strategies and internal control processes to prevent, avoid and mitigate the risks;

(5) the management performs ongoing and periodic monitoring of the risks to ensure that appropriate internal control processes are in place and material internal control defects can be resolved, and reports its findings and results to the Board regularly;

(6) the Board, with the assistance of the Audit Committee and the management, reviews the risk management strategies and internal control processes on a regular basis; and

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES
*(Continued)*

**Risk management and internal control** *(Continued)*

(7) the internal audit department of the Group will also cooperate with external service provider to identify and take initiatives to prevent various business risks, and to report and make recommendation to the management and also directly to the Audit Committee.

The Company will perform ongoing assessment to update all material risk factors on a regular basis. In any case, review on risk management and internal controls will be conducted annually.

**Internal audit**

The Company had engaged an external service provider to conduct an annual review of the effectiveness of the risk management and internal control systems of the Group for the Year. Upon performing the review procedures and understanding of normal industrial practice, the external service provider reported that no significant deficiencies were identified and recommendations were suggested to the Audit Committee and the management for their consideration for the purpose of improving the risk management and control systems.

In October 2018, the Company established an internal audit department. The internal audit department evaluates and advises the management on the adequacy and effectiveness of the risk management and internal control systems. The internal audit department reports directly to the Audit Committee and also reports administratively to the Chief Executive Officer to ensure the internal controls are in place and functioning properly as intended.

Having considered the reports of the external service provider and the internal audit department, the Audit Committee and the Board considered that the works performed by the Group's systems of risk management, financial and non-financial controls (including operational and compliance controls) during the Year are effective and adequate.

**Inside information**

In relation to the management of inside information, the Company has adopted an inside information policy to ensure that inside information is handled and disseminated properly and in accordance with the applicable laws and regulations. Each of the Directors, officers and relevant employees of the Group must promptly report any inside information and/or any potential or suspected inside information events to the Company Secretary and/or the relevant head of department/business unit of the Group, who shall notify the Management Team accordingly for taking the appropriate prompt action. Based on the information obtained from internal reporting, the Management Team assesses whether any of the information constitutes inside information which needs to be released to the public with the advice of internal legal team. The Management Team will notify the Board accordingly if and when necessary or appropriate. Should public disclosure be required, the Board will determine the scope and the timing of disclosure. If and when appropriate, the Management Team and/or the Board may seek independent professional advice to ensure that the Company complies with the disclosure requirements. The Company discloses information to the public generally and non-exclusively through channels including websites of its own and the Stock Exchange, with an aim to achieve fair and timely disclosure of information.

# CORPORATE GOVERNANCE REPORT

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

### Dividend Policy

On 23 December 2021, the Board approved and adopted a revised dividend policy of the Company ("Dividend Policy") with effect from 1 January 2022 in order to provide return to the Shareholders.

According to the Dividend Policy, in normal circumstances, the annual dividend to be distributed by the Company to the Shareholders shall not be less than 30% of the Group's consolidated net profit attributable to Shareholders in any particular year.

Notwithstanding the above, such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board, and subject to the laws of Bermuda, the Bye-laws and any other applicable laws, rules and regulations.

In proposing any dividends, the Board shall take into account, inter alia, the operating results and financial condition of the Group; the Group's capital requirement for business operations and future development; the retained earnings and distributable reserves of the Group; the Shareholders' expectation and industry's norm; the general market conditions; and any other factors that the Board may consider appropriate.

The Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

The Board will continually review the Dividend Policy and update, amend and/or modify the Dividend Policy as and when appropriate.

### Directors', senior management's and employees' emoluments

The Group's remuneration policy aims to provide a fair market remuneration to attract, retain and motivate high quality talent, having regard to the Group's and individual's performance and comparable market trends. At the same time, such awards must be aligned with the Shareholders' interests.

Particulars of Directors' remuneration, five highest paid individuals' emoluments and staff costs are set out in notes 10, and 11 and 13 to the consolidated financial statements.

The amount or value of fees (including bonus) of the senior management of the Group by bands for the Year is set out below:

| Fees by bands | Number of individuals |
|---|---|
| HK$2,500,001 to HK$3,000,000 | 2 |
| HK$4,000,001 to HK$4,500,000 | 1 |
| HK$5,000,001 to HK$5,500,000 | 1 |

No Director waived any emolument during the Year.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

**Auditors' remuneration**

For the Year, fees for statutory audit services provided by the auditors of the Group, Moore CPA Limited (formerly known as Moore Stephens CPA Limited), to the Group amounted to approximately HK$4,700,000. Significant non-audit services include tax compliance and planning and agreed upon procedures on review of financial statements and transactions, in respect of which the total fees paid by the Group during the Year amounted to approximately HK$227,500 and HK$770,000 respectively.

## COMPANY SECRETARY

From 20 June 2023 to 18 June 2024, Mr. Kwok Chung On was the Company Secretary. With effect from 18 June 2024 and as at the date of this annual report, Mr. Lo Wai Keung Eric ("Mr. Lo") is the Company Secretary. Mr. Lo received over 15 hours of relevant professional training to update his skills and knowledge during the Year.

## COMMUNICATION WITH SHAREHOLDERS

The Company provides information in relation to the Group to the Shareholders in a timely manner through a number of formal channels, including interim and annual reports, announcements and circulars. These published documents together with the Company's corporate information are also available on the Company's website (www.townhealth.com). The Board has established a shareholders' communication policy of the Company outlining the procedures for Shareholders to convene a general meeting and put forward proposals, as well as procedures for Shareholders to send enquiries to the Board. During the Year, the Board has reviewed the shareholder's communication policy of the Company.

According to the Bye-laws, the Board may, whenever it thinks fit, convene a special general meeting, and special general meetings shall also be convened on requisition and, in default, may be convened by the requisitionists.

**Procedures for Shareholders to convene a general meeting/put forward proposals**

1. The Shareholders holding as at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's head office at 6th Floor, Town Health Medical Group Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong, for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist themselves may convene a physical meeting at only one location which will be the principal place of the meeting in accordance with the provision of Section 74(3) of the Companies Act 1981 of Bermuda, as amended from time to time.

## CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

*(Continued)*

### Procedures for Shareholders to convene a general meeting/put forward proposals

*(Continued)*

2. The written requisition must state the purposes of the meeting, and must be signed by the Shareholders concerned and may consist of several documents in like form, each signed by one or more of those Shareholders.

3. The requisition will be verified with the Company's branch share registrar and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition has been verified as not in order, the Shareholders concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

4. The Shareholders holding not less than one-twentieth of the total voting rights of those Shareholders having the right to vote at such meeting or not less than one hundred Shareholders, at the expenses of the Shareholders concerned, can submit a written requisition to move a resolution at a general meeting.

5. The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution, signed by all the Shareholders concerned and may consist of several documents in like form (which between them contain the signatures of all the Shareholders concerned).

6. The written requisition must be deposited at 6th Floor, Town Health Medical Group Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong, the head office of the Company, for the attention of the Company Secretary not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution and not less than one week in the case of any other requisition.

7. The requisition will be verified with the Company's branch share registrar and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to (i) include the resolution in the agenda for the annual general meeting; or (ii) convene a special general meeting by serving sufficient notice in accordance with the statutory requirements to all the registered Shareholders. On the contrary, if the requisition has been verified as not in order, the Shareholders concerned will be advised of this outcome and accordingly, (i) the proposed resolution will not be included in the agenda for the annual general meeting; or (ii) a special general meeting will not be convened as requested.

## COMMUNICATION WITH SHAREHOLDERS *(Continued)*

### Procedures for Shareholders sending enquiries to the Board

1. *Enquiries about shareholdings*

   Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, via its online holding enquiry service at https://srhk.vistra.com, or send email to is-enquiries@vistra.com or call its hotline at (852) 2980 1333, or go in person to its public counter at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

2. *Enquiries about corporate governance or other matters to be put to the Board and the Company*

   Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

   The Company will not normally deal with verbal or anonymous enquiries. Shareholders and the investment community may send written enquiries to the Company, for the attention of the Board or Company Secretary, by email: company.secretary@townhealth.com, fax: (852) 2210 2722, or mail to 6th Floor, Town Health Medical Group Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong. Shareholders may call the Company at (852) 2699 8181 for any assistance.

The Company has reviewed the implementation and effectiveness of its shareholders' communication policy during the Year. All members of the Board (except Mr. Yu Xuezhong and Mr. Chan Wai Kan) as at the time of the SGM held on 12 January 2024 and all members of the Board as at the time of the AGM held on 12 June 2024, have answered questions from the Shareholders attending the meetings. In addition, information relating to the Company, including interim and annual reports, announcements, circulars and poll results of the AGM and SGM, as well as notice of the AGM have been published or sent to the Shareholders in accordance with the requirements under the Listing Rules and the Bye-laws during the Year. In view of the above, the Company considered its shareholders' communication policy effective.

## AMENDMENT OF CONSTITUTIONAL DOCUMENT

During the Year, the Company did not make any amendments to the Bye-Laws.

# INDEPENDENT AUDITOR'S REPORT

MOORE

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大華馬施雲
會計師事務所有限公司

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Town Health International Medical Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 119 to 244, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of goodwill and intangible assets arising on acquisition of subsidiaries and medical practices** | |
| We identified the impairment assessment of goodwill and intangible assets arising on acquisition of subsidiaries and medical practices as a key audit matter as significant judgement was required to be exercised by the Group's management on the estimation of the recoverable amounts of the cash generating units ("CGUs"), or groups of CGUs to which goodwill and these intangible assets have been allocated for impairment assessment purposes.<br><br>As disclosed in notes 4, 20 and 21 to the consolidated financial statements, the Group's goodwill and intangible assets as at 31 December 2024 were HK$593,253,000 and HK$391,003,000, respectively.<br><br>Goodwill and intangible assets have been allocated to the respective CGUs. Impairment assessment was performed by the management through comparing the recoverable amounts of the CGUs with the carrying amounts of the CGUs that include the goodwill and intangible assets. The recoverable amount is the higher of value in use or fair value less costs of disposal. In determining the value in use, the management estimates were based on discounted cash flows taking into account key assumptions including discount rate, future growth rate and expected sales revenue, gross margins and operating expenses during the projection period. The recoverable amounts of the CGUs of Divisions B, C and D described in note 20 to the consolidated financial statements were assessed with the assistance of independent professional qualified valuer (the "Valuer").<br><br>Based on management's assessment, impairment losses on goodwill of HK$70,000,000 have been recognised in profit or loss during the year ended 31 December 2024. | Our procedures in relation to the impairment assessment of goodwill and intangible assets arising on acquisition of subsidiaries and medical practices included:<br><br>• Discussed with management how they performed the impairment assessment of goodwill and intangible assets, including the process of allocating goodwill and intangible assets to the appropriate CGUs, and determining the recoverable amounts of the CGUs;<br><br>• Assessed the qualification and experiences of the Valuer;<br><br>• Evaluated the appropriateness of the valuation model adopted by the management and/or the Valuer;<br><br>• Evaluated the reasonableness of key assumptions used in the value-in-use calculations against historical performance and future business plans of the Group in respect of each CGU and checked the arithmetical accuracy of the calculations;<br><br>• Tested the key inputs used in the discounted cash flows against the relevant supporting evidences and approved budgets; and<br><br>• Evaluated the sufficiency of the relevant disclosure of impairment assessment in the consolidated financial statements. |

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Valuation of investment properties** | |
| We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the degree of significant judgements associated with determining the fair value.<br><br>Management has estimated that the fair value of the Group's investment properties was HK$535,621,000 as at 31 December 2024, with a fair value loss for the year ended 31 December 2024 recorded in profit or loss of HK$68,495,000.<br><br>In determining the fair value of investment properties, the key inputs included price per square feet with certain unobservable inputs that require significant management judgement by management with the assistance of independent professional qualified valuer (the "Valuer"), including the adjustment of the building age, location and people flows to reflect different locations or conditions. | Our procedures in relation to the valuation of investment properties included:<br><br>• Discussed with management and the Valuer how the Group determined the fair value of the investment properties, including the valuation techniques selected and key inputs adopted;<br><br>• Assessed the qualification and experiences of the Valuer;<br><br>• Evaluated the appropriateness of valuation techniques and the reasonableness of the key inputs and assumptions adopted by the management of the Group and the Valuer by tracing to market data;<br><br>• With the assistance of the auditor's expert, reperform the valuation of investment properties on sampling basis; and<br><br>• Evaluated the sufficiency of the relevant disclosures of the investment properties in the consolidated financial statements. |

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of interests in associates** | |
| We identified the impairment assessment of interests in associates as a key audit matter as significant judgement was required to be exercised by the Group's management in assessing the impairment.<br><br>As disclosed in notes 4 and 22 to the consolidated financial statements, the carrying amount of the interests in associates was HK$168,794,000 as at 31 December 2024.<br><br>In determining the recoverable amounts of associates, estimation of the value in use was required and the valuation was carried out by management with the assistance of independent professional qualified valuers (the "Valuers"). In determining the value in use, management's estimates were based on cash flow forecast for the relevant business and required the adoption of certain assumptions such as budgeted sales, gross margin, other related expenses, discount rate and terminal growth rate.<br><br>Based on management's assessment, impairment losses on interests in associates of HK$76,762,000 have been recognised in profit or loss during the year ended 31 December 2024. | Our procedures in relation to the impairment assessment of interests in associates included:<br><br>• Discussed with management and the Valuers how the Group estimated the recoverable amounts of associates, including the valuation model adopted, key assumptions used;<br><br>• Assessed the competence, capabilities and objectivity of Valuers performing the valuation; and<br><br>• Evaluated the reasonableness of the valuation methodology and key assumptions used in the value-in-use calculation against historical performance and future business plans of the associates and checking its arithmetical accuracy. |

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## KEY AUDIT MATTERS *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment assessment of the property, plant and equipment ("PPE") and the right-of-use assets ("ROU assets")** | |
| We identified the impairment assessment of the PPE and ROU assets as a key audit matter as inherent estimation uncertainty pertaining to the assumptions and estimations was required to assess the recoverable amounts of these assets.<br><br>As disclosed in notes 4, 17 and 18 to the consolidated financial statements, the carrying amounts of the PPE and the ROU assets, which were net of accumulated depreciation and impairment loss, were HK$305,417,000 and HK$122,326,000, respectively. For the purpose of assessing impairment of these assets, the recoverable amounts of these assets have been determined by the management of the Group by value-in-use calculations of clinics using the discounted cash flow forecasts based on management's expectations of the market development and the past performance, where the key input parameters include revenue growth and gross profit margins.<br><br>Based on management's assessment, impairment loss on the ROU assets of HK$1,971,000 have been recognised in profit or loss during the year ended 31 December 2024. | Our procedures in relation to the impairment assessment of the PPE and the ROU assets included:<br><br>• Obtained an understanding of the management's process and basis adopted in the impairment assessment of the PPE and the ROU assets;<br><br>• Evaluated the assumptions and estimates used in the value-in-use calculations of the recoverable value using forecasts in determining whether there are any impairment losses to be recognised based on the management's estimate of revenue growth and gross profit margins with reference to the past performance of the relevant clinics, management's expectations on the market development and the future operating plans of the Group; and<br><br>• Performed sensitivity analysis of key assumptions and considered the resulting impact on the impairment of the PPE and the ROU assets and whether there were any indicators of management bias. |

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of**
**Town Health International Medical Group Limited**
*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Moore CPA Limited**
*Certified Public Accountants*

**Chan King Keung**
Practising Certificate Number: P06057

Hong Kong, 28 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| Revenue | 5 | **1,833,795** | 1,833,038 |
| Cost of sales | | **(1,346,406)** | (1,331,090) |
| Gross profit | | **487,389** | 501,948 |
| Other income | 7 | **44,415** | 47,599 |
| Administrative expenses | | **(396,764)** | (396,200) |
| Other gains and losses, net | 8 | **(229,062)** | (245,475) |
| Finance costs | 9 | **(20,514)** | (23,416) |
| Share of results of associates | | **(7,155)** | 4,829 |
| Share of results of joint ventures | | **–** | (10,148) |
| Loss before tax | | **(121,691)** | (120,863) |
| Income tax expenses | 12 | **(36,516)** | (38,226) |
| Loss for the year | 13 | **(158,207)** | (159,089) |
| **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 | | **(24,318)** | (20,314) |
| 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 | | **(41,051)** | (39,408) |
| Share of other comprehensive expense of associates and joint ventures | | **–** | (160) |
| | | **(65,369)** | (47,679) |
| Total comprehensive expense for the year | | **(223,576)** | (206,768) |
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | **(203,703)** | (194,210) |
| Non-controlling interests | | **45,496** | 35,121 |
| | | **(158,207)** | (159,089) |
| Total comprehensive (expense) income attributable to: | | | |
| Owners of the Company | | **(257,087)** | (231,360) |
| Non-controlling interests | | **33,511** | 24,592 |
| | | **(223,576)** | (206,768) |
| Loss per share (HK cent(s)) | | | |
| Basic and diluted | 15 | **(3.01)** | (2.87) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | Notes | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Investment properties | 16 | **535,621** | 594,155 |
| Property, plant and equipment | 17 | **305,417** | 326,964 |
| Right-of-use assets | 18 | **122,326** | 134,835 |
| Loans receivable | 19 | **23,592** | 39,156 |
| Goodwill | 20 | **593,253** | 671,686 |
| Intangible assets | 21 | **391,003** | 402,944 |
| Interests in associates | 22 | **168,794** | 260,708 |
| Equity instruments at fair value through other comprehensive income | 25 | **24,444** | 48,626 |
| Deferred tax assets | 36 | **3,755** | 2,586 |
| Fixed bank deposits | 31 | **63,853** | 77,018 |
| | | **2,232,058** | 2,558,678 |
| **CURRENT ASSETS** | | | |
| Inventories | 27 | **51,150** | 52,499 |
| Trade and other receivables | 28 | **462,852** | 511,071 |
| Financial assets at fair value through profit or loss | 24 | **2,012** | 6,772 |
| Loans receivable | 19 | **21,500** | 15,200 |
| Amounts due from associates | 29 | **583** | 1,070 |
| Tax recoverable | | **356** | 868 |
| Pledged bank deposits | 31 | **1,107** | 163,570 |
| Fixed bank deposits | 31 | **163,888** | 158,759 |
| Bank balances and cash | 31 | **1,191,397** | 1,032,079 |
| | | **1,894,845** | 1,941,888 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 32 | **326,406** | 299,517 |
| Contract liabilities | 33 | **7,308** | 16,833 |
| Amounts due to non-controlling interests | 30 | **38,040** | 44,158 |
| Bank borrowings | 34 | **17,594** | 22,002 |
| Lease liabilities | 35 | **69,660** | 68,750 |
| Convertible bonds | 37 | **112,365** | 116,760 |
| Tax payable | | **22,825** | 29,352 |
| | | **594,198** | 597,372 |
| **NET CURRENT ASSETS** | | **1,300,647** | 1,344,516 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **3,532,705** | 3,903,194 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **NON-CURRENT LIABILITIES** | | | |
| Bank borrowings | 34 | **63,089** | 65,561 |
| Lease liabilities | 35 | **56,870** | 76,873 |
| Deferred tax liabilities | 36 | **32,399** | 35,018 |
| Convertible bonds | 37 | **–** | 106,996 |
| | | **152,358** | 284,448 |
| | | **3,380,347** | 3,618,746 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 38 | **67,735** | 67,735 |
| Reserves | | **2,909,179** | 3,174,394 |
| Equity attributable to owners of the Company | | **2,976,914** | 3,242,129 |
| Non-controlling interests | | **403,433** | 376,617 |
| Total equity | | **3,380,347** | 3,618,746 |

The consolidated financial statements on pages 119 to 244 were approved and authorised for issue by the board of directors of the Company on 28 March 2025 and are signed on its behalf by:

**Mr. Choi Ka Tsan Karson**
*DIRECTOR*

**Ms. Zhang Xiaoxue**
*DIRECTOR*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Share capital – Shares** HK$'000 | **Share premium** HK$'000 | **Capital redemption reserve** HK$'000 (note i) | **Capital reserve** HK$'000 (note ii) | **Distributable reserve** HK$'000 (note iii) | **Other reserves** HK$'000 (note iv) | **Property revaluation reserve** HK$'000 | **Investment revaluation reserves** HK$'000 | **Treasury shares** HK$'000 | **Convertible bonds reserve** HK$'000 | **Translation reserve** HK$'000 | **Accumulated profits** HK$'000 | **Total** HK$'000 | **Non-controlling interests** HK$'000 | **Total** HK$'000 |
| **At 31 December 2022** | 68,364 | 3,044,069 | 9,020 | 10,033 | 62,677 | (64,464) | 95,231 | (94,111) | (10,819) | 33,115 | (45,822) | 384,123 | 3,491,416 | 362,174 | 3,853,590 |
| (Loss) profit for the year | – | – | – | – | – | – | – | – | – | – | – | (194,210) | (194,210) | 35,121 | (159,089) |
| Exchange differences arising on the translation of foreign operations | – | – | – | – | – | – | – | – | – | – | (28,879) | – | (28,879) | (10,529) | (39,408) |
| Share of other comprehensive expense of associates and joint ventures | – | – | – | – | – | – | – | – | – | – | (160) | – | (160) | – | (160) |
| Fair value changes in revaluation of properties upon transfer from "property, plant and equipment" to "investment properties" | – | – | – | – | – | – | 12,203 | – | – | – | – | – | 12,203 | – | 12,203 |
| Fair value changes in equity instruments at fair value through other comprehensive income ("FVTOCI") | – | – | – | – | – | – | – | (20,314) | – | – | – | – | (20,314) | – | (20,314) |
| Other comprehensive income (expense) for the year | – | – | – | – | – | – | 12,203 | (20,314) | – | – | (29,039) | – | (37,150) | (10,529) | (47,679) |
| Total comprehensive income (expense) for the year | – | – | – | – | – | – | 12,203 | (20,314) | – | – | (29,039) | (194,210) | (231,360) | 24,592 | (206,768) |
| Transfer of reserve | – | – | – | – | – | 6,890 | – | – | – | – | – | (6,890) | – | – | – |
| Partial disposal of a subsidiary | – | – | – | – | – | – | – | – | – | – | – | – | – | 432 | 432 |
| Capital contribution from non-controlling interests | – | – | – | – | – | 228 | – | – | – | – | – | – | 228 | 219 | 447 |
| Cancellation of Shares (note 38) | (629) | (20,217) | – | – | – | – | – | – | 20,846 | – | – | – | – | – | – |
| Repurchase of Shares (note 38) | – | – | – | – | – | – | – | – | (10,027) | – | – | – | (10,027) | – | (10,027) |
| Dividends declared | – | – | – | – | – | – | – | – | – | – | – | (8,128) | (8,128) | – | (8,128) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | – | – | – | – | – | – | (10,800) | (10,800) |
| **At 31 December 2023** | 67,735 | 3,023,852 | 9,020 | 10,033 | 62,677 | (57,346) | 107,434 | (114,425) | – | 33,115 | (74,861) | 174,895 | 3,242,129 | 376,617 | 3,618,746 |
| (Loss) profit for the year | – | – | – | – | – | – | – | – | – | – | – | (203,703) | (203,703) | 45,496 | (158,207) |
| Exchange differences arising on the translation of foreign operations | – | – | – | – | – | – | – | – | – | – | (29,066) | – | (29,066) | (11,985) | (41,051) |
| Fair value changes in equity instruments at FVTOCI | – | – | – | – | – | – | – | (24,318) | – | – | – | – | (24,318) | – | (24,318) |
| Other comprehensive expense for the year | – | – | – | – | – | – | – | (24,318) | – | – | (29,066) | – | (53,384) | (11,985) | (65,369) |
| Total comprehensive expense for the year | – | – | – | – | – | – | – | (24,318) | – | – | (29,066) | (203,703) | (257,087) | 33,511 | (223,576) |
| Transfer of reserve | – | – | – | – | – | 3,613 | – | – | – | – | – | (3,613) | – | – | – |
| Redemption of convertible bonds (note 37) | – | – | – | – | – | – | – | – | – | (12,220) | – | 12,220 | – | – | – |
| Dividends declared | – | – | – | – | – | – | – | – | – | – | – | (8,128) | (8,128) | – | (8,128) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | – | – | – | – | – | – | (6,695) | (6,695) |
| **At 31 December 2024** | **67,735** | **3,023,852** | **9,020** | **10,033** | **62,677** | **(53,733)** | **107,434** | **(138,743)** | **–** | **20,895** | **(103,927)** | **(28,329)** | **2,976,914** | **403,433** | **3,380,347** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Notes:

(i) Capital redemption reserve arises from the reduction of the nominal value of the issued share capital of the Company upon the cancellation of the repurchased shares.

(ii) Capital reserve of the Group represents the difference between the nominal value of HK$350,000 of the ordinary shares issued by the Company and the nominal value of the share capital of HK$10,383,000 of Town Health (BVI) Limited ("Town Health (BVI)"), a subsidiary acquired through an exchange of shares pursuant to the group reorganisation in April 2000.

(iii) Distributable reserve of the Group represents the amount arising from the reduction of share capital net of dividend paid.

(iv) The other reserves of the Group mainly represented:

(a) according to the relevant requirements in the articles of association of the Group's subsidiary in the Mainland China, a portion of its profits after taxation shall be transferred to the Mainland China statutory reserve. The transfer must be made before the distribution of dividend to equity owners. The statutory reserve fund can be used to make up the prior year losses, if any. The statutory reserve fund is non-distributable other than upon liquidation. During the year ended 31 December 2024, approximately HK$3,613,000 (2023: HK$6,890,000) was transferred from accumulated profits and the carrying amount of the Mainland China statutory reserves as at 31 December 2024 is approximately HK$44,578,000 (2023: HK$40,965,000).

(b) other reserves of the Group include the change in net assets attributable to the Group in relation to changes in ownership interest in subsidiaries without loss of control in prior years.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Loss for the year | | **(158,207)** | (159,089) |
| Adjustments for: | | | |
| Income tax | 12 | **36,516** | 38,226 |
| Interest income | 7 | **(33,178)** | (31,700) |
| Finance costs | 9 | **20,514** | 23,416 |
| Amortisation of intangible assets | 21 | **7,706** | 11,264 |
| Depreciation of right-of-use assets | 18 | **71,965** | 75,571 |
| Depreciation of property, plant and equipment | 17 | **56,991** | 58,794 |
| Dividend income from equity instruments at FVTOCI | 7 | **(1,063)** | (1,545) |
| Impairment loss recognised on interest in a joint venture | 8 | **–** | 3,693 |
| Fair value changes on investment properties | 8 | **68,495** | 98,626 |
| Impairment loss recognised on goodwill | 8 | **70,000** | 102,877 |
| Impairment loss recognised on property, plant and equipment | 8 | **–** | 18,540 |
| Impairment loss (reversal of impairment loss) recognised on right-of-use assets | 8 | **1,971** | (1,402) |
| Expected credit loss recognised on other receivable | 8 | **6,704** | – |
| Expected credit loss recognised on loan receivable | 8 | **–** | 3,300 |
| Impairment loss recognised on interests in associates | 8 | **76,762** | 29,702 |
| Loss (gain) on disposal/written off of property, plant and equipment | 8 | **68** | (2,533) |
| Share of results of associates | | **7,155** | (4,829) |
| Share of results of joint ventures | | **–** | 10,148 |
| Fair value changes on financial assets at fair value through profit or loss ("FVTPL") | 8 | **4,760** | (6,772) |
| Operating cash inflow before movements in working capital | | **237,159** | 266,287 |
| Decrease in inventories | | **778** | 4,302 |
| Decrease (increase) in trade and other receivables | | **34,061** | (1,411) |
| Increase in trade and other payables | | **27,070** | 12,011 |
| Decrease in contract liabilities | | **(9,281)** | (56) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Notes | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| Cash generated from operations | | **289,787** | 281,133 |
| Income tax paid | | **(44,957)** | (33,607) |
| **NET CASH GENERATED FROM OPERATING ACTIVITIES** | | **244,830** | 247,526 |
| **INVESTING ACTIVITIES** | | | |
| Repayment of loans receivable | | **9,264** | 1,225 |
| Interest received | | **33,178** | 31,700 |
| Dividend received from associates | | **5,997** | 20,171 |
| Dividend received from equity instruments at FVTOCI | | **1,063** | 1,545 |
| Repayment from associates | | **487** | 114 |
| Proceeds from disposal of property, plant and equipment | | **21** | 4,051 |
| Purchase of equity instruments at FVTOCI | | **(136)** | (41,156) |
| Purchase of additional interests in an associate | | **–** | (20,000) |
| Distribution from a joint venture | | **–** | 6,860 |
| Purchase of an investment property | 16 | **(9,961)** | – |
| Purchase of property, plant and equipment | 17 | **(38,717)** | (17,740) |
| Decrease in fixed bank deposits | | **634** | 11,583 |
| Decrease (increase) in pledged bank deposits | | **162,463** | (19,298) |
| **NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES** | | **164,293** | (20,945) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

| | Notes | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|---|
| **FINANCING ACTIVITIES** | | | |
| Repayment to non-controlling interests | | **(6,118)** | (5,724) |
| Capital contribution from non-controlling interests | | **–** | 447 |
| Interest paid for bank borrowings | | **(5,261)** | (6,655) |
| Repayment of lease liabilities | | **(75,991)** | (77,398) |
| Interest paid for lease liabilities | | **(6,644)** | (6,883) |
| Dividends paid to non-controlling interests | | **(6,695)** | (10,800) |
| Repayment of bank borrowings | | **(6,880)** | (26,333) |
| Redemption of convertible bonds | | **(120,000)** | – |
| Payment for repurchase of shares | 38 | **–** | (10,027) |
| Partial disposal of a subsidiary | | **–** | 432 |
| Dividend paid | 14 | **(8,128)** | (8,128) |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **(235,717)** | (151,069) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **173,406** | 75,512 |
| **CASH AND CASH EQUIVALENTS AT 1 JANUARY** | | **1,032,079** | 971,939 |
| **EFFECT OF FOREIGN EXCHANGE RATES CHANGES** | | **(14,088)** | (15,372) |
| **CASH AND CASH EQUIVALENTS AT 31 DECEMBER** | | | |
| representing bank balances and cash | 31 | **1,191,397** | 1,032,079 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL

The Company is registered in Bermuda as an exempted company with limited liability 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 Medical Group Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

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

## 2. APPLICATION OF NEW AND 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 2024 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

**New and amendments to HKFRSs in issue but not yet effective**

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

| | |
|---|---|
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to HKAS 21 and HKFRS 1 | Lack of Exchangeability[2] |
| Amendments to HKFRS 9 and HKFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[3] |
| Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 | Annual Improvements to HKFRS Accounting Standards – Volume 11[3] |
| HKFRS 18 | Presentation and Disclosure in Financial Statements[4] |

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

The Group is assessing the full impact of the new and amendments to HKFRSs. Except as described below, the above new and 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 new and amendments to existing standards when they become effective.

**HKFRS 18 Presentation and Disclosure in Financial Statements**

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and the related amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the material accounting policy information set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are accounted for in accordance with HKFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Basis of preparation of consolidated financial statements** *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policy information is set out below.

**Material accounting policy information**

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Basis of consolidation** *(Continued)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

*Changes in the Group's interests in existing subsidiaries*

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9"), when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

### Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

#### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

#### Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

*Acquisition of additional interests in associates or joint ventures*

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Revenue from contracts with customers**

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

*Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation*

*Output method*

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Revenue from contracts with customers** *(Continued)*

*Principal versus agent*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

**Leases**

*The Group as a lessee*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Leases** *(Continued)*

*Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

– fixed payments (including in-substance fixed payments) less any lease incentives receivable;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable by the lessee under residual value guarantees;

– the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

– payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Leases** *(Continued)*

*The Group as a lessor*

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

**Property, plant and equipment**

Property, plant and equipment including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If an owner-occupied property becomes an investment property that will be carried at fair value because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in the same way as a revaluation.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

#### Property, plant and equipment *(Continued)*

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Depreciation is recognised so as to write off the cost of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

#### Investment properties *(Continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

#### Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment on tangible and intangible assets other than goodwill below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash generating unit or group of cash-generating units.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

### Impairment on tangible and intangible assets other than goodwill *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

#### Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations in other parts of the PRC are translated into the presentation currency of the Group (i.e. HK$) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures, and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Taxation** *(Continued)*

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### Material accounting policy information *(Continued)*

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Dividend income which are derived from the Group's ordinary course of business are presented as revenue.

*Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

*Financial assets (Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

*Impairment of financial assets*

The Group performs impairment assessment under ECL on financial assets (including, trade and other receivables, loans receivable, amounts due from associates and promissory notes). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

*Impairment of financial assets (Continued)*

(i) Significant increase in credit risk *(Continued)*

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

*Impairment of financial assets (Continued)*

(iii) Credit-impaired financial assets *(Continued)*

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

*Impairment of financial assets (Continued)*

(v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserves is not reclassified to profit or loss, but is transferred to accumulated profits.

*Financial liabilities and equity instruments*

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

*Financial liabilities and equity instruments (Continued)*

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities (including trade and other payables, amount(s) due to an investee/non-controlling interests, bank borrowing and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option at the maturity date. Where the convertible bonds are redeemed before maturity date, any difference between the amount paid for redemption and the aggregate carrying amounts of both liability and equity components is recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

**Material accounting policy information** *(Continued)*

**Financial instruments** *(Continued)*

*Financial liabilities and equity instruments (Continued)*

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Related parties**

(a) A person or a close member of that person's family is related to the Company if that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of key management personnel of the Company or the Company's parent.

(b) An entity is related to the Company if any of the following conditions apply:

  (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) Both entities are joint ventures of the same third party.

  (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) The entity is a post-employment benefit plan for the benefit of the employees of the Company or an entity related to the Company.

  (vi) The entity is controlled or jointly controlled by a person identified in (a).

  (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

  (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

### Critical judgments in applying accounting policies

The followings are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

*Deferred tax on investment properties*

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded:

In respect of the Group's investment properties located in Hong Kong, the management has determined that those properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties as the Group is not subject to any income taxes on disposal of its investment properties.

*Indefinite useful life of intangible assets*

As disclosed in note 21 to the consolidated financial statements, the trade name, Vio with carrying amount of HK$167,087,000 as at 31 December 2024 (2023: HK$167,087,000) and the trade name under Central Medical Holdings Limited ("CMHL") and its subsidiaries (collectively the "CMHL Group"), with carrying amount of HK$93,100,000 as at 31 December 2024 (2023: HK$93,100,000) have no definite useful life. The directors of the Company are of the opinion that the Group has the ability to use the trade names continuously. In the opinion of the directors of the Company, the trade names have no foreseeable limit to the period over which the services provided are expected to generate net cash flows for the Group indefinitely.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

**Critical judgments in applying accounting policies** *(Continued)*

*Determination of lease term of contracts with renewal options*

The Group applies judgment to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to clinics. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. Leases are considered no longer enforceable when the Group as the lessee and the relevant lessors both have the right to terminate the lease without permission from the other party with no more than an insignificant contractual penalty.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives for exercising or not exercising the options. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);

- the extent of leasehold improvements undertaken by Group;

- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

There are no new contracts entered during the years ended 31 December 2024 and 2023 that contain renewal options, and thus, no assessment on renewal option was performed during both years. For the contracts previously signed with renewal options, there is no change in the decision made when the right-of-use assets and lease liabilities were recognised.

*Principal versus agent consideration (agent)*

The Group is considered as an agent for its contracts with customers relating to the sales of medical equipment as the Group did not obtain the control over medical equipment before passing on to customers taking into consideration indicators such as the Group is not primarily responsible for fulfilling the promise and not exposed to inventory risk. When the Group satisfies the performance obligation, the Group recognised a commission revenue in the amount which amounted to an average rate of 19.74% (2023: 21.57%) of the gross amount of consideration.

During the year ended 31 December 2024, the Group recognised the commission as revenue relating to sales of medical equipment with the Group being an agent which amounted to approximately HK$4,014,000 (2023: HK$4,953,000).

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

**Key sources of estimation uncertainty**

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Impairment of goodwill and intangible assets*

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill and intangible assets have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value, taking into account of other key assumptions including discount rate, future growth rate and expected gross margin. When the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss/further impairment loss may arise.

As at 31 December 2024, the carrying amount of goodwill and intangible assets were HK$593,253,000 and HK$391,003,000 (net of accumulated impairment loss of goodwill and intangible assets of HK$400,012,000 and HK$nil respectively) (2023: HK$671,686,000 and HK$402,944,000 (net of accumulated impairment loss of goodwill and intangible assets of HK$330,012,000 and HK$nil respectively)). During the year ended 31 December 2024, impairment loss on goodwill of HK$70,000,000 (2023: HK$102,877,000) were recognised in profit or loss. Details of goodwill impairment assessment are disclosed in note 20 to the consolidated financial statements.

*Valuation of investment properties*

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions and assumptions made on the investment properties, including price per square feet, with certain unobservable inputs such as adjustment of the building age, location, fair market rents and people flows to reflect different locations or conditions.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions and current development of the investment properties. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss. As at 31 December 2024, the carrying amount of investment properties was HK$535,621,000 (2023: HK$594,155,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

**Key sources of estimation uncertainty** *(Continued)*

*Fair value measurement of financial instruments*

As disclosed in notes 25 and 43 to the consolidated financial statements, the Group's financial assets include unquoted equity instruments of HK$24,337,000 as at 31 December 2024 (2023: HK$48,626,000) which are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments.

*Impairment of associates and joint ventures*

Management regularly reviews the recoverable amount of the associates and joint ventures. Determining whether impairment is required involves the estimation of the value in use. In determining the value in use, management's estimates are based on the Group's share of the present value of the estimated future cash flows expected to be generated. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flow, impairment loss may arise.

As at 31 December 2024, the carrying amount of interests in associates amounted to HK$168,794,000 (2023: HK$260,708,000) net of accumulated impairment loss amounting to HK$133,463,000 (2023: HK$56,701,000). As at 31 December 2024, the carrying amount of interests in joint ventures amounted to HK$nil (2023: HK$nil), net of accumulated impairment loss amounting to HK$3,790,000 (2023: HK$3,790,000). During the year ended 31 December 2024, impairment loss on interest in associates of HK$76,762,000 (2023: HK$29,702,000) and impairment loss on interest in joint ventures of HK$nil (2023: HK$3,693,000) were recognised in profit or loss respectively.

*Allowance of expected credit loss on trade and bills receivable*

The Group uses practical expedient in estimating ECL on trade and bills receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

As at 31 December 2024, the carrying amount of trade and bills receivable amounted to HK$397,231,000 (2023: HK$429,085,000). No expected credit loss was recognised for the years ended 31 December 2024 and 2023.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

**Key sources of estimation uncertainty** *(Continued)*

*Allowance of expected credit loss on loans receivable*

The Group measures the loss allowance on loans receivable based on an expected credit loss model. The allowance for ECL on the loans receivable are calculated based on loss rates which are reference to the default rates from international credit rating agencies and historical data, adjusted for forward-looking futures specific to the debtors and the economic environment. Specifically, a credit loss is the present value of the difference between (i) the contractual cash flows that are due to an entity under the contract and (ii) the cash flows that the entity expects to receive. Such assessment involves a high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, material ECLs or material reversal of ECLs may arise, accordingly. As at 31 December 2024, the carrying amount of loans receivable amounted to HK$45,092,000 (2023: HK$54,356,000). During the year ended 31 December 2024, expected credit loss on loans receivable of HK$nil (2023: HK$3,300,000) was recognised in profit or loss.

*Allowance of expected credit loss on promissory notes*

The Group measures the loss allowance on promissory notes based on an expected credit loss model. As disclosed in note 26 to the consolidated financial statements, Profit Castle Holding Limited ("Profit Castle"), the issuer of promissory note with principal amount of HK$330,000,000, failed to repay the principal of HK$330,000,000 on the maturity date (i.e. 9 April 2020) and all outstanding interest accrued. The management considered that such promissory note is credit impaired and negotiated with Dr. Ip Chun Heng, Wilson ("Dr. Ip") on the extension of the maturity date of the promissory note and interest accrued thereon since the maturity date. However, such negotiation fell through in the absence of any viable repayment proposal from Dr. Ip and Profit Castle that is acceptable to the Group. During the year ended 31 December 2021, operation of Bonjour Beauty International Limited ("Bonjour Beauty") was suspended. Date of resumption is unable to be estimated since then, the promissory note was therefore fully impaired. During the years ended 31 December 2024 and 2023, no interest income was recognised.

As at 31 December 2024 and 2023, the carrying amount of such promissory note issued by Profit Castle was HK$nil, net of accumulated allowance expected credit loss of HK$330,000,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### Key sources of estimation uncertainty *(Continued)*

*Impairment on the property, plant and equipment and the right-of-use assets*

Property, plant and equipment and right-of-use assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the value-in-use including cash flow projections with appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the percentage change in revenue growth and gross profit margins in the cash flow projections, could affect the recoverable amount. As at 31 December 2024, the carrying amounts of the property, plant and equipment and the right-of-use assets, which were net of accumulated depreciation and impairment loss, were HK$305,417,000 and HK$122,326,000 (2023: HK$326,964,000 and HK$134,835,000), respectively.

The recoverable amounts of the property, plant and equipment and the right-of-use assets have been determined by the management of the Group by value-in-use calculation of the clinics to which these assets belong. The value-in-use calculation uses the discounted cash flow forecasts based on management's expectations on the market development and the past performance, where the key input parameters include revenue growth and gross profit margins. The Group estimates the recoverable amount of the property, plant and equipment and the right-of-use assets of each clinic individually.

During the year ended 31 December 2024, impairment losses of approximately HK$1,971,000 and impairment loss of HK$nil (2023: reversal of impairment losses of approximately HK$1,402,000 and impairment loss of approximately HK$18,540,000) have been recognised related to right-of-use assets and property, plant and equipment in the profit or loss during the year, respectively.

## 5. 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:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Revenue recognised under HKFRS 15** | | |
| Hong Kong medical services | | |
| – Medical services | **720,968** | 711,629 |
| – Dental services | **66,085** | 59,367 |
| | **787,053** | 770,996 |
| **Hong Kong managed medical network business** | **489,353** | 498,189 |
| **Mainland hospital management and medical services** | **546,615** | 552,795 |
| | **1,823,021** | 1,821,980 |
| **Revenue recognised under other accounting standard** | | |
| Others | | |
| – Rental income | **10,774** | 11,058 |
| **Total** | **1,833,795** | 1,833,038 |

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| **Revenue recognised under HKFRS 15** | | |
| **Timing of revenue recognition** | | |
| At a point in time | **1,744,067** | 1,742,884 |
| Over time | **78,954** | 79,096 |
| | **1,823,021** | 1,821,980 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 5. REVENUE *(Continued)*

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 to 270 days (2023: 180 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 2024 and 2023 are as follows (see note below):

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Gross basis | **1,819,007** | 1,817,027 |
| Net basis | **4,014** | 4,953 |
| Total revenue | **1,823,021** | 1,821,980 |

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.

## 6. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 6. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results

For the year ended 31 December 2024

| | 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 | 787,053 | 489,353 | 546,615 | 10,774 | – | 1,833,795 |
| Inter-segment sales | 42,629 | – | – | – | (42,629) | – |
| | 829,682 | 489,353 | 546,615 | 10,774 | (42,629) | 1,833,795 |
| Segment results before expected credit loss and impairment losses | 54,192 | 41,626 | 63,732 | (55,921) | – | 103,629 |
| Expected credit loss recognised on other receivable | – | – | – | (6,704) | – | (6,704) |
| Impairment loss recognised on goodwill | (70,000) | – | – | – | – | (70,000) |
| Impairment loss recognised on interests in associates | (18,911) | – | – | (57,851) | – | (76,762) |
| Impairment loss recognised on right-of-use assets | (1,971) | – | – | – | – | (1,971) |
| Segment results | (36,690) | 41,626 | 63,732 | (120,476) | – | (51,808) |
| Unallocated finance costs | | | | | | (8,609) |
| Unallocated other income | | | | | | 10,174 |
| Unallocated corporate expenses | | | | | | (71,448) |
| Loss before tax | | | | | | (121,691) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 6. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results *(Continued)*

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) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 6. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results *(Continued)*

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 2024

| | 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 | – | – | – | (33,178) | (33,178) | – | (33,178) |
| Dividend income | (1,063) | – | – | – | (1,063) | – | (1,063) |
| Fair value changes on investment properties | – | – | – | 68,495 | 68,495 | – | 68,495 |
| Share of results of associates | (5,140) | – | – | 12,295 | 7,155 | – | 7,155 |
| Depreciation of property, plant and equipment | 28,163 | 4,181 | 21,184 | 3,432 | 56,960 | 31 | 56,991 |
| Depreciation of right-of-use assets | 58,160 | 9,462 | 4,343 | – | 71,965 | – | 71,965 |
| Amortisation of intangible assets | 920 | 3,751 | 3,035 | – | 7,706 | – | 7,706 |
| Loss on disposal/written off of property, plant and equipment | 62 | 4 | 2 | – | 68 | – | 68 |
| Finance costs | 5,545 | 851 | 248 | 5,261 | 11,905 | 8,609 | 20,514 |
| Amounts included in the information regularly provided to the CEO: | | | | | | | |
| Additions to property, plant and equipment | 5,296 | 2,107 | 21,993 | 9,321 | 38,717 | – | 38,717 |

## 6. SEGMENT INFORMATION *(Continued)*

### Other segment information *(Continued)*

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 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 6. SEGMENT INFORMATION *(Continued)*

### Geographical information

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

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Hong Kong | **1,287,180** | 1,280,243 |
| Other regions of the PRC | **546,615** | 552,795 |
| | **1,833,795** | 1,833,038 |

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

| | Carrying amount of non-current assets | |
|---|---|---|
| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
| Hong Kong | **1,627,596** | 1,906,475 |
| Other regions of the PRC | **488,818** | 484,817 |
| Non-current assets (Note) | **2,116,414** | 2,391,292 |

Note: Non-current assets shown above exclude deferred tax assets, loans receivable, fixed bank deposits and equity instruments at FVTOCI.

### Information about a major customer

The major customer which contributed more than 10% of the total revenue for the years ended 31 December 2024 and 2023 is listed as below:

| | 2024 | 2023 |
|---|---|---|
| Customer A | **21%** | 22% |

## 7. OTHER INCOME

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Interest income: | | |
| – Bank balances and fixed bank deposits | **30,969** | 29,450 |
| – Loans receivable | **2,209** | 2,250 |
| | **33,178** | 31,700 |
| Dividend income from equity instruments at FVTOCI: | | |
| – relating to investments held at the end of the reporting period | **1,063** | 1,545 |
| Rental income | **3,410** | 5,590 |
| Sundry income | **6,764** | 8,764 |
| | **44,415** | 47,599 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 8. OTHER GAINS AND LOSSES, NET

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Expected credit loss recognised on loan receivable (note 19) | – | (3,300) |
| Expected credit loss recognised on other receivable (note 28) | (6,704) | – |
| Fair value changes on investment properties (note 16) | (68,495) | (98,626) |
| Fair value changes on financial assets at FVTPL (note 24) | (4,760) | 6,772 |
| (Loss) gain on disposal/written off of property, plant and equipment | (68) | 2,533 |
| Impairment loss recognised on goodwill (note 20) | (70,000) | (102,877) |
| Impairment loss recognised on interests in associates (note 22) | (76,762) | (29,702) |
| Impairment loss recognised on property, plant and equipment (note 17) | – | (18,540) |
| Impairment loss recognised on interest in a joint venture | – | (3,693) |
| (Impairment loss) reversal of impairment loss recognised on right-of-use assets (note 18) | (1,971) | 1,402 |
| Others | (302) | 556 |
| | (229,062) | (245,475) |

## 9. FINANCE COSTS

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Interest on bank borrowings | 5,261 | 6,655 |
| Interest on lease liabilities | 6,644 | 6,883 |
| Interest on convertible bonds (note 37) | 8,609 | 9,878 |
| | 20,514 | 23,416 |

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

During both years ended 31 December 2024 and 2023, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

Details of emoluments of individual executives, including the CEO, non-executive and independent non-executive directors of the Company, are set out as below:

**For the year ended 31 December 2024**

| | Fees HK$'000 | Salaries & other benefits HK$'000 | Performance bonus HK$'000 | Non-cash housing benefits HK$'000 | Retirement benefits scheme contributions HK$'000 | Total emoluments HK$'000 |
|---|---|---|---|---|---|---|
| **Executive directors** | | | | | | |
| Mr. Choi Ka Tsan Karson *(Chief Executive Officer)* | 2,400 | 3,000 | – | – | 18 | 5,418 |
| Dr. Fok Siu Wing Dominic | 240 | 1,320 | 878 | – | 18 | 2,456 |
| Ms. Zhang Xiaoxue *(Appointed on 12 January 2024)* | – | 842 | – | 168 | 14 | 1,024 |
| Mr. Liu Shiyin *(Appointed on 12 January 2024 and resigned on 24 February 2025)* | – | 1,099 | – | 200 | 12 | 1,311 |
| Dr. Wong Chi Kit Nelson *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| Dr. Wong Chun Wa *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| Mr. Ng Ting Chi *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| Ms. Yao Yuan *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| Ms. Lau Wai Yee Susanna *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| | 2,640 | 6,261 | 878 | 368 | 62 | 10,209 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

### For the year ended 31 December 2024 *(Continued)*

| | Fees HK$'000 | Salaries & other benefits HK$'000 | Performance bonus HK$'000 | Non-cash housing benefits HK$'000 | Retirement benefits scheme contributions HK$'000 | Total emoluments HK$'000 |
|---|---|---|---|---|---|---|
| **Non-executive directors** | | | | | | |
| Ms. Lee Wai Ling Linda | 192 | – | – | – | – | 192 |
| Ms. Lau Suk Hing Clara | 192 | – | – | – | – | 192 |
| Mr. Liu Yang *(Appointed on 12 January 2024)* | – | – | – | – | – | – |
| Ms. Zhang Leidi *(Appointed on 12 January 2024)* | – | – | – | – | – | – |
| Mr. Hou Jun *(Resigned on 11 January 2024)* | – | – | – | – | – | – |
| | 384 | – | – | – | – | 384 |
| **Independent non-executive directors** | | | | | | |
| Mr. Yu Xuezhong | 192 | – | – | – | – | 192 |
| Dr. Xu Weiguo | 192 | – | – | – | – | 192 |
| Mr. Han Weixin | 192 | – | – | – | – | 192 |
| Mr. Chan Wai Kan | 192 | – | – | – | – | 192 |
| Mr. Cheung Ka Ming | 192 | – | – | – | – | 192 |
| Mr. Tsui Wing Cheong Sammy | 192 | – | – | – | – | 192 |
| Mr. Tang Chi Kong *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| Mr. Ho Kwok Wah, George, MH *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| Mr. Chui Tsan Kit *(Resigned on 1 January 2024)* | – | – | – | – | – | – |
| | 1,152 | – | – | – | – | 1,152 |
| **Total** | 4,176 | 6,261 | 878 | 368 | 62 | 11,745 |

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2023

| | Fees HK$'000 | Salaries & other benefits HK$'000 | Performance bonus HK$'000 | Retirement benefits scheme contributions HK$'000 | Total emoluments HK$'000 |
|---|---|---|---|---|---|
| **Executive directors** | | | | | |
| Mr. Choi Ka Tsan Karson *(Chief Executive Officer)* *(Appointed on 15 December 2023)* | 110 | – | – | – | 110 |
| Dr. Fok Siu Wing Dominic *(Appointed on 15 December 2023)* | 11 | – | – | – | 11 |
| Mr. Chan Chun Hong *(note)* | 104 | 398 | – | – | 502 |
| Dr. Law Kwan Kin *(Resigned on 2 March 2023)* | 41 | – | – | – | 41 |
| Mr. Jin Zhaogen *(Resigned on 20 June 2023)* | 113 | 1,015 | – | 94 | 1,222 |
| Ms. Zhao Xiangke *(Resigned on 20 June 2023)* | 113 | 868 | 140 | 94 | 1,215 |
| Dr. Tsang Wah Tak Kenneth *(Resigned on 20 June 2023)* | 113 | – | – | – | 113 |
| Mr. Shiu Shu Ming *(Resigned on 20 June 2023)* | 113 | – | – | – | 113 |
| Mr. Liu Gefeng *(Resigned on 20 June 2023)* | 113 | 1,663 | – | 94 | 1,870 |
| Dr. Wong Chi Kit Nelson *(Resigned on 1 January 2024)* | 240 | 5,035 | – | – | 5,275 |
| Dr. Wong Chun Wa *(Resigned on 1 January 2024)* | 240 | – | – | – | 240 |
| Mr. Ng Ting Chi *(Resigned on 1 January 2024)* | 240 | 907 | 72 | 18 | 1,237 |
| Ms. Yao Yuan *(Resigned on 1 January 2024)* | 240 | 1,140 | 70 | 18 | 1,468 |
| Ms. Lau Wai Yee Susanna *(Resigned on 1 January 2024)* | 240 | 1,008 | 80 | 18 | 1,346 |
| | 2,031 | 12,034 | 362 | 336 | 14,763 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*
For the year ended 31 December 2023 *(Continued)*

| | Fees HK$'000 | Salaries & other benefits HK$'000 | Performance bonus HK$'000 | Retirement benefits scheme contributions HK$'000 | Total emoluments HK$'000 |
|---|---|---|---|---|---|
| **Non-executive directors** | | | | | |
| Ms. Lee Wai Ling Linda *(Appointed on 15 December 2023)* | 9 | – | – | – | 9 |
| Ms. Lau Suk Hing Clara *(Appointed on 15 December 2023)* | 9 | – | – | – | 9 |
| Mr. Kong Dechang *(Resigned on 20 June 2023)* | – | – | – | – | – |
| Mr. Chan Chun Hong *(note)* | – | – | – | – | – |
| Mr. Hou Jun *(Resigned on 11 January 2024)* | – | – | – | – | – |
| | 18 | – | – | – | 18 |
| **Independent non-executive directors** | | | | | |
| Mr. Yu Xuezhong | 192 | – | – | – | 192 |
| Dr. Xu Weiguo | 192 | – | – | – | 192 |
| Mr. Han Weixin | 192 | – | – | – | 192 |
| Mr. Chan Wai Kan *(Appointed on 15 December 2023)* | 9 | – | – | – | 9 |
| Mr. Cheung Ka Ming *(Appointed on 15 December 2023)* | 9 | – | – | – | 9 |
| Mr. Tsui Wing Cheong Sammy *(Appointed on 15 December 2023)* | 9 | – | – | – | 9 |
| Mr. Hung Hing Man *(Appointed on 10 February 2023 and resigned on 15 December 2023)* | 163 | – | – | – | 163 |
| Mr. Tang Chi Kong *(Appointed on 10 February 2023 and resigned on 1 January 2024)* | 170 | – | – | – | 170 |
| Mr. Ho Kwok Wah, George, MH *(Resigned on 1 January 2024)* | 192 | – | – | – | 192 |
| Mr. Chui Tsan Kit *(Resigned on 1 January 2024)* | 192 | – | – | – | 192 |
| | 1,320 | – | – | – | 1,320 |
| **Total** | 3,369 | 12,034 | 362 | 336 | 16,101 |

*Note:* On 2 March 2023, Mr. Chan Chun Hong was appointed as an executive Director. With effect from 20 June 2023, he was appointed as a member of each of the Nomination Committee and the Remuneration Committee. On 20 June 2023, he was appointed as the Chairman. On 7 August 2023, he was removed as the Chairman. He was redesignated from an executive Director to a non-executive Director and ceased to be a member of each of the Nomination Committee and the Remuneration Committee. On 18 September 2023, he resigned as a Director.

## 10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

The performance bonus is a performance-related incentive payment which was determined with reference to the Group's performance for the relevant year.

Neither the CEO nor any of the directors of the Company waived any emoluments in the years ended 31 December 2024 and 2023.

Salaries and other benefits paid to or received by the executive directors were generally emoluments paid or receivable in respect of those persons' salaries in connection with the management of the affairs of the Company and its subsidiaries.

The independent non-executive director's emoluments shown above were for their services as directors of the Company.

## 11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2023: one) of them was executive director of the Company whose emolument are included in note 10 above. The emoluments of the four (2023: four) individuals were as follows:

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Salaries and other allowances | **9,909** | 6,443 |
| Performance bonus (note) | **5,157** | 6,742 |
| Retirement benefits scheme contributions | **54** | 72 |
| | **15,120** | 13,257 |

Their emoluments were within the following bands:

| | **2024**<br>**Number of Employees** | 2023<br>Number of Employees |
|---|---|---|
| HK$2,500,001 – HK$3,000,000 | **2** | 2 |
| HK$3,000,001 – HK$3,500,000 | **–** | 1 |
| HK$4,000,001 – HK$4,500,000 | **1** | – |
| HK$4,500,001 – HK$5,000,000 | **–** | 1 |
| HK$5,000,001 – HK$5,500,000 | **1** | – |
| | **4** | 4 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 11. EMPLOYEES' EMOLUMENTS *(Continued)*

During the year, no emoluments were paid by the Group to the five highest paid individuals, as an inducement to join or upon joining the Group or as compensation for loss of office.

Note: Pursuant to the service agreement entered into between each of the medical/dental practitioners and the Group, the practitioners are entitled to a fixed salary and a cash performance bonus of such amount determined based on a certain percentage of the monthly net profit (or, as the case may be, the monthly turnover) generated by the medical or dental practices at which he/she provides his/her services. The percentage is determined with reference to the qualification and experience of the practitioners, as well as the profitability of the medical centres at which the practitioners are practicing.

## 12. INCOME TAX EXPENSES

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Current tax | | |
| – Hong Kong Profits Tax | **20,406** | 19,734 |
| – PRC Enterprise Income Tax | **18,818** | 20,585 |
| | **39,224** | 40,319 |
| Provision in prior years | | |
| – (Over) under provision of Hong Kong Profits Tax | **(46)** | 518 |
| – Under provision of PRC Enterprise Income Tax | **61** | – |
| | **39,239** | 40,837 |
| Deferred tax | | |
| – Current year (note 36) | **(2,723)** | (2,611) |
| | **36,516** | 38,226 |

Hong Kong Profits Tax is calculated at the rate of 16.5% (2023: 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 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%.

## 12. INCOME TAX EXPENSES *(Continued)*

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

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

| | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|
| Loss before tax | **(121,691)** | (120,863) |
| Tax at the domestic income tax rate of 16.5% (2023: 16.5%) | **(20,079)** | (19,942) |
| Tax effect of expenses and losses not deductible for tax purpose | **44,869** | 47,418 |
| Tax effect of income not taxable for tax purpose | **(5,512)** | (4,028) |
| Tax effect of tax losses and other temporary differences not recognised | **11,855** | 13,216 |
| Tax effect of share of results of associates | **1,181** | (797) |
| Tax effect of share of results of joint ventures | **–** | 1,674 |
| Tax effect of utilisation of tax losses and other deductible temporary differences previously not recognised | **(1,658)** | (5,922) |
| Under provision in prior years | **15** | 518 |
| Tax concession | **(609)** | (1,006) |
| Effect of different tax rate of subsidiaries operating in other jurisdictions | **6,454** | 7,095 |
| Income tax expenses for the year | **36,516** | 38,226 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13. LOSS FOR THE YEAR

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Loss for the year has been arrived at after charging (crediting): | | |
| Staff costs | | |
| – Directors' emoluments (note 10) | **11,745** | 16,101 |
| – Other staff's salaries | **598,752** | 598,437 |
| – Other staff's bonus | **119,857** | 111,294 |
| – Other staff's retirement benefits scheme contributions | **13,343** | 14,818 |
| | **743,697** | 740,650 |
| Less: Staff costs recognised in administrative expenses | **(153,697)** | (147,064) |
| Staff costs recognised in cost of sales | **590,000** | 593,586 |
| Auditors' remuneration | **4,700** | 4,000 |
| Cost of inventories recognised in cost of sales: | | |
| – Pharmaceutical supplies | **355,036** | 362,552 |
| – Other inventories | **2,398** | 2,503 |
| | **357,434** | 365,055 |
| Depreciation of property, plant and equipment recognised in administrative expenses | **41,596** | 47,172 |
| Depreciation of property, plant and equipment recognised in cost of sales | **15,395** | 11,622 |
| Total depreciation of property, plant and equipment (note 17) | **56,991** | 58,794 |
| Loss (gain) on disposal/written off of property, plant and equipment | **68** | (2,533) |
| Depreciation of right-of-use assets recognised in administrative expenses (note 18) | **71,965** | 75,571 |
| Amortisation of intangible assets, recognised in administrative expenses | | |
| – customer relationship | **4,671** | 8,171 |
| – management services right and consulting services contracts | **3,035** | 3,093 |
| Total amortisation of intangible assets (note 21) | **7,706** | 11,264 |
| and after crediting: | | |
| Gross rental income from investment properties | **10,774** | 11,058 |
| Less: Direct operating expenses of properties that generated rental income | **(1,180)** | (1,130) |
| Net rental income from investment properties | **9,594** | 9,928 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 14. DIVIDENDS

During the year ended 31 December 2024, a final dividend of Hong Kong 0.12 cent per Share for the year ended 31 December 2023 (2023: a final dividend of Hong Kong 0.12 cent per Share for the year ended 31 December 2022) was declared to the owners of the Company. The aggregate amount of final dividend declared during the year ended 31 December 2024 amounted to approximately HK$8,128,000 (2023: HK$8,128,000).

The Board recommended the payment of a final dividend of Hong Kong 0.12 cent per Share for the year ended 31 December 2024 (2023: Hong Kong 0.12 cent per Share).

## 15. LOSS PER SHARE

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

**Loss for the purposes of basic and diluted loss per Share**

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Loss for the year attributable to owners of the Company | **(203,703)** | (194,210) |

**Number of Shares**

| | 2024 | 2023 |
|---|---|---|
| Weighted average number of Shares for the purposes of basic and diluted loss per Share | **6,773,522,452** | 6,773,861,449 |

The computation of diluted loss per Share for the years ended 31 December 2024 and 2023 do not assume the conversion of the Company's outstanding convertible bonds since their assumed conversion would have anti-dilutive effect.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 16. INVESTMENT PROPERTIES

| | HK$'000 |
|---|---|
| FAIR VALUE | |
| At 1 January 2023 | 528,580 |
| Transfer from property, plant and equipment | 164,201 |
| Decrease in fair value recognised in profit or loss | (98,626) |
| At 31 December 2023 | 594,155 |
| Addition | 9,961 |
| Decrease in fair value recognised in profit or loss | (68,495) |
| At 31 December 2024 | 535,621 |

The investment properties were under medium and long-term leases and situated in Hong Kong. All of the Group's property interests in land held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2023, the use of three premises situated in Hong Kong which were previously self-used premises had been changed to leasing out for rental income. The investment properties with fair value of HK$164,201,000 had been transferred from property, plant and equipment.

The fair value of the Group's investment properties at 31 December 2024 and 31 December 2023 has been arrived at on the basis of a valuation carried out on the respective dates by Ascent Partners Valuation Service Limited, an independent qualified professional valuer not connected with the Group.

Ascent Partners Valuation Service Limited has appropriate recognised and relevant professional qualifications and recent experience in the valuation of properties in the relevant locations and property categories.

The fair value of all properties located in Hong Kong was derived using the market comparable approach based on price per square feet observed in recent market transactions and adjusting the observed prices per square feet with certain unobservable inputs including the adjustments of the building age, location, fair market rent and people flows to reflect different locations and conditions.

There has been no change to the valuation technique in 2024 and 2023. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

## 16. INVESTMENT PROPERTIES *(Continued)*

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2024 and 31 December 2023 are as follows:

| | **Fair value as at 31 December 2024 HK$'000 (Level 3)** | Fair value as at 31 December 2023 HK$'000 (Level 3) |
|---|---|---|
| Property units located in Hong Kong | **535,621** | 594,155 |

The Group's investment property with a carrying amount of HK$89,000,000 at 31 December 2024 (2023: HK$116,000,000) has been pledged to bank for mortgage loan granted to the Group (note 34).

For investment properties categorised into Level 3 of the fair value hierarchy, the following information is relevant:

| Investment properties held by the Group | Fair value at 31 December 2024 HK$'000 | Fair value at 31 December 2023 HK$'000 | Fair value hierarchy | Valuation technique(s) & key inputs | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Property 1 – Commercial Property in Shatin | **224,210** | 238,135 | Level 3 | Direct comparison method<br>The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, which is ranged from HK$5,757 to HK$5,999 (2023: from HK$6,113 to HK$6,371) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 2 – Commercial Property in Tsuen Wan | **8,600** | 11,700 | Level 3 | Direct comparison method<br>The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$51,086 (2023: HK$69,432) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 16. INVESTMENT PROPERTIES *(Continued)*

| Investment properties held by the Group | Fair value at 31 December 2024 HK$'000 | Fair value at 31 December 2023 HK$'000 | Fair value hierarchy | Valuation technique(s) & key inputs | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Property 3 – Commercial Property in Mongkok | **6,300** | 8,400 | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$52,080 (2023: HK$69,774) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 4 – Commercial Property in Yau Ma Tei | **4,970** | 7,140 | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$10,172 (2023: HK$14,617) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 5 – Commercial Property in Jordan | **23,010** | 29,800 | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$24,741 (2023: HK$32,058) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 6 – Commercial Property in Tsim Sha Tsui | **45,800** | 48,000 | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$13,161 (2023: HK$13,807) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |

## 16. INVESTMENT PROPERTIES *(Continued)*

| Investment properties held by the Group | Fair value at 31 December 2024 HK$'000 | 2023 HK$'000 | Fair value hierarchy | Valuation technique(s) & key inputs | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Property 7 – Commercial Property in Tsim Sha Tsui | **46,000** | 48,300 | Level 3 | Direct comparison method<br>The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$13,227 (2023: HK$13,877) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 8 – Commercial Property in Tsim Sha Tsui | **46,300** | 48,500 | Level 3 | Direct comparison method<br>The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$13,294 (2023: HK$13,947) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 9 – Commercial Property in Shatin | **770** | 780 | Level 3 | Direct comparison method<br>The key input is price per unit | Price per unit, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$770,000 (2023: HK$780,000) per unit | A decrease in the price per unit will decrease significantly the fair value. |
| Property 10 – Commercial Property in Shatin | **9,200** | 9,500 | Level 3 | Direct comparison method<br>The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$4,653 (2023: HK$4,803) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 11 – Commercial Property in Shatin | **2,700** | 3,100 | Level 3 | Direct comparison method<br>The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$3,874 (2023: HK$4,410) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |

## 16. INVESTMENT PROPERTIES *(Continued)*

| Investment properties held by the Group | Fair value at 31 December 2024 HK$'000 | 2023 HK$'000 | Fair value hierarchy | Valuation technique(s) & key inputs | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|
| Property 12 – Residential unit in Shatin | **5,100** | 5,100 | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$11,849 (2023: HK$11,883) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 13 – Commercial Property in Yau Ma Tei | **13,700** | 19,700 | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$10,172 (2023: HK$14,690) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 14 – Commercial Property in Central | **89,000** | 116,000 | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$16,900 (2023: HK$22,000) per square feet | A decrease in the price per square feet will decrease significantly the fair value. |
| Property 15 – Commercial Property in Choi Hung | **9,961** | – | Level 3 | Direct comparison method The key input is price per square feet | Price per square feet, using market direct comparable and taking into account of the location and other individual factors such as age and shape of the property, of HK$37,898 per square feet | N/A |
| | **535,621** | 594,155 | | | | |

## 17. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings HK$'000 | Leasehold improvements HK$'000 | Furniture and fixtures HK$'000 | Motor vehicles HK$'000 | Tools and equipment HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| COST | | | | | | |
| At 1 January 2023 | 528,284 | 181,965 | 13,750 | 4,800 | 157,052 | 885,851 |
| Additions | – | 4,064 | 556 | 360 | 12,760 | 17,740 |
| Transfer to investment properties | (163,106) | – | – | – | – | (163,106) |
| Exchange realignment | (1,692) | (619) | (202) | (26) | (1,639) | (4,178) |
| Disposals/written off | – | (4,667) | (799) | (1,013) | (10,088) | (16,567) |
| At 31 December 2023 | 363,486 | 180,743 | 13,305 | 4,121 | 158,085 | 719,740 |
| Additions | 8,980 | 9,439 | 258 | – | 20,040 | 38,717 |
| Exchange realignment | (2,004) | (869) | (245) | (42) | (2,598) | (5,758) |
| Disposals/written off | – | (1,061) | (113) | – | (3,248) | (4,422) |
| **At 31 December 2024** | **370,462** | **188,252** | **13,205** | **4,079** | **172,279** | **748,277** |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | | | |
| At 1 January 2023 | 118,284 | 138,478 | 7,494 | 3,464 | 75,274 | 342,994 |
| Charge for the year | 18,907 | 12,668 | 1,235 | 531 | 25,453 | 58,794 |
| Transfer to investment properties | (11,108) | – | – | – | – | (11,108) |
| Exchange realignment | (335) | (200) | (68) | (12) | (780) | (1,395) |
| Eliminated on disposals/written off | – | (4,595) | (361) | (850) | (9,243) | (15,049) |
| Impairment | 12,873 | 1,747 | – | – | 3,920 | 18,540 |
| At 31 December 2023 | 138,621 | 148,098 | 8,300 | 3,133 | 94,624 | 392,776 |
| Charge for the year | 17,297 | 14,737 | 1,295 | 387 | 23,275 | 56,991 |
| Exchange realignment | (532) | (421) | (119) | (37) | (1,488) | (2,597) |
| Eliminated on disposals/written off | – | (1,011) | (101) | – | (3,198) | (4,310) |
| **At 31 December 2024** | **155,386** | **161,403** | **9,375** | **3,483** | **113,213** | **442,860** |
| CARRYING VALUES | | | | | | |
| **At 31 December 2024** | **215,076** | **26,849** | **3,830** | **596** | **59,066** | **305,417** |
| At 31 December 2023 | 224,865 | 32,645 | 5,005 | 988 | 63,461 | 326,964 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight–line basis at the following rates per annum:

| | |
|---|---|
| Leasehold land and buildings | 2% – 5% |
| Leasehold improvements | 25% or over the term of the lease, if shorter |
| Furniture and fixtures | 20% |
| Motor vehicles | 20% |
| Tools and equipment | 10–$33^{1/3}$% |

The carrying value of leasehold land represents land in Hong Kong held under medium-term lease.

As a result of the changes in the current economic environment and changes in customer behavior, certain cash generating units ("CGUs") were loss-making, that indicate that the relevant property, plant and equipment and right-of-use assets of the CGUs may be impaired. As at 31 December 2024 and 2023, the management performed impairment testing of property, plant and equipment and right-of-use assets (note 18) of such CGUs which represent medical centres ("clinics") that have been suffering from losses.

The recoverable amount of CGUs has been determined based on a value-in-use calculation. Such calculation uses cash flow projections based on forecasts approved by the management of the Group covering the remaining lease term period which are all less than 5 years with a pre-tax discount of 13.06% per annum (2023: 13.22% per annum) as at 31 December 2024. The revenue growth and gross profit margin used is with reference to the market development and past performance of the clinics. Based on the result of the assessment, management of the Group determined that the recoverable amounts of certain CGUs were lower than the corresponding carrying amounts. The impairment amount has been allocated to each category of the property, plant and equipment and right-of-use assets such that the carrying amount of each category of asset is not reduced below the highest of its value in use, its fair value less cost of disposal and zero.

As at 31 December 2024, the recoverable amount of 5 CGUs were estimated to be lower than its carrying amount. Accordingly, impairment loss of approximately HK$1,971,000 had been recognised on right-of-use assets for the year ended 31 December 2024 (note 18).

As at 31 December 2023, the recoverable amounts of 3 CGUs were estimated to be lower than its carrying amounts. Accordingly, impairment losses of approximately HK$18,540,000 had been recognised on property, plant and equipment for the year ended 31 December 2023.

As at 31 December 2023, the recoverable amount of a CGU was estimated to be higher than its carrying amount. Accordingly, reversal of impairment loss of approximately HK$1,402,000 had been recognised on right-of-use assets for the year ended 31 December 2023.

## 17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group's leasehold land and building with a carrying amount of HK$30,438,000 as at 31 December 2024 (2023: HK$33,560,000) have been pledged to bank for mortgage loan granted to the Group (note 34).

## 18. RIGHT–OF–USE ASSETS

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Carrying amount | **122,326** | 134,835 |
| Depreciation charge | **71,965** | 75,571 |
| Total financing cash outflow for leases | **82,635** | 84,281 |
| Additions to right-of-use assets | **63,815** | 77,872 |
| Impairment loss (reversal of impairment loss) recognised on right-of-use assets (note 17) | **1,971** | (1,402) |

For both years, the Group leases clinic premises for its operations. Lease contracts which effective interest rates ranged from 2% to 7.51% (2023: 2% to 7.51%) are entered into for fixed term of 1 year to 10 years (2023: 1 year to 6 years), but may have extension and termination options included. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is beyond its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 19. LOANS RECEIVABLE

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Fixed–rate loans receivable (unsecured) | | |
| – due from an associate | **37,500** | 45,000 |
| – due from a joint venture | **3,300** | 3,300 |
| – others | **1,092** | 1,656 |
| | **41,892** | 49,956 |
| Less: Allowance for expected credit loss | **(3,300)** | (3,300) |
| | **38,592** | 46,656 |
| Variable–rate loan receivable (unsecured) | **6,500** | 7,700 |
| | **45,092** | 54,356 |
| Analysed for reporting purposes as: | | |
| Non-current portion | **23,592** | 39,156 |
| Current portion | **21,500** | 15,200 |
| | **45,092** | 54,356 |

## 19. LOANS RECEIVABLE *(Continued)*

Notes:

As at 31 December 2024, loans receivable of HK$38,592,000 (2023: HK$46,656,000) bears fixed–rate interest per annum and are due for repayment in 1 to 11 years (2023: 1 to 12 years). The loan receivable due from an associate of HK$37,500,000 (2023: HK$45,000,000) bears fixed-rate interest of 5% (2023: 5%) per annum and is due for repayment in 1 year to 3 years (2023: 1 year to 4 years). The loan receivable due from a joint venture of RMB3,000,000 (equivalent to HK$3,300,000) (2023: RMB3,000,000 (equivalents to HK$3,300,000)) bears fixed-rate interest of 4.35% (2023: 4.35%) per annum and is due for repayment in 2 years (2023: 3 years).

As at 31 December 2024, loan receivable of HK$6,500,000 (2023: HK$7,700,000) bears variable-rate interest of Hong Kong Interbank Offered Rate ("HIBOR") +2.6% (2023: HIBOR + 2.6%) per annum and contains a repayment on demand clause.

No collateral agreements have been entered into in respect of the loans receivable.

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines credit limits granted to borrowers. Limits attributed to borrowers are reviewed by the management regularly.

The management considered that the loan receivable due from a joint venture is credit-impaired and the loss allowance is measured at an amount equal to lifetime ECLs. During the year ended 31 December 2023, loss allowances of HK$3,300,000 had been recognised in profit or loss to fully impair the loan.

Management assessed that the expected credit loss in respect of the remaining loans receivable to be minimal and no further allowance for expected credit loss is necessary (2023: nil) as there has not been a significant change in credit risk since initial recognition for such receivable and the balances are still considered fully recoverable. The borrowers have good reputation and good history of repayment of interests.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 20. GOODWILL

| | HK$'000 |
|---|---|
| COST | |
| At 1 January 2023 | 1,008,839 |
| Exchange realignment | (7,141) |
| At 31 December 2023 | 1,001,698 |
| Exchange realignment | (8,433) |
| **At 31 December 2024** | 993,265 |
| IMPAIRMENT | |
| At 1 January 2023 | 227,135 |
| Impairment loss recognised during the year | 102,877 |
| At 31 December 2023 | 330,012 |
| Impairment loss recognised during the year | 70,000 |
| **At 31 December 2024** | 400,012 |
| CARRYING VALUES | |
| **At 31 December 2024** | 593,253 |
| At 31 December 2023 | 671,686 |

## 20. GOODWILL *(Continued)*

For the purposes of impairment testing, goodwill have been allocated to groups of individual cash generating units ("CGUs") in 4 (2023: 4) divisions of the Group, namely, Hong Kong medical services, Hong Kong managed medical network business, Mainland hospital management and medical services and Hong Kong specialist medical services. The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2024 and 31 December 2023 allocated to these units are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Hong Kong medical services ("Division A"): | | |
| Town Health Medical & Dental Services Limited ("Town Health M&D") | **2,161** | 2,161 |
| Hong Kong Traumatology and Orthopaedics Institute Limited ("Hong Kong T&O") | **3,544** | 3,544 |
| Healthy Base Limited ("Healthy Base") | **2,224** | 2,224 |
| | **7,929** | 7,929 |
| Hong Kong managed medical network business ("Division B"): | | |
| Vio | **198,199** | 198,199 |
| Mainland hospital management and medical services ("Division C") | | |
| Nanyang Xiangrui Hospital Management Advisory Co., Ltd ("Nanyang Xiangrui") | **248,930** | 257,363 |
| Hong Kong specialist medical services ("Division D") | | |
| CMHL Group | **138,195** | 208,195 |
| | **593,253** | 671,686 |

The basis of calculation of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 20. GOODWILL *(Continued)*

### Division A

For the impairment testing, property, plant and equipment and right-of-use assets that generate cash flows together with the related goodwill are also included in Division A for the purpose of impairment testing.

The recoverable amounts of the CGUs of Division A were determined based on value in use calculations and were determined by management. Those calculations used cash flow projections based on financial budgets approved by management covering a five-year period and at a pre-tax discount rate of 15.12% (2023: 13.22%). Average annual revenue growth rate of 4.25% (2023: 4.51%) and average net profit margin of 12.53% (2023: 15.35%) were used in the financial budgets. Cash flows beyond the five-year period are extrapolated using a growth rate of 1.99% (2023: 2.31%) per annum, which was determined after taking into consideration the economic conditions of the market. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows include the budgeted revenue, gross margins and other related expenses. Such estimation was based on historical performance and future plans of Division A, and also management's expectations for the market development.

The recoverable amounts of the CGUs in Division A were estimated as higher (2023: higher) than the carrying amounts of the CGUs in Division A, with a headroom of HK$18,284,000 (2023: HK$18,290,000). Accordingly, no impairment loss on goodwill was recognised in profit or loss for the years ended 31 December 2024 and 2023 on Division A.

The Group has performed a sensitivity analysis on key assumptions used for the impairment test. A reasonably possible change in key assumptions used in the impairment test would not cause the carrying amounts of the CGUs in Division A to exceed its respective recoverable amount.

There was no change in both the valuation methods and the key assumptions compared to those applied as at 31 December 2023.

## 20. GOODWILL *(Continued)*

**Division B**

For the impairment testing, trade name and customer relationship of intangible assets (note 21), property, plant and equipment, and right-of-use assets that generate cash flows together with the related goodwill are also included in Division B for the purpose of impairment testing.

The recoverable amount of the CGU of Division B was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculations used cash flow projections based on financial budgets approved by management covering a five-year period and at a pre-tax discount rate of 15.77% (2023: 15.45%). Average annual revenue growth rate of 4.33% (2023: 5.56%) and average net profit margin of 8.82% (2023: 10.14%) were used in the financial budgets. Cash flows beyond the five-year period are extrapolated using a growth rate of 1.99% (2023: 2.31%) per annum, which was determined after taking into consideration the economic conditions of the market. Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows include the budgeted revenue, gross margins and other related expenses. Such estimation was based on historical performance, and future plans of Division B, and also management's expectations for the market development.

The recoverable amount of the CGU in Division B calculated based on its value in use is higher (2023: higher) than the carrying amount of Division B, with a headroom of HK$37,767,000 (2023: HK$11,418,000). Accordingly, no impairment loss on goodwill (2023: nil) or other assets of the CGU was recognised in profit or loss for the year ended 31 December 2024 on Division B.

The Group has performed a sensitivity analysis on key assumptions used for the impairment test. A reasonably possible change in key assumptions used in the impairment test would not cause the carrying amount of the CGU in Division B to exceed its respective recoverable amount.

There was no change in both the valuation methods and the key assumptions compared to those applied as at 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 20. GOODWILL *(Continued)*

### Division C

For the impairment testing, management service right and consulting services contracts of intangible assets (note 21), property, plant and equipment, and right-of-use assets that generate cash flows together with the related goodwill are also included in Division C for the purpose of impairment testing.

The recoverable amount of the CGU of Division C was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation used cash flow projections based on financial budgets approved by management covering a five-year period and at a pre-tax discount rate of 16.57% (2023: 18.53%). Average annual revenue growth rate of 10.98% (2023: 15.41%) and average net profit margin of 13.66% (2023: 13.46%) were used in the financial budgets, which was determined based on the historical performance of Division C (i.e. the Mainland China market). Cash flows after the five-year period were extrapolated using a growth rate of 1.76% (2023: 1.76%) per annum, which was determined after taking into consideration the economic conditions of the market. Other key assumptions for the value-in-use calculations related to the estimation of cash inflows/outflows include budgeted revenue, gross margin and other related expenses. Such estimation was based on historical performance and future plans of Division C, and also management's expectations for the market development.

The recoverable amount of the CGU in Division C calculated based on its value in use is higher (2023: higher) than the carrying amount of Division C, with a headroom of HK$30,425,000 (2023:HK$84,980,000). Accordingly, no impairment loss on goodwill (2023: nil) was recognised in profit or loss for the year ended 31 December 2024 on Division C.

The Group has performed a sensitivity analysis on key assumptions used for the impairment test. A reasonably possible change in key assumptions used in the impairment test would not cause the carrying amount of the CGU in Division C to exceed its respective recoverable amount.

There was no change in both the valuation methods and the key assumptions compared to those applied as at 31 December 2023.

## 20. GOODWILL *(Continued)*

### Division D

For the impairment testing, customer relationship and trade name of intangible assets (note 21), property, plant and equipment, and right-of-use assets that generate cash flows together with the related goodwill are also included in the CGU in Division D for the purpose of impairment testing.

The recoverable amount of the CGU of Division D was based on its value in use and was determined with the assistance of Ascent Partners Valuation Service Limited (2023: Vincorn Consulting and Appraisal Limited), an independent professional qualified valuer not connected with the Group. The calculation used cash flow projections based on financial budgets approved by management covering a five-year period and at a pre-tax discount rate of 15.04% (2023: 14.61%). Average annual revenue growth rate of 3.71% (2023: 4.66%) and average net profit margin of 8.77% (2023: 12.78%) were used in the financial budgets. Cash flows after the five-year period were extrapolated using a growth rate of 1.99% (2023: 2.50%) per annum, which was determined after taking into consideration the economic conditions of the market. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows include budgeted revenue, gross margin and other related expenses. Such estimation was based on historical performance and future plans of Division D, and also management's expectations for the market development.

The recoverable amount of the CGU in Division D of HK$302,000,000 (2023: HK$401,000,000) calculated based on its value in use is lower (2023: lower) than the carrying amount of Division D. Accordingly, impairment loss on goodwill of HK$70,000,000 (2023: HK$102,877,000) was recognised in profit or loss for the year ended 31 December 2024 on Division D. The impairment loss arose due to the unsatisfactory performance of Division D in light of the overall adverse economic conditions in which it operates. Thus, a more conservative performance projection was adopted accordingly.

There was no change in both the valuation methods and the key assumptions compared to those applied as at 31 December 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 21. INTANGIBLE ASSETS

| | Customer relationship HK$'000 | Trade names HK$'000 | Management service right and consulting services contracts HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| COST | | | | |
| At 1 January 2023 | 81,712 | 260,187 | 163,428 | 505,327 |
| Exchange realignment | – | – | (9,618) | (9,618) |
| At 31 December 2023 | 81,712 | 260,187 | 153,810 | 495,709 |
| Exchange realignment | – | – | (5,040) | (5,040) |
| **At 31 December 2024** | **81,712** | **260,187** | **148,770** | **490,669** |
| AMORTISATION | | | | |
| At 1 January 2023 | 61,816 | – | 25,563 | 87,379 |
| Charge for the year | 8,171 | – | 3,093 | 11,264 |
| Exchange realignment | – | – | (5,878) | (5,878) |
| At 31 December 2023 | 69,987 | – | 22,778 | 92,765 |
| Charge for the year | 4,671 | – | 3,035 | 7,706 |
| Exchange realignment | – | – | (805) | (805) |
| **At 31 December 2024** | **74,658** | **–** | **25,008** | **99,666** |
| CARRYING VALUES | | | | |
| **At 31 December 2024** | **7,054** | **260,187** | **123,762** | **391,003** |
| At 31 December 2023 | 11,725 | 260,187 | 131,032 | 402,944 |

## 21. INTANGIBLE ASSETS *(Continued)*

Customer relationship and trade names were recognised as part of the acquisition accounting of Vio and CMHL Group and were recognised at their fair values at the dates of the acquisitions. The carrying amounts of trade names under Vio and CMHL Group, which are also categorised as Division B and Division D of the Group as stated in note 20 to the consolidated financial statements, are HK$167,087,000 and HK$93,100,000 respectively as at 31 December 2024 (2023: HK$167,087,000 and HK$93,100,000 respectively).

The customer relationship has finite useful lives and is amortised on a straight-line basis over 10 years.

The trade names have no definite useful life. The directors of the Company are of the opinion that the Group has the ability to use the trade names continuously. In the opinion of the directors of the Company, the trade names have no foreseeable limit to the period over which the services provided are expected to generate net cash flows for the Group.

As a result, the trade names are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade names will not be amortised until its useful life is determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired.

Management service right and consulting services contracts intangible assets were recognised as part of the acquisition accounting of Nanyang Xiangrui during the year ended 31 December 2016 and was recognised at its fair value at the date of acquisition.

The management service right and consulting services contracts intangible assets have finite useful lives and are amortised on a straight-line basis over 50 years based on the services terms of the management agreements entered into between Nanyang Xiangrui and Nanshi Hospital.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 22. INTERESTS IN ASSOCIATES

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Cost of unlisted investments in associates, net of impairment losses | **198,302** | 275,064 |
| Share of post-acquisition results and undistributed reserves | **(29,508)** | (14,356) |
| | **168,794** | 260,708 |

Movement of interests in associates is analysed as follows:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| At 1 January | **260,708** | 292,456 |
| Additions | **–** | 20,000 |
| Share of results of associates | **(7,155)** | 4,829 |
| Dividends from associates (Note i) | **(7,997)** | (26,875) |
| Impairment losses (Note v) | **(76,762)** | (29,702) |
| **At 31 December** | **168,794** | 260,708 |

Notes:

**(i) Dividends from associates**

As at 31 December 2024, dividend of approximately HK$2,000,000 (2023: HK$6,704,000) was receivable from an associate.

**(ii) Auspicious Idea Corporate Development Limited ("Auspicious Idea")**

The cost of investment in Auspicious Idea comprises the cost of acquisition of (i) 20% equity interest in Auspicious Idea at a consideration of HK$28,000,000 in the year ended 31 December 2016; and (ii) an additional 30% equity interest in Auspicious Idea at a consideration of HK$108,000,000 in the year ended 31 December 2017. Included in the Group's cost of unlisted investments in Auspicious Idea as at the completion of the acquisition of the additional 30% equity interest was goodwill of HK$71,049,000 and Group's share of intangible assets, net of deferred tax effect, of HK$27,900,000 arising on the purchase price allocation for the acquisitions of the 50% equity interest in Auspicious Idea. In the opinion of the directors of the Company, the Vendor of the 50% equity interest was an independent third party which was not related to the Group or its related parties as at the date of acquisition.

## 22. INTERESTS IN ASSOCIATES *(Continued)*

Notes: *(Continued)*

**(iii) Western Aurora Limited ("Western Aurora")**

During the year ended 31 December 2016, Eyecare International Holdings Limited ("Eyecare International"), an indirect wholly-owned subsidiary of the Company, acquired 480 shares in Western Aurora which represented 48% issued and fully paid shares of Western Aurora, from an independent third party at a total consideration of HK$72,000,000. Western Aurora is regarded as an associate of the Group.

Pursuant to the sale and purchase agreement, the vendor irrevocably and unconditionally guaranteed to Eyecare International that the audited consolidated revenue and the audited consolidated net profit after taxation of Western Aurora for each of the eight financial years ended 31 December 2024 shall not be less than HK$86,916,000 and HK$10,000,000, respectively. Subsequent to the completion of the acquisition, Eyecare International entered into a consultancy agreement with a company controlled by the vendor (the "Consultant"). The Consultant shall be responsible for the management and the daily operation of the medical centres of Western Aurora and shall provide all the medical consultation and related healthcare services to patients of the medical centers and charges for consultancy services fee. If the audited consolidated revenue and/or the audited consolidated net profit after taxation of Western Aurora is less than the target revenue and target profit after taxation for each of the relevant year, Western Aurora shall be entitled to deduct the consultancy services fee paid to the Consultant by an equal amount equal to the shortfall.

The management of the Group has performed a review of the consolidated revenue and the consolidated net profit after taxation of Western Aurora for the years since the acquisition date, including the years ended 31 December 2024 and 2023. The consolidated revenue and the consolidated net profit after taxation are HK$98,676,000 and HK$11,386,000 (2023: HK$101,056,000 and HK$15,363,000) respectively which are above the target revenue and target profit. There is no shortfall of revenue and profit of Western Aurora in relation to the guaranteed levels of revenue and profit arisen and no amount was recognised in profit or loss for the years ended 31 December 2024 and 2023.

In the opinion of the directors of the Company, the vendor is an independent third party which is not related to the Group or its related parties as at the date of acquisition.

## 22. INTERESTS IN ASSOCIATES *(Continued)*

Notes: *(Continued)*

**(iv) Luck Key Investment Limited ("Luck Key")**

During the year ended 31 December 2023, the Group acquired additional 10% equity interest in Luck Key, at a cash consideration of HK$20,000,000. Goodwill of HK$11,070,000 attributable to the additional 10% equity interest acquired was recognised based on net assets of Luck Key as at the date of acquisition of the additional 10% equity interest.

In the opinion of the directors of the Company, the Vendor is an independent third party which is not related to the Group or its related parties as at the date of acquisition of the additional 10% equity interest.

**(v) Impairment assessment**

During the year ended 31 December 2024, the Group has performed impairment assessment on investments in Auspicious Idea, Western Aurora, Luck Key and Associate A.

The recoverable amounts of the investments in Auspicious Idea, Western Aurora, Luck Key and Associate A were based on their value in use and were determined with the assistance of Valplus Consulting Limited for Auspicious Idea and Ascent Partners Valuation Service Limited for the remaining associates. These valuers are independent professional qualified valuers not connected with the Group.

The calculations used cash flow projections based on financial budgets approved by management covering a five-year period and at a pre-tax discount rate of 17.54% (2023: 15.33%),19.01% (2023: 19.22%), 14.08% (2023: 14.65%) and 15.35% (2023: nil) respectively. Average annual revenue growth rate of 4.00% (2023: 6.00%), 1.42% (2023: 2.31%), 5.10% (2023: 4.44%) and 1.23% (2023: nil), respectively, and average net profit margin of 8.84% (2023: 6.48%), 11.43% (2023: 15.93%), -9.32% (2023: -1.82%) and -7.61% (2023: nil), respectively, were used in the financial budgets. Cash flows after the five-year period were extrapolated using a growth rate of 2.00% (2023: 3.00%), 1.99% (2023: 2.31%), 1.99% (2023: 2.31%) and 1.99% (2023: nil) per annum, respectively, which were determined after taking into consideration the economic conditions of the market. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows include budgeted revenue, gross margins and other related expenses. Such estimation was based on historical performance and future plans of those associates, and also management's expectations for the market development.

Impairment loss on interests in Auspicious Idea, Western Aurora, Luck Key and Associate A of HK$32,135,000, (2023: HK$11,633,000), HK$18,911,000 (2023: HK$4,059,000), HK$4,565,000 (2023: HK$14,010,000) and HK$21,151,000 (2023: nil), respectively, were recognised in profit or loss for the year ended 31 December 2024. The impairment loss arose due to the unsatisfactory performance of the associates in light of the overall adverse economic conditions in which they operate. Thus, a more conservative performance projection was adopted accordingly.

There was no change in both the valuation methods and the key assumptions compared to those applied as at 31 December 2023.

## 22. INTERESTS IN ASSOCIATES *(Continued)*

Details of the Group's principal associates at the end of the reporting period are as follows:

| Name of company | Form of business structure | Place of incorporation | Principal place of operation | Class of shares held | Attributable proportion of nominal value of issued/registered capital held by the Group | | Proportion of voting power held by the Company | | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | **2024** | 2023 | **2024** | 2023 | |
| Auspicious Idea | Incorporated | British Virgin Islands | Hong Kong | Ordinary | **50% (Note)** | 50% (Note) | **50%** | 50% | Investment holding and its subsidiaries engaged in provision of beauty and cosmetic medical services in Hong Kong and the Mainland China |
| Western Aurora | Incorporated | British Virgin Islands | Hong Kong | Ordinary | **48%** | 48% | **33%** | 33% | Investment holding and its subsidiaries engaged in provision of ophthalmic medical services in Hong Kong |
| Luck Key | Incorporated | British Virgin Islands | Hong Kong | Ordinary | **43.51%** | 43.51% | **40%** | 40% | Investment holding and its subsidiaries engaged in provision of medical diagnostic and health check services in Hong Kong |

In the opinion of the directors of the Company, the above associates have a significant effect on the results or assets of the Group. To give details of other associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

These associates are strategic for the Group's investment in industry of cosmetic and medical beauty services, medical diagnostic and health check services and ophthalmic medical services.

Note: The Group is entitled to appoint up to two out of four directors to the board of directors of Auspicious Idea and has appointed one out of two directors to the board as at 31 December 2024 and 2023. According to the shareholders' agreement, the director who is appointed by the other shareholder shall be entitled to a second and/or casting vote in the event of an equality of vote. Hence, in the opinion of the directors of the Company, the Group has significant influence but no control or joint control over Auspicious Idea.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 22. INTERESTS IN ASSOCIATES *(Continued)*

### Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in the consolidated financial statements.

*(a) Auspicious Idea*

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Current assets | **237,506** | 220,804 |
| Non-current assets | **150,738** | 162,458 |
| Current liabilities | **(276,283)** | (276,864) |

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Revenue | **376,630** | 451,240 |
| Profit and total comprehensive income for the year | **5,563** | 14,540 |

## 22. INTERESTS IN ASSOCIATES *(Continued)*

**Summarised financial information of material associates** *(Continued)*

*(a) Auspicious Idea (Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Net assets of Auspicious Idea | **111,961** | 106,398 |
| Add: non-controlling interests | **7,647** | 7,848 |
| Net assets of Auspicious Idea attributable to its owners | **119,608** | 114,246 |
| Proportion of the Group's ownership interest in Auspicious Idea | **50%** | 50% |
| Net assets attributable to the Group's interest in Auspicious Idea | **59,804** | 57,123 |
| Effects of fair value adjustments on intangible assets | **12,129** | 12,129 |
| Goodwill | **71,409** | 71,409 |
| Less: Impairment loss recognised on interest in Auspicious Idea | **(43,768)** | (11,633) |
| Carrying amount of the Group's interest in Auspicious Idea | **99,574** | 129,028 |

*(b) Western Aurora*

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Current assets | **13,998** | 21,344 |
| Non-current assets | **3,093** | 4,259 |
| Current liabilities | **(5,632)** | (6,966) |

## 22. INTERESTS IN ASSOCIATES *(Continued)*

**Summarised financial information of material associates** *(Continued)*

*(b) Western Aurora (Continued)*

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Revenue | **98,676** | 101,056 |
| Profit and total comprehensive income for the year | **9,482** | 15,363 |
| Dividend distributed by the associate to the Group during the year | **(7,997)** | (12,000) |

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

| | **2024 HK$'000** | 2023 HK$'000 |
|---|---|---|
| Net assets of Western Aurora | **11,459** | 18,637 |
| Proportion of the Group's ownership interest in Western Aurora | **48%** | 48% |
| Net assets of the Group's interest in Western Aurora | **5,500** | 8,946 |
| Effects of fair value adjustments on intangible assets | **15,545** | 15,545 |
| Goodwill | **45,168** | 45,168 |
| Less: Impairment loss recognised on interest in Western Aurora | **(22,970)** | (4,059) |
| Carrying amount of the Group's interest in Western Aurora | **43,243** | 65,600 |

## 22. INTERESTS IN ASSOCIATES *(Continued)*

**Summarised financial information of material associates** *(Continued)*

*(c) Luck Key*

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Current assets | **72,268** | 84,476 |
| Non-current assets | **63,678** | 108,484 |
| Current liabilities | **(52,311)** | (59,638) |
| Non-current liabilities | **(42,783)** | (59,441) |

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Revenue | **194,097** | 218,216 |
| Loss and total comprehensive expense for the year | **(33,029)** | (34,376) |
| Dividend distributed by the associate to the Group during the year | **–** | (13,405) |

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Net assets of Luck Key | **40,852** | 73,881 |
| Add: non-controlling interests | **1,605** | 1,595 |
| Net assets of Luck Key attributable to its owners | **42,457** | 75,476 |
| Proportion of the Group's ownership interest in Luck Key | **43.51%** | 43.51% |
| Net assets attributable to the Group's interest in Luck Key | **18,473** | 32,840 |
| Goodwill | **11,070** | 11,070 |
| Less: Impairment loss recognised on interest in Luck Key | **(18,575)** | (14,010) |
| Carrying amount of the Group's interest in Luck Key | **10,968** | 29,900 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 22. INTERESTS IN ASSOCIATES *(Continued)*

### Aggregate information of associates that are not individually material

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| The Group's share of results for the year | **(22)** | 3,084 |
| The Group's share of results and other comprehensive (expense) income for the year | **(22)** | 3,084 |
| Aggregate carrying amount of the Group's interests in these associates | **15,009** | 36,180 |
| Aggregate dividend distributed by the associates to the Group during the year | **–** | (1,470) |

The Group has discontinued recognition of its share of losses of certain associates. The amounts of unrecognised share of those associates, extracted from the relevant audited financial statements or management accounts of those associates, both for the year and cumulatively, are as follows:

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Unrecognised share of results of associates for the year | **–** | – |
| Accumulated unrecognised share of results of associates | **–** | (22,762) |

## 23. INTERESTS IN JOINT VENTURES

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Cost of unlisted investments in joint ventures, net of impairment losses | **60,493** | 71,886 |
| Share of post-acquisition results and undistributed reserves | **(60,493)** | (71,886) |
| | **–** | – |

Details of the Group's joint ventures at the end of the reporting period are as follows:

| Name of company | Form of business structure | Place of incorporation | Principal place of operation | Class of shares held | Attributable proportion of nominal value of issued/registered capital held by the Group | | Proportion of voting power held by the Company | | Principal activities |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | **2024** | 2023 | **2024** | 2023 | |
| 中山市尚峰宜康醫療管理有限公司 (Zhongshan City Shangfeng Yikang Medical Management Co. Ltd.) ("Zhongshan Shangfeng") | Incorporated | Mainland China | Mainland China | Ordinary | **50%** | 50% | **50%** | 50% | Provision for health check and related services in the Mainland China |
| Sky View Investment Limited ("Sky View") | Incorporated | British Virgin Islands | Mainland China | Ordinary | **51%** (Note i) | 51% (Note i) | **50%** | 50% | Investment holding in an associate engaged in operation of beauty mobile application in the Mainland China |

Note:

(i) The Group has the right to appoint one out of two directors in the board of directors of Sky View which is responsible for making decisions of the relevant activities of Sky View. Decisions about the relevant activities of Sky View require the unanimous consent of one director appointed by the Group and one director appointed by another joint venturer. In this regard, the investment in Sky View is accounted for as a joint venture of the Group.

## 23. INTERESTS IN JOINT VENTURES *(Continued)*

### Aggregate information of joint ventures that are not individually material

| | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|
| The Group's share of results for the year | **–** | (10,148) |
| The Group's share of results and other comprehensive expense for the year | **–** | (10,312) |
| Aggregate carrying amount of the Group's interests in these joint ventures | **–** | – |
| Aggregate dividend distributed by the joint ventures to the Group during the year | **–** | – |

The Group has discontinued recognition of its share of losses of certain joint ventures. The amounts of unrecognised share of those joint ventures, extracted from the relevant audited financial statements or management accounts of those joint ventures, both for the year and cumulatively, are as follows:

| | **2024** **HK$'000** | 2023 HK$'000 |
|---|---|---|
| Unrecognised share of results of joint ventures for the year | **1,382** | 21 |
| Accumulated unrecognised share of results of joint ventures | **1,403** | 21 |

## 24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Financial assets mandatorily at FVTPL:** | | |
| Unlisted derivative (note) | **2,012** | 6,772 |

Note:

Unlisted derivative represented an option to purchase ordinary shares of a private company ("Company A") exercisable on or before 30 January 2028. The unlisted derivative is stated at fair value. During the year ended 31 December 2024, fair value loss on unlisted derivative of approximately HK$4,760,000 (2023: fair value gain of approximately HK$6,772,000) was recognised in profit and loss.

Details of the valuation methodology and inputs are disclosed in note 43(c).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 25. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Listed investments: | | |
| – Equity securities | **107** | – |
| Unlisted investments: | | |
| – Equity securities | **24,337** | 48,626 |
| | **24,444** | 48,626 |

Note:

All listed investments are stated at fair value which is determined based on the quoted market bid prices available on the Stock Exchange. During the year ended 31 December 2024, fair value loss on listed securities amounting to HK$29,000 (2023: HK$nil) was recognised in other comprehensive expense.

The above unlisted equity investments represent the Group's interest in private entities established in Hong Kong, Cayman Islands and British Virgin Islands. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that these investments are held for long-term purposes and for realising their performance potential in the long run.

The unlisted equity instruments at FVTOCI mainly represent investments in ordinary shares of Company A, with carrying amount of approximately HK$22,427,000 (2023: HK$47,001,000) as at 31 December 2024. The Group held 6.04% (2023: 6.29%) of the issued ordinary share capital of Company A, whose subsidiaries are principally engaged in the provision of telemedicine and clinical solution services in Southeast Asia. The shareholding of Company A was diluted to 6.04% as Company A issued additional shares to other investors during the year ended 31 December 2024.

The fair value of Company A as at 31 December 2024 was determined using cash flow projection based on the valuation performed as at that date by Valplus Consulting Limited (2023: Vista Advisors Group Limited), an independent professional qualified valuer not connected with the Group. During the year ended 31 December 2024, a fair value loss of approximately HK$24,574,000 (2023: a fair value gain of approximately HK$5,845,000) of Company A was recognised in investment revaluation reserve.

The fair values of ordinary shares of Company B and Company C held by the Group as at 31 December 2023 was HK$nil, which was determined using cash flow projection based on the valuation performed as at that date by Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. During the year ended 31 December 2023, a fair value loss of HK$19,614,000 on the investment in Company B and HK$6,117,000 on the investment in Company C were recognised in investment revaluation reserve. As at 31 December 2024, the fair values of the investments in Company B and Company C were remained at HK$nil.

As at 31 December 2024, fair value loss of HK$24,318,000 (2023: fair value loss of HK$20,314,000) of the above unlisted investments was accounted for in other comprehensive expense.

In the opinion of the directors of the Company, the investees are independent third parties, none of which is related to the Group or its related parties.

Details of the valuation methodology and inputs are disclosed in note 43(c).

## 26. PROMISSORY NOTES

| | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Profit Castle Holdings Limited | – | – |

Notes:

A promissory note with an outstanding principal amount of HK$330,000,000, which carries interest of 6% per annum and matured on 9 April 2020 (the "Maturity Date"), was issued by Profit Castle, a company incorporated in the British Virgin Islands with limited liability and owned as to 50% by Dr. Ip and 50% by his spouse, as part of the consideration paid for the acquisition of the Group's interests in Bonjour Beauty and its subsidiaries. The promissory note is covered by personal guarantee provided by Dr. Ip and if there is any default, the Group has the right to apply to the court for realising the collateral of the shares of Bonjour Beauty. The issuer of the promissory note has the option to early repay the principal amount of the note in full or in part before the Maturity Date.

The directors of the Company assessed that the promissory notes have been issued within the range of the market borrowing rates of the note issuers and considered the interest rates as fair and reasonable. The principal amounts of the promissory notes are considered as the fair value at the date of issuance.

Since the Maturity Date, the Group had been in negotiation with Dr. Ip and Profit Castle on the extension of the maturity date of the promissory note and the repayment schedule of the principal amount of the promissory note and interest accrued thereon. However, such negotiation fell through in the absence of any viable repayment proposal from Dr. Ip and Profit Castle that is acceptable to the Group. As at 31 December 2024, the promissory note became 1,724 days past due (2023: 1,358 days past due), Dr. Ip and Profit Castle failed to pay the principal amount of HK$330,000,000 and all outstanding interest accrued. The management of the Group considered that the credit risk of the promissory note has been significantly increased accordingly.

Having considered the facts and circumstances, the Group had instructed its legal advisor to issue a final demand letter to each of Profit Castle and Dr. Ip. The Group had taken legal actions against Profit Castle and/or Dr. Ip in respect of, among other things, their default in repayment of the outstanding principal amount of the promissory note and all outstanding interest accrued, including issue of a notice of enforcement to Profit Castle to declare the enforcement of the collateral over all the shares of Bonjour Beauty for securing the repayment of the promissory note and appointment of receivers over all the shares of Bonjour Beauty on 22 April 2021 and 23 April 2021 respectively. On 21 May 2021, Oasis Beauty Limited ("Oasis Beauty"), a wholly owned subsidiary of the Company, was served with a writ of summons together with a statement of claim from Profit Castle and Dr. Ip who are seeking i) damages for deceit or fraudulent misrepresentation and rescission of several agreements in relation to the promissory note and the respective collateral and guarantee, ii) a declaration that the Group is not entitled to enforce the respective collateral and guarantee and iii) declaration that the appointment of receivers and directors for Bonjour Beauty and its subsidiaries be null and void. Oasis Beauty issued the summons for summary judgment and striking out of the claims of Profit Castle and Dr. Ip (Collectively, the "Plaintiffs") on 21 July 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 26. PROMISSORY NOTES *(Continued)*

Notes: *(Continued)*

On 22 July 2022, the High Court of Hong Kong issued the judgment in relation to Oasis Beauty's application for summary judgment and striking out of the claims of the Plaintiffs in July 2021, pursuant to which, among others, final judgment be entered against the Plaintiffs for: (a) HK$330,000,000, being the outstanding principal sum of the promissory note; (b) HK$13,755,068.49, being the outstanding interest on the promissory note as at 30 June 2021; (c) accrued interest on HK$330,000,000 at a rate of 6% per annum (being the rate agreed in the promissory note) for the period from 1 July 2021 to the date of the judgment; (d) claims in the statement of claim are struck out; and (e) costs order nisi that the Plaintiffs do pay Oasis Beauty's costs to be taxed if not agreed. On 18 August 2022, Oasis Beauty was served with a notice of appeal issued by the Plaintiffs that the Plaintiffs seek for an order by the Court of Appeal that (i) the judgment be set aside; and (ii) Oasis Beauty do pay to the Plaintiffs their costs of the appeal and below. On 2 June 2023, the notice of appeal was dismissed by the Court of Appeal.

As at 31 December 2021, the Group engaged an independent valuer, Ascent Partners Valuation Service Limited ("Independent Valuer") to assess the expected credit loss of the promissory note. When performing the valuation assessment, the management considered that asset approach was more appropriate. During the year ended 31 December 2021, operation of Bonjour Beauty was suspended. Date of resumption is unable to be estimated since then, the promissory note was therefore fully impaired.

As at 31 December 2024, the recoverable amount and carrying amount of the promissory note is HK$nil, net of accumulated allowance for expected credit loss of approximately HK$330,000,000. Accordingly, the allowance for expected credit loss recognised in previous years was not reversed.

## 27. INVENTORIES

| | **2024**<br>**HK$'000** | 2023<br>HK$'000 |
|---|---|---|
| Pharmaceutical supplies | **50,753** | 52,131 |
| Dental materials and supplies | **397** | 368 |
| | **51,150** | 52,499 |

## 28. TRADE AND OTHER RECEIVABLES

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Trade receivables (note i) | **381,461** | 380,905 |
| Bills receivables (note i) | **15,770** | 48,180 |
| | **397,231** | 429,085 |
| Deposits | **41,929** | 39,443 |
| Other receivables (note ii) | **14,590** | 29,813 |
| Prepayments | **9,102** | 12,730 |
| | **462,852** | 511,071 |

Notes:

(i) Most of the patients of the medical and dental practices settle in cash. Payments arising from use of medical cards by patients will normally be settled within 180 to 240 days (2023: 180 to 240 days) whilst settlement by corporate customers for the Group's managed medical network operation is from 60 to 180 days (2023: 60 to 180 days). The Group allows credit period of 180 to 270 days (2023: 180 to 270 days) and 60 to 240 days (2023: 60 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 ageing 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:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| 0 – 60 days | **206,289** | 261,055 |
| 61 – 120 days | **90,723** | 81,831 |
| 121 – 180 days | **71,456** | 54,847 |
| 181 – 240 days | **25,249** | 29,538 |
| Over 240 days | **3,514** | 1,814 |
| | **397,231** | 429,085 |

## 28. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(i) *(Continued)*

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 2024 and 2023, 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 2024, the Group's other receivables mainly included the receivable of dividend from an associate of approximately HK$2,000,000 (2023: HK$6,704,000) and interest income from fixed bank deposits of approximately HK$2,092,000 (2023: HK$1,850,000).

During the year ended 31 December 2024, expected credit loss on other receivable of approximately HK$6,704,000 (2023: nil) was recognised.

## 29. AMOUNTS DUE FROM ASSOCIATES

The amounts are of non-trade nature, unsecured, interest-free and repayable on demand.

At 31 December 2024, the balances of amounts due from associates are net of accumulated allowance of HK$4,557,000 (2023: HK$4,557,000) as the amounts were credit-impaired as at those dates. The directors of the Company considered the carrying amounts of remaining amounts due from associates approximate their fair values as at 31 December 2024 and 2023.

## 30. AMOUNTS DUE TO NON–CONTROLLING INTERESTS

The amounts are of non-trade nature, unsecured, interest-free and repayable on demand. The directors of the Company considered the carrying amounts approximate their fair values as at 31 December 2024 and 2023.

## 31. BANK BALANCES AND CASH/FIXED BANK DEPOSITS/PLEDGED BANK DEPOSITS

Bank balances and cash comprise cash held by the Group and bank balances that carry interest at market rate which ranged from 0.2% to 4.3% (2023: 0.37% to 5.5%) per annum and have original maturity of three months or less.

The fixed bank deposits carry fixed interest rates ranged from 1.7% to 3.25% (2023: 1.5% to 4.1%) per annum and have original maturity of over three months, of which HK$63,853,000 will be matured in two to three years (2023: HK$77,018,000 will be matured in three years) and included in non-current assets.

Bank deposits of approximately HK$1,107,000 (2023: HK$163,570,000) were pledged for the general banking facilities and carried fixed interest rate of 4.1% (2023: 1.1% to 5.3%).

## 32. TRADE AND OTHER PAYABLES

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Trade payables (note i) | **172,409** | 157,265 |
| Other payables (note ii) | **35,279** | 29,804 |
| Deposits received | **5,183** | 5,396 |
| Accruals (note iii) | **113,535** | 107,052 |
| | **326,406** | 299,517 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 32. TRADE AND OTHER PAYABLES *(Continued)*

Notes:

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

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| 0 – 60 days | **89,539** | 89,972 |
| 61 – 120 days | **28,608** | 27,246 |
| Over 120 days | **54,262** | 40,047 |
| | **172,409** | 157,265 |

The average credit period on purchase of goods is 60 to 120 days (2023: 60 to 120 days).

(ii) Included in the Group's other payables as at 31 December 2024 are dividend payables of approximately HK$2,613,000 (2023: HK$1,050,000).

(iii) Included in the balance of accruals are the accruals for consultancy service costs payable to affiliated doctors and specialists of approximately HK$57,518,000 (2023: HK$55,300,000), accrued staff costs of approximately HK$16,825,000 (2023: HK$17,697,000) and provision for bonus of approximately HK$21,362,000 (2023: HK$17,588,000).

## 33. CONTRACT LIABILITIES

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Receipts in advance of medical services | **7,308** | 16,833 |

All contract liabilities are expected to be recognised as income within one year.

*Movements in contract liabilities are as follows:*

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| At 1 January | **16,833** | 17,256 |
| Revenue recognised that was included in the contract liabilities at the beginning of the year | **(16,311)** | (16,499) |
| Receipts in advance during the year | **7,030** | 16,443 |
| Exchange realignment | **(244)** | (367) |
| At 31 December | **7,308** | 16,833 |

## 34. BANK BORROWINGS

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Unsecured: | | |
| Term loan | **3,405** | 6,917 |
| Secured: | | |
| Mortgage loans | **77,278** | 80,646 |
| | **80,683** | 87,563 |
| The bank borrowings are repayable as follows: | | |
| On demand and within one year | **6,746** | 6,568 |
| In more than one year but not more than two years | **3,856** | 6,714 |
| In more than two years but not more than three years | **4,109** | 3,526 |
| In more than three years but not more than four years | **4,367** | 3,778 |
| In more than four years but not more than five years | **4,664** | 4,033 |
| Over five years | **56,941** | 62,944 |
| | **80,683** | 87,563 |
| Less: Amounts due within one year shown under current liabilities | **(6,746)** | (6,568) |
| 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) | **(10,848)** | (15,434) |
| Non-current portion | **63,089** | 65,561 |

As at 31 December 2024 and 2023, the bank borrowings of the Group carried variable interest rates ranging from HIBOR +1.40% 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 approximately HK$30,438,000 (2023: HK$33,560,000) and an investment property with carrying value of approximately HK$89,000,000 (2023: HK$116,000,000). In addition, mortgage loan with carrying amount of approximately HK$12,035,000 (2023: HK$13,142,000) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 35. LEASE LIABILITIES

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Lease liabilities payable:** | | |
| Within one year | **69,660** | 68,750 |
| Within a period of more than one year but not more than two years | **46,530** | 46,505 |
| Within a period of more than two years but not more than five years | **10,114** | 30,368 |
| Over five years | **226** | – |
| | **126,530** | 145,623 |
| Less: Amounts due for settlement within 12 months shown under current liabilities | **(69,660)** | (68,750) |
| Amounts due for settlement after 12 months shown under non-current liabilities | **56,870** | 76,873 |

The weighted average incremental borrowing rates applied to lease liabilities range from 2% to 7.51% (2023: 2% to 7.51%)

The maturity analysis of lease liabilities is disclosed in note 43(b) to the consolidated financial statements.

## 36. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax balances recognised and movements thereon during the current and prior years:

| | Tax losses | Accelerated tax depreciation | Fair value adjustments on business combinations | Total |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| (Assets)/Liabilities | | | | |
| At 1 January 2023 | (2,019) | (98) | 37,195 | 35,078 |
| Charge (credit) to profit or loss (note 12) | 299 | (768) | (2,142) | (2,611) |
| Exchange realignment | – | – | (35) | (35) |
| **At 31 December 2023** | **(1,720)** | **(866)** | **35,018** | **32,432** |
| Credit to profit or loss (note 12) | **(513)** | **(656)** | **(1,554)** | **(2,723)** |
| Exchange realignment | **–** | **–** | **(1,065)** | **(1,065)** |
| **At 31 December 2024** | **(2,233)** | **(1,522)** | **32,399** | **28,644** |

Reconciliation to the consolidated statement of financial position:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Deferred tax assets | **3,755** | 2,586 |
| Deferred tax liabilities | **(32,399)** | (35,018) |
| | **(28,644)** | (32,432) |

Fair value adjustments on business combinations represent deferred tax effect of HK$9,200,000 and HK$11,990,000 on customer relationship recognised upon the acquisition of CMHL Group and Vio respectively, and deferred tax effect of HK$40,627,000 on management service right and consulting services contracts recognised upon the acquisition of Nanyang Xiangrui.

At 31 December 2024, the Group has unused tax losses of HK$932,645,000 (2023: HK$895,158,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$13,533,000 (2023: HK$10,424,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of approximately HK$919,112,000 (2023: HK$884,734,000) due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

## 36. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

Under the prevailing Mainland China income tax law and its relevant regulations, foreign corporate investors are levied Mainland China dividend withholding tax at 10%, unless reduced by tax treaties/arrangements, on dividends declared by resident enterprises of Mainland China for profits earned subsequent to 1 January 2008.

As at 31 December 2024, no deferred tax liabilities have been provided for in the consolidated financial statements in respect of the temporary differences attributable to the undistributed accumulated profits of subsidiaries of HK$374,290,000 (2023: HK$331,522,000) earned by the subsidiaries established in the Mainland China as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

## 37. CONVERTIBLE BONDS

On 11 July 2022, Speedy Light International Limited, the indirect wholly-owned subsidiary of the Company, ("Speedy Light") and Hong Kong Medical Consultants Holdings Limited ("HKMCHL") and the seller guarantors as defined in the share purchase agreements (collectively the "Seller Parties") entered into a share purchase agreement, pursuant to which Speedy Light agreed to acquire the entire equity interests in CMHL Group at a consideration of HK$476,000,000, of which HK$356,000,000 was settled by non-interest bearing convertible bonds (the "CBs"). The initial Conversion price was HK$0.76 per share. The CBs holders have the right to convert the whole or any part of the outstanding principal amount of the CBs into fully-paid ordinary shares of the Company at any time during the period beginning on, and including, the issue date and ending on the respective maturity dates. The CBs holders have the right to request the Company to repay 100% of the outstanding principal amount of the CBs, unless previously converted into Shares or repaid in accordance with the terms and conditions of the CBs by providing written notices to the Company during the redemption period.

The CBs are denominated in HKD and issued in three tranches:

Tranche A CBs amounted to HK$120,000,000 with maturity date being 12 months from 26 August 2022. Redemption period is from and including the date falling 3 months from the issue date of the CBs to and including the date falling 12 months from the issue date of the Tranche A CBs. The Tranche A CBs have been fully redeemed during the year ended 31 December 2023.

Tranche B CBs amounted to HK$120,000,000 with maturity date being 24 months from 26 August 2022. Redemption period is from and including the date falling 18 months from the issue date of the CBs to and including the date falling 24 months from the issue date of the Tranche B CBs. The Tranche B CBs have been fully redeemed during the year ended 31 December 2024.

Tranche C CBs amounted to HK$116,000,000 with maturity date being 36 months from 26 August 2022. Redemption period is from and including the date falling 36 months from the issue date of the CBs to and including the date falling 12 months after maturity date. The CBs cannot be redeemed at the option of the Company before the Maturity Date.

The CBs contains two components, liability and equity components. The equity component is presented in equity heading "convertible bonds reserve". The early redemption option is considered as closely related to the host debt. The effective interest rate of the liability component is 2.83% – 4.89% per annum at the date of initial recognition.

## 37. CONVERTIBLE BONDS *(Continued)*

The movement of the CBs for the years ended 31 December 2024 and 2023 is set out below:

| | 2024 | | |
|---|---|---|---|
| | **Liability component HK$'000** | **Equity component HK$'000** | **Total HK$'000** |
| At 1 January | **223,756** | **33,115** | **256,871** |
| Redemption | **(120,000)** | **(12,220)** | **(132,220)** |
| Finance cost – interest charge (note 9) | **8,609** | **–** | **8,609** |
| **At 31 December** | **112,365** | **20,895** | **133,260** |
| **Classified as:** | | | |
| Current | **112,365** | **20,895** | **133,260** |

| | 2023 | | |
|---|---|---|---|
| | Liability component HK$'000 | Equity component HK$'000 | Total HK$'000 |
| At 1 January | 213,878 | 33,115 | 246,993 |
| Finance cost – interest charge (note 9) | 9,878 | – | 9,878 |
| **At 31 December** | 223,756 | 33,115 | 256,871 |
| **Classified as:** | | | |
| Current | 116,760 | – | 116,760 |
| Non-current | 106,996 | 33,115 | 140,111 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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## 38. SHARE CAPITAL

| | Number of Shares | Amount HK$'000 |
|---|---|---|
| Shares of HK$0.01 each | | |
| Authorised: | | |
| At 1 January 2023, 31 December 2023 and 2024 | 30,000,000,000 | 300,000 |
| Issued and fully paid: | | |
| At 1 January 2023 | 6,836,374,452 | 68,364 |
| Cancellation of Shares (note) | (62,852,000) | (629) |
| At 31 December 2023 and 2024 | 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 HK$ | Consideration per Share Lowest HK$ | Aggregate consideration paid (before expenses) 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 approximately HK$139,000. These repurchased Shares were cancelled during the year ended 31 December 2023.

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

## 39. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of HK$1,500 per month, the contribution of which is matched by employees. No forfeited contribution under the MPF Scheme was utilised during the year and available to reduce the contribution payable in future years.

The employees in the Mainland China are members of respective state-managed defined contribution retirement benefits schemes operated by the local government. The employer and the employees are obliged to make contributions at a certain percentage of the basic payroll under rules of the schemes and the Group has fulfilled the obligation of the retirement benefits schemes. No forfeited contribution under the state-managed defined contribution retirement benefits schemes was utilised during the year and available to reduce the contribution payable in future years.

During the year ended 31 December 2024, the total cost charged to consolidated statement of profit or loss and other comprehensive income approximately of HK$13,405,000 (2023: HK$15,154,000) represents contributions payable to the above schemes by the Group during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 40. OPERATING LEASES

### The Group as lessor

During the year ended 31 December 2024, the Group had property rental income of approximately HK$14,184,000 (2023: HK$16,648,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases with fixed rents in respect of premises which would fall due as follows:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Within one year | **7,226** | 9,674 |
| In the second to fifth year inclusive | **2,051** | 2,169 |
| | **9,277** | 11,843 |

All of the properties held have committed tenants for the coming one to two years (2023: one to two years).

## 41. PLEDGE OF ASSETS

As at 31 December 2024, the Group pledged certain assets of approximately HK$120,545,000 (2023: HK$313,130,000), among which (i) leasehold land and building of approximately HK$30,438,000 (2023: HK$33,560,000) together with an investment property of approximately HK$89,000,000 (2023: HK$116,000,000) were pledged for the mortgage loans while (ii) bank deposits of approximately HK$1,107,000 (2023: HK$163,570,000) were pledged for the general banking facilities.

## 42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of borrowings and equity attributable to owners of the Company (comprising issued share capital, share premium, reserves and accumulated profits).

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

## 43. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **Financial assets** | | |
| Financial assets at FVTPL | **2,012** | 6,772 |
| Equity instruments at FVTOCI | **24,444** | 48,626 |
| Financial assets at amortised cost (including cash and cash equivalents) | **1,877,741** | 1,945,750 |
| **Financial liabilities** | | |
| Amortised cost | **570,489** | 693,565 |

### (b) Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business units, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include foreign currency risk, market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

*Foreign currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Other than Hong Kong, the Group's operations are mainly in the Mainland China and certain bank balances, receivables, payables and other loans of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors the related foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Foreign currency risk (Continued)*

The carrying amounts of monetary assets and monetary liabilities that are denominated in a currency other than functional currencies of entities at the end of the respective reporting periods are as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Renminbi ("RMB") | **123,003** | 211,458 | **–** | – |
| United Stated Dollars ("USD") | **–** | 174,893 | **–** | – |
| Hong Kong Dollars ("HKD") | **26,207** | 30,393 | **–** | – |

The Group is mainly exposed to the risk of fluctuation of USD, RMB and HKD when such currencies are different from the functional currency of relevant group entities.

The following tables detail the Group's sensitivity to a 5% increase in the above foreign currencies against the functional currency of the corresponding group entities, except for USD against HKD. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. The sensitivity analysis includes only bank balances and cash. A positive number indicates a decrease in post-tax loss where the above foreign currencies strengthen against the functional currency of the corresponding group entities. If there is 5% increase in USD, RMB and HKD against the functional currency of the corresponding group entities, the decrease in the post-tax loss is shown as below:

| | **2024** | 2023 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| RMB | **6,150** | 10,573 |
| USD | **–** | 8,745 |
| HKD | **1,310** | 1,520 |

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Market risk*

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risks.

(i) Interest rate risk management

The Group's fair value interest rate risk relates primarily to loans receivable, convertible bonds and lease liabilities which carry interests at fixed rates. The Group currently does not have any interest rate hedging policy. The Group monitors the interest rate risk exposure closely and may consider to enter any hedging activities if the need arises.

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollars denominated borrowings.

It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group currently does not have any interest rate hedging policy. The Group monitors the interest rate risk exposure closely and may consider to enter any hedging activities if the need arises.

<u>Interest rates sensitivity analysis</u>

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease in HIBOR is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

<u>Cash flow interest rate risk</u>

If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 would increase/decrease by HK$337,000 (2023: HK$366,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Market risk (Continued)*

(ii) Other price risk management

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks on equity instruments at the end of reporting period.

If the prices of the respective equity instruments had been 10% (2023: 10%) higher/lower:

– post-tax loss for the year ended 31 December 2024 would decrease/increase by HK$201,000 (2023: HK$565,000) as a result of the changes in fair value of financial assets at FVTPL.

– investment revaluation reserve for the year ended 31 December 2024 would increase/decrease by HK$2,444,000 (2023: HK$4,060,000) for the Group as a result of the changes in fair value of unlisted equity securities under equity instrument at FVTOCI.

The percentage applied in the sensitivity analysis is 10% in both years ended 31 December 2024 and 2023 of which management considers that is reasonable in current financial market.

Credit risk and impairment assessment

As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and loans receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Market risk (Continued)*

(ii) Other price risk management *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

| Internal credit rating | Description | Trade receivables | Other financial assets |
|---|---|---|---|
| Low risk | The counterparty has a low risk of default and does not have any past-due amounts | Lifetime ECL – not credit-impaired | 12-month ECL |
| Watch list | Debtor frequently repays after due dates but usually settle after due date. | Lifetime ECL – not credit-impaired | 12-month ECL |
| Doubtful | There have been significant increases in credit risk since initial recognition through information developed internally or external resources | Lifetime ECL – not credit-impaired | Lifetime ECL – not credit-impaired |
| Loss | There is evidence indicating the asset is credit-impaired | Lifetime ECL – credit-impaired | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery | Amount is written off | Amount is written off |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Market risk (Continued)*

(ii) Other price risk management *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

| 2024 | Notes | Internal credit rating | 12-month/ Lifetime ECL | Gross carrying amount HK$'000 | Allowance for ECL: Not credit-impaired HK$'000 | Allowance for ECL: Credit-impaired HK$'000 | Net carrying amount HK$'000 |
|---|---|---|---|---|---|---|---|
| Trade and bills receivables | 28 | Low risk (note 4) | Lifetime ECL | 397,231 | – | – | 397,231 |
| Other receivables | 28 | Write-off (note 2) | Lifetime ECL | 6,704 | – | (6,704) | – |
| | | Low Risk (note 2) | 12-month ECL | 14,590 | – | – | 14,590 |
| | | | | 21,294 | – | (6,704) | 14,590 |
| Loans receivable | 19 | Low risk (note 3) | 12-month ECL | 45,092 | – | – | 45,092 |
| | | Loss (note 3) | Lifetime ECL | 3,300 | – | (3,300) | – |
| | | | | 48,392 | – | (3,300) | 45,092 |
| Promissory notes | 26 | Write-off (note 2) | Lifetime ECL | 330,000 | – | (330,000) | – |
| Amounts due from associates | 29 | Loss (note 2) | Lifetime ECL | 4,557 | – | (4,557) | – |
| | 29 | Low risk (note 2) | 12-month ECL | 583 | – | – | 583 |
| | | | | 5,140 | – | (4,557) | 583 |
| Fixed bank deposits | 31 | N/A (note 5) | N/A | 227,741 | – | – | 227,741 |
| Pledged bank deposits | 31 | N/A (note 5) | N/A | 1,107 | – | – | 1,107 |
| Bank balances | 31 | N/A (note 5) | N/A | 1,191,397 | – | – | 1,191,397 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Market risk (Continued)*

(ii) Other price risk management *(Continued)*

Credit risk and impairment assessment *(Continued)*

| 2023 | Notes | Internal credit rating | 12-month/ Lifetime ECL | Gross carrying amount HK$'000 | Allowance for ECL: Not credit-impaired HK$'000 | Allowance for ECL: Credit-impaired HK$'000 | Net carrying amount HK$'000 |
|---|---|---|---|---|---|---|---|
| Trade and bills receivables | 28 | Low risk (note 4) | Lifetime ECL | 429,085 | – | – | 429,085 |
| Other receivables | 28 | Write-off (note 2) | Lifetime ECL | 4,705 | – | (4,705) | – |
| | | Low Risk (note 2) | 12-month ECL | 29,813 | – | – | 29,813 |
| | | | | 34,518 | – | (4,705) | 29,813 |
| Loans receivable | 19 | Low risk (note 3) | 12-month ECL | 54,356 | – | – | 54,356 |
| | | Loss (note 3) | Lifetime ECL | 3,300 | – | (3,300) | – |
| | | | | 57,656 | – | (3,300) | 54,356 |
| Promissory notes | 26 | Write-off (note 2) | Lifetime ECL | 330,000 | – | (330,000) | – |
| Amounts due from associates | 29 | Loss (note 2) | Lifetime ECL | 4,557 | – | (4,557) | – |
| | 29 | Low risk (note 2) | 12-month ECL | 1,070 | – | – | 1,070 |
| | | | | 5,627 | – | (4,557) | 1,070 |
| Fixed bank deposits | 31 | N/A (note 5) | N/A | 235,777 | – | – | 235,777 |
| Pledged bank deposits | 31 | N/A (note 5) | N/A | 163,570 | – | – | 163,570 |
| Bank balances | 31 | N/A (note 5) | N/A | 1,032,079 | – | – | 1,032,079 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Market risk (Continued)*

(ii) Other price risk management *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

1. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2. For those financial assets which are past due, management assessed they are credit-impaired as follow:

   a) promissory note issued by Profit Castle of gross amount of HK$330,000,000 (2023:HK$330,000,000) which internal credit rating set as write-off (2023: write-off). Details of the promissory note are disclosed in note 26 to the consolidated financial statements.

   b) amounts due from associates of gross amount of HK$4,557,000 (2023: HK$4,557,000).

   c) other receivable of gross amount of HK$6,704,000 (2023: HK$4,705,000)

   For the financial assets including the remaining portion of other receivables and amount due from associates which are either not yet past due or no fixed-term of repayment, management assessed they are not credit–impaired and internal credit rating set as low risk.

3. The Group assessed the loss allowances for loans receivable with gross amount of HK$45,092,000 (2023: HK$54,356,000) on 12-month ECL basis. The expected credit loss of loans receivable is assessed individually, taking into account the repayment histories, collaterals provided to the Group and internal credit rating of the debtors as well as forward-looking information, as appropriate. Loan receivable of gross amount of HK$3,300,000 was assessed as credit-impaired and expected credit loss of HK$3,300,000 was recognised as at 31 December 2024 (2023: HK$3,300,000).

   For the loan receivable from an associate which are either not yet past due or no fixed-term of repayment, management assessed they are not credit-impaired and internal credit rating set as low risk.

4. For trade and bills receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses based on past due status.

   No allowance of expected credit loss has been recognised as at 31 December 2024 and 2023.

5. Management considers the Group has limited credit risk with its banks which are leading and reputable banks and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks in Hong Kong. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Market risk (Continued)*

(ii) Other price risk management *(Continued)*

Credit risk and impairment assessment *(Continued)*

As at 31 December 2024 and 2023, the Group has a promissory note due from a party with principal amounting to HK$330,000,000. The promissory note has been fully impaired. As at 31 December 2024 and 2023, no aggregate loans receivable was due from one single company. An internal credit assessment process assesses the potential borrower's credit quality and defines credit limits by borrower, and the credit risk is considered low. There is no other significant concentration risk during the year.

The Group's concentration of credit risk relating to trade and bills receivables by geographical locations is mainly in the Mainland China as at 31 December 2024 and 2023.

The Group has concentration of credit risk by customer as 79% (2023: 76%) and 61% (2023: 58%) of the total trade and bills receivables which were due from the Group's five largest customers and the largest customer respectively. The Group's five largest customers are medical service companies with good reputation.

*Liquidity risk management*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. As at 31 December 2024, the Group have available unutilised banking facilities of HK$20,000,000 (2023: HK$300,000,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Liquidity risk management (Continued)*

Liquidity and interest risk tables

| | Weighted average effective interest rate | On demand or less than 1 month HK$'000 | 1–3 months HK$'000 | 3 months to 1 year HK$'000 | 1–5 years HK$'000 | Over 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount at 31.12.2024 HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **31 December 2024** | | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | | |
| Trade and other payables | | – | 212,871 | – | – | – | 212,871 | 212,871 |
| Amounts due to non-controlling interests | | 38,040 | – | – | – | – | 38,040 | 38,040 |
| Variable rate bank borrowings | 6.30% | 15,440 | 1,530 | 4,590 | 25,591 | 71,975 | 119,126 | 80,683 |
| Convertible bonds | 3.96% | – | – | 116,000 | – | – | 116,000 | 112,365 |
| Lease liabilities | 5.48% | – | 19,260 | 54,682 | 58,638 | 294 | 132,874 | 126,530 |
| | | 53,480 | 233,661 | 175,272 | 84,229 | 72,269 | 618,911 | 570,489 |

| | Weighted average effective interest rate | On demand or less than 1 month HK$'000 | 1–3 months HK$'000 | 3 months to 1 year HK$'000 | 1–5 years HK$'000 | Over 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount at 31.12.2023 HK$'000 |
|---|---|---|---|---|---|---|---|---|
| **31 December 2023** | | | | | | | | |
| **Non-derivative financial liabilities** | | | | | | | | |
| Trade and other payables | | – | 192,465 | – | – | – | 192,465 | 192,465 |
| Amounts due to non-controlling interests | | 44,158 | – | – | – | – | 44,158 | 44,158 |
| Variable rate bank borrowings | 6.34% | 17,324 | 2,645 | 7,935 | 37,138 | 75,597 | 140,639 | 87,563 |
| Convertible bonds | 3.96% | – | – | 120,000 | 116,000 | – | 236,000 | 223,756 |
| Lease liabilities | 4.43% | – | 20,714 | 53,902 | 80,792 | – | 155,408 | 145,623 |
| | | 61,482 | 215,824 | 181,837 | 233,930 | 75,597 | 768,670 | 693,565 |

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

*Liquidity risk management (Continued)*

The table below summarises the maturity analysis of the bank borrowings which contained a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis contained in the above table. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid within 1 year to 16 years (2023: 2 years to 17 years) after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$19,124,000 (2023: HK$24,885,000). Details of which are set out in the table below:

**Maturity Analysis – Bank borrowing with a repayment on demand clause based on scheduled repayments**

| | Less than 1 year HK$'000 | 1–2 years HK$'000 | 2–5 years HK$'000 | Over 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| **31 December 2024** | **5,479** | **1,973** | **5,918** | **5,754** | **19,124** | **15,440** |
| 31 December 2023 | 5,803 | 5,482 | 7,771 | 5,829 | 24,885 | 20,060 |

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

### (c) Fair value measurement of financial instruments

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value measurement of financial instruments *(Continued)*

(1) Level 1 fair value measurements are those derived from quoted process (unadjusted) in active market for identical assets or liabilities;

(2) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(3) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis*
Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

**Fair value hierarchy as at 31 December 2024**

| | Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Financial assets at FVTPL** | | | | |
| – Unlisted derivative | – | – | 2,012 | 2,012 |
| **Equity instruments at FVTOCI** | | | | |
| – Listed equity securities | 107 | – | – | 107 |
| – Unlisted equity securities | – | – | 24,337 | 24,337 |
| | 107 | – | 26,349 | 26,456 |

Fair value hierarchy as at 31 December 2023

| | Level 1 HK$'000 | Level 2 HK$'000 | Level 3 HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| **Financial assets at FVTPL** | | | | |
| – Unlisted derivative | – | – | 6,772 | 6,772 |
| **Equity instruments at FVTOCI** | | | | |
| – Unlisted equity securities | – | – | 48,626 | 48,626 |
| | – | – | 55,398 | 55,398 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value measurement of financial instruments *(Continued)*

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)*

| Financial assets | Fair value as at 31 December 2024 HK$'000 | Fair value as at 31 December 2023 HK$'000 | Fair value hierarchy | Valuation technique | Significant unobservable input(s) | Range (weighted average) | Relationship of unobservable inputs for fair value |
|---|---|---|---|---|---|---|---|
| 1 Financial assets at FVTPL – unlisted derivative | **2,012** | 6,772 | Level 3 | Binomial Option Pricing Model | Volatility | 72.53% (2023: 66.57%) | The increase in volatility would increase in fair value |
| | | | | | Risk–free rate | 4.30% (2023: 3.92%) | The increase in risk-free rate would increase in fair value |
| | | | | | Time to maturity | 3.08 years (2023: 4.08 years) | The increase in time to maturity would increase in fair value |
| | | | | | Dividend yield | 0% (2023: 0%) | The increase in dividend yield would increase in fair value |
| 2 Equity instruments at FVTOCI – unlisted equity securities in Hong Kong | **24,337** | 48,626 | Level 3 | Discounted cash flow method | Yearly growth rates of revenue | Ranging from 8.54% to 98.86% (2023: 15.00% to 208.95%) | The increase in yearly growth rates of revenue would increase in fair value |
| | | | | | Terminal growth rate | 3.00% (2023: 2.50%) | The increase in terminal growth rate would increase in fair value |
| | | | | | Weighted average cost of capital | 18.50% (2023: 15.39%) | The increase in weighted average cost of capital would decrease in fair value |
| | | | | | Discount rate for lack of control and marketability | 15.60% (2023: 12.03%) | The increase in discount rate would decrease in fair value |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 43. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value measurement of financial instruments *(Continued)*

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)*

There were no transfers of financial assets between different levels of the fair value hierarchy in the current year and prior year.

The quantitative information of significant unobservable inputs used in arriving at the Level 3 fair value measurement are set out above.

The directors of the Company consider that except for financial assets as disclosed in the above table, the carrying amounts of remaining financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements of financial assets

| | Financial assets at FVTPL HK$'000 | Equity instruments at FVTOCI HK$'000 |
|---|---|---|
| At 1 January 2023 | – | 27,785 |
| Addition | – | 41,155 |
| Fair value changes | 6,772 | (20,314) |
| At 1 January 2024 | 6,772 | 48,626 |
| Fair value changes | (4,760) | (24,289) |
| **At 31 December 2024** | 2,012 | 24,337 |

The fair value loss of approximately HK$24,318,000 (2023: HK$20,314,000) included in other comprehensive income related to equity instruments at FVTOCI held at the end of the reporting period and are reported as changes of "investment revaluation reserve". As a result of the changes in the current economic environment, the investment of the financial assets is experiencing negative conditions of decreased revenues, that indicate that the relevant fair value change in financial assets at fair value through other comprehensive income.

## 44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Amounts due to non-controlling interests (note 30) HK$'000 | Lease liabilities (note 35) HK$'000 | Bank borrowings (note 34) HK$'000 | Convertible bonds (note 37) HK$'000 | Total liabilities from financing activities HK$'000 |
|---|---|---|---|---|---|
| At 1 January 2023 | 49,882 | 147,249 | 113,896 | 213,878 | 524,905 |
| Changes from financing cash flows: | | | | | |
| Repayment to non-controlling interests | (5,724) | – | – | – | (5,724) |
| Repayment of liabilities | – | (77,398) | (26,333) | – | (103,731) |
| Interest paid | – | (6,883) | (6,655) | – | (13,538) |
| Total changes from financing cash flow | (5,724) | (84,281) | (32,988) | – | (122,993) |
| Non-cash changes: | | | | | |
| Recognition of lease liabilities during the year | – | 77,872 | – | – | 77,872 |
| Derecognition of lease liabilities upon termination of lease | – | (1,745) | – | – | (1,745) |
| Interest expenses | – | 6,883 | 6,655 | 9,878 | 23,416 |
| Exchange difference | – | (355) | – | – | (355) |
| At 31 December 2023 and 1 January 2024 | 44,158 | 145,623 | 87,563 | 223,756 | 501,100 |
| Changes from financing cash flows: | | | | | |
| Repayment to non-controlling interests | **(6,118)** | **–** | **–** | **–** | **(6,118)** |
| Redemption of convertible bonds | **–** | **–** | **–** | **(120,000)** | **(120,000)** |
| Repayment of liabilities | **–** | **(75,991)** | **(6,880)** | **–** | **(82,871)** |
| Interest paid | **–** | **(6,644)** | **(5,261)** | **–** | **(11,905)** |
| Total changes from financing cash flow | **(6,118)** | **(82,635)** | **(12,141)** | **(120,000)** | **(220,894)** |
| Non-cash changes: | | | | | |
| Recognition of lease liabilities during the year | **–** | **59,261** | **–** | **–** | **59,261** |
| Derecognition of lease liabilities upon termination of lease | **–** | **(2,009)** | **–** | **–** | **(2,009)** |
| Interest expenses | **–** | **6,644** | **5,261** | **8,609** | **20,514** |
| Exchange difference | **–** | **(354)** | **–** | **–** | **(354)** |
| **At 31 December 2024** | **38,040** | **126,530** | **80,683** | **112,365** | **357,618** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

## 45. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group entered into the following transactions with related parties:

| Name of related party | Nature of transactions | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|---|
| Advance Bond Limited[1] | Rental income | **979** | 920 |
| China Life Insurance (Overseas) Company Limited[2] | Medical related services income | **984** | 1,079 |
| | Insurance expenses | **(704)** | (658) |
| China Life Insurance Company Limited[2] | Medical related services income | **8,613** | 1,580 |
| | Property management income | **86** | 69 |
| | Insurance expenses | **(85)** | (61) |
| China Life Insurance Company Limited, Shandong Branch[3] | Rental expense | **(1,458)** | (3,876) |
| China Life Trustees Limited[2] | Retirement benefits scheme contributions | **–** | (96) |
| China Life Property & Casualty Insurance Company Limited[2] | Medical services income | **–** | 242 |
| C.T. Scan Diagnostic Centre[9] | Cost of sales | **(248)** | (260) |
| Dr. Edmund Wong Clinic[4] | Cost of sales | **–** | (8,533) |
| Dr. Kenneth Tsang and Associates Limited[5] | Cost of sales | **–** | (2,614) |
| Early Light International (Holdings) Limited | Medical services income | **169** | 196 |
| Hillwood MRI Centre Limited[7] | Cost of sales | **(4,058)** | (3,409) |
| Hong Kong Bariatric and Metabolic Institute Limited[1] | Management services fee income | **190** | 256 |
| | Repayment of lease liabilities | **(297)** | (386) |
| Hong Kong Cardiac Center Limited[6] | Cost of sales | **–** | (1,096) |
| Hong Kong Health Check and Medical Diagnostic Centre Limited[7] | Rental income | **5,422** | 5,280 |
| | Laboratory fee income | **1,684** | 1,951 |
| | Cost of sales | **(7,384)** | (7,815) |
| | Staff welfare | **(97)** | (119) |
| My Beauty Company Limited[8] | Rental income | **1,899** | 1,681 |
| My Beauty Salon Company Limited[8] | Interest income | **2,203** | 2,250 |
| Yuen Foong Medical Diagnostic Centre[9] | Cost of sales | **(32)** | (37) |

## 45. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

Notes:

1. The related parties are the associates of the Company, which are not individually material, during the years ended 31 December 2024 and 2023.

2. The related parties are the subsidiaries of the China Life Insurance (Group) Company, one of the beneficial owners of the Company.

3. China Life Insurance Company Limited, Shandong Branch is a branch office of China Life Insurance Company Limited.

4. Dr. Edmund Wong Clinic is wholly-owned by Dr. Wong Chun Wa, an executive director of the Company, who resigned as executive director of the Company with effect from 1 January 2024.

5. Dr. Kenneth Tsang and Associates Limited is owned by Dr. Tsang Wah Tak, Kenneth, an executive director and deputy chairman of the Company, appointed on 11 November 2022 and resigned on 20 June 2023, and his spouse in equal shares.

6. Hong Kong Cardiac Center Limited is wholly-owned by Dr. Law Kwan Kin, an executive director of the Company, appointed on 28 June 2022 and resigned as an executive director of the Company with effect from 2 March 2023.

7. The related parties are the subsidiaries of Luck Key (note 22), a principal associate of the Company.

8. The related parties are the subsidiaries of Auspicious Idea (note 22), a principal associate of the Company.

9. The related parties are the branches of the subsidiaries of Luck Key (note 22), a principal associate of the Company.

Details of balances with related parties as at the end of the reporting period are set out in the consolidated statement of financial position and in notes 29 and 30.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 45. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

### Compensation of key management personnel

The remuneration of key management personnel which represent the directors of the Company during the year was as follows:

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| Short-term benefits | **11,683** | 15,765 |
| Post-employment benefits | **62** | 336 |
| | **11,745** | 16,101 |

The remuneration of key management personnel is determined by the remuneration committee of the board of directors of the Company having regard to the performance of individuals and market trends.

## 46. CONTINGENCIES

On 11 July 2022, the Company and Speedy Light International Limited (an indirect wholly-owned subsidiary of the Company, the "Buyer") entered into a share purchase agreement (the "Share Purchase Agreement") to purchase 100% of the issued shares in Central Medical Holdings Limited ("Central Medical") from Hong Kong Medical Consultants Holdings Limited (the "Seller"). Under the Share Purchase Agreement, each of the seller parties, namely (i) the Seller; (ii) Central Healthcare Group Limited; (iii) Dr. Tsang Wah Tak, Kenneth; (iv) Dr. Leung Wing Hung; (v) Dr. Fong Ka Yeung; (vi) Mr. Shiu Shu Ming; and (vii) Dr. Chu Leung Wing (collectively the "Seller Parties") has guaranteed to the Buyer that the audited consolidated net profit or loss of Central Medical and its subsidiaries ("Central Medical Group") after tax attributable to shareholders (excluding all listing expenses and share-based payments) as set out in the consolidated accounts of Central Medical Group audited by Central Medical's auditors (the "Adjusted Net Profit") for each of the three financial years ended 31 March 2022, 2023 and 2024 should be no less than the performance target of HK$30,000,000 (the "Profit Guarantee").

Based on the audited consolidated accounts of Central Medical Group with respect to the year ended 31 March 2023, the Adjusted Net Profit of Central Medical Group for the year ended 31 March 2023 amounted to HK$23,469,554, which was below the performance target of HK$30,000,000. Due to non-fulfillment of the Profit Guarantee, the Seller Parties would be liable jointly and severally to pay to the Buyer an amount calculated in accordance with the adjustment mechanism as set out in the Share Purchase Agreement (the "Claim Amount"). On 23 April 2024, the Buyer served a notice in accordance with the Share Purchase Agreement to the Seller, Central Healthcare Group Limited, Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming (the "Respondents") to demand them, along with the other Seller Parties, to pay to the Buyer the Claim Amount on or before 30 April 2024. Notwithstanding the lapse of 30 April 2024, the Respondents have failed to pay the Claim Amount. After taking legal advice, on 4 June 2024, the Buyer has initiated proceedings against the Respondents claiming, among others, the Claim Amount, the related interest, the legal fees and costs.

The proceedings are still at an early stage and the outcomes are subject to uncertainties, the Group is not practicable to estimate the financial effect at this moment.

## 47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | 2024<br>HK$'000 | 2023<br>HK$'000 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Unlisted investment in a subsidiary | **58,530** | 58,530 |
| Amounts due from subsidiaries | **3,422,549** | 3,772,414 |
| | **3,481,079** | 3,830,944 |
| **CURRENT ASSETS** | | |
| Amount due from an associate | **–** | 500 |
| Other receivables | **188** | 696 |
| Bank balances and cash | **11,875** | 10,849 |
| | **12,063** | 12,045 |
| **CURRENT LIABILITIES** | | |
| Other payables | **430** | 487 |
| Convertible bonds | **112,365** | 116,760 |
| | **112,795** | 117,247 |
| **NET CURRENT LIABILITIES** | **(100,732)** | (105,202) |
| **NON-CURRENT LIABILITY** | | |
| Convertible bonds | **–** | 106,996 |
| | **3,380,347** | 3,618,746 |
| **CAPITAL AND RESERVES** | | |
| Share capital – Shares | **67,735** | 67,735 |
| Reserves (note) | **3,312,612** | 3,551,011 |
| Total equity | **3,380,347** | 3,618,746 |

The Company's statement of financial position was approved and authorised for issue by the board of directors of the Company on 28 March 2025 and are signed on its behalf by:

**Mr. Choi Ka Tsan Karson**
*DIRECTOR*

**Ms. Zhang Xiaoxue**
*DIRECTOR*

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

*(Continued)*

Note:

Reserves

| | Share premium HK$'000 | Capital redemption reserve HK$'000 | Contributed surplus HK$'000 | Distributable reserve HK$'000 | Treasury shares HK$'000 | Convertible bonds reserve HK$'000 | Accumulated profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 3,044,069 | 9,020 | 28,180 | 62,677 | (10,819) | 33,115 | 540,531 | 3,706,773 |
| Loss and total comprehensive expense for the year | – | – | – | – | – | – | (138,236) | (138,236) |
| Cancellation of Shares | (20,217) | – | – | – | 20,846 | – | – | 629 |
| Repurchase of shares | – | – | – | – | (10,027) | – | – | (10,027) |
| Dividend declared | – | – | – | – | – | – | (8,128) | (8,128) |
| At 31 December 2023 | 3,023,852 | 9,020 | 28,180 | 62,677 | – | 33,115 | 394,167 | 3,551,011 |
| Loss and total comprehensive expense for the year | – | – | – | – | – | – | (230,271) | (230,271) |
| Redemption of convertible bonds | – | – | – | – | – | (12,220) | 12,220 | – |
| Dividend declared | – | – | – | – | – | – | (8,128) | (8,128) |
| **At 31 December 2024** | **3,023,852** | **9,020** | **28,180** | **62,677** | **–** | **20,895** | **167,988** | **3,312,612** |

Contributed surplus of the Company includes the difference between the nominal value of HK$350,000 of the ordinary shares issued by the Company and the net assets value of approximately HK$28,530,000 of Town Health (BVI), a subsidiary acquired through an exchange of shares pursuant to the group reorganisation in April 2000.

## 48. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2024 and 2023 are as follows:

| Name of company | Place of incorporation /form of legal entity | Principal place of operation | Class of shares held | Issued and fully paid share capital/ registered capital | Proportion of nominal value of issued capital/registered capital held by the Company 31 December 2024 Directly | 31 December 2024 Indirectly | 31 December 2023 Directly | 31 December 2023 Indirectly | Proportion of voting power held by the Company 31 December 2024 Directly | 31 December 2024 Indirectly | 31 December 2023 Directly | 31 December 2023 Indirectly | Principal activities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Town Health (BVI) | British Virgin Islands/ limited liability company | (note) | Ordinary | US$1,331,131 | **100%** | **–** | 100% | – | **100%** | **–** | 100% | – | Investment holding |
| Vio | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$1,000 | **–** | **94.3%** | – | 94.3% | **–** | **100%** | – | 100% | Provision of managed medical network services |
| Easy Result Limited | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$100 | **–** | **51%** | – | 51% | **–** | **67%** | – | 67% | Provision of medical healthcare services |
| Hong Kong T&O | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$1,000 | **–** | **43.4%** | – | 43.4% | **–** | **67%** | – | 67% | Provision of medical healthcare services |
| Nanyang Xiangrui | Mainland China/sino foreign equity joint venture | Mainland China | – | RMB84,835,000 | **–** | **60.2%** | – | 60.2% | **–** | **60%** | – | 60% | Provision of hospital management services |
| PHC Medical Group Limited | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$2 | **–** | **100%** | – | 100% | **–** | **100%** | – | 100% | Provision of medical healthcare services |
| Modern Ascent Limited | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$1 | **–** | **35%** | – | 35% | **–** | **67%** | – | 67% | Provision of medical healthcare services |
| Profit Sources Limited | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$100 | **–** | **100%** | – | 100% | **–** | **100%** | – | 100% | Property investments services |
| Town Health Corporate Advisory and Investments Limited | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$100 | **–** | **100%** | – | 100% | **–** | **100%** | – | 100% | Provision of business and corporate advisory services |
| Town Health Dental Limited | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$2 | **–** | **100%** | – | 100% | **–** | **100%** | – | 100% | Provision of dental consultation services |
| Town Health M&D | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$2 | **–** | **100%** | – | 100% | **–** | **100%** | – | 100% | Provision of medical healthcare services |
| 廣州宜康醫療管理有限公司 | Mainland China/sino foreign equity joint venture | Mainland China | – | RMB199,750,000 | **–** | **80%** | – | 80% | **–** | **75%** | – | 75% | Provision of medical healthcare services |
| 河南恒益祥醫葯有限公司 | Mainland China/sino foreign equity joint venture | Mainland China | – | RMB4,000,000 | **–** | **48.2%** | – | 48.2% | **–** | **48%** | – | 48% | Provision of trading medicines |
| 南陽健科醫療科技有限公司 | Mainland China/sino foreign equity joint venture | Mainland China | – | RMB15,000,000 | **–** | **60.2%** | – | 60.2% | **–** | **60%** | – | 60% | Trading of medical consumables and equipment |
| Ruishi Ophthalmology | Mainland China/sino foreign equity joint venture | Mainland China | – | RMB20,000,000 | **–** | **36.7%** | – | 36.7% | **–** | **40%** | – | 40% | Provision of eyecare services |
| HKMC | Hong Kong/limited liability company | Hong Kong | Ordinary | HK$100 | **–** | **100%** | – | 100% | **–** | **100%** | – | 100% | Provision of private specialty healthcare services |

Note: The subsidiary acts as investment holding company and has no specific principal place of operation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 48. PRINCIPAL SUBSIDIARIES *(Continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong.

### Details of non-wholly owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that have material non-controlling interests:

| Name of subsidiary | Place of incorporation and principal place of business | Proportion of voting rights held by non-controlling interests | | Proportion of ownership interests held by non-controlling interests | | Profit allocated to non-controlling interests | | Accumulated non-controlling interests | |
|---|---|---|---|---|---|---|---|---|---|
| | | **31.12.2024** | 31.12.2023 | **31.12.2024** | 31.12.2023 | **31.12.2024 HK$'000** | 31.12.2023 HK$'000 | **31.12.2024 HK$'000** | 31.12.2023 HK$'000 |
| Nanyang Xiangrui | Mainland China | **40%** | 40% | **39.8%** | 39.8% | **28,570** | 32,936 | **320,451** | 304,584 |
| Individually immaterial subsidiaries with non-controlling interests | | | | | | **16,926** | 2,185 | **82,982** | 72,033 |
| | | | | | | **45,496** | 35,121 | **403,433** | 376,617 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 48. PRINCIPAL SUBSIDIARIES *(Continued)*

### Details of non-wholly owned subsidiary that have material non-controlling interests *(Continued)*

| Nanyang Xiangrui | 2024 HK$'000 | 2023 HK$'000 |
|---|---|---|
| Current assets | **694,294** | 640,826 |
| Non-current assets | **276,528** | 291,954 |
| Current liabilities | **(151,959)** | (149,853) |
| Non-current liabilities | **(31,091)** | (33,487) |
| Equity attributable to owners of the Company | **467,321** | 444,856 |
| Non-controlling interests | **320,451** | 304,584 |
| Income | **510,635** | 530,790 |
| Expenses | **(447,379)** | (456,436) |
| Profit for the year | **63,256** | 74,354 |
| Profit attributable to owners of the Company | **34,686** | 41,418 |
| Profit attributable to the non-controlling interests | **28,570** | 32,936 |
| Profit for the year | **63,256** | 74,354 |
| Other comprehensive expenses attributable to owners of the Company | **(12,221)** | (20,356) |
| Other comprehensive expenses attributable to the non-controlling interests | **(12,703)** | (13,458) |
| Other comprehensive expenses for the year | **(24,924)** | (33,814) |
| Total comprehensive income attributable to owners of the Company | **22,465** | 21,062 |
| Total comprehensive income attributable to the non-controlling interests | **15,867** | 19,478 |
| Total comprehensive income for the year | **38,332** | 40,540 |
| Net cash inflow from operating activities | **97,415** | 113,132 |
| Net cash outflow used in investing activities | **(37,969)** | (147,832) |
| Net cash outflow used in financing activities | **(3,145)** | – |
| Effect of foreign exchange rate changes | **(6,488)** | (15,828) |
| Net cash inflow (outflow) | **49,813** | (50,528) |

# MAJOR PROPERTIES INFORMATION

The Group's property portfolio summary – major properties held for investment.

| Location | Existing use | Tenure | Group's interest (%) 2024 | Group's interest (%) 2023 |
|---|---|---|---|---|
| 1. Whole block of Nos. 10-12 Yuen Shun Circuit, Shatin Town Lot No. 282, New Territories | Office | Medium term lease | **100%** | 100% |
| 2. 14/F, Kaiseng Commercial Centre, Nos. 4-6 Hankow Road, Kowloon | Office | Medium term lease | **100%** | 100% |
| 3. 13/F, Kaiseng Commercial Centre, Nos. 4-6 Hankow Road, Kowloon | Office | Medium term lease | **100%** | 100% |
| 4. 12/F, Kaiseng Commercial Centre, Nos. 4-6 Hankow Road, Kowloon | Office | Medium term lease | **100%** | 100% |
| 5. G/F, Ultragrace Commercial Building, 5 Jordan Road, Kowloon | Shops | Medium term lease | **100%** | 100% |
| 6. 6/F, Euro Trade Centre, 13-14 Connaught Road Central, Central, Hong Kong | Office | Long term lease | **100%** | 100% |

# FINANCIAL SUMMARY

## RESULTS

| | **2024** | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Revenue | **1,833,795** | 1,833,038 | 1,535,580 | 1,483,892 | 1,069,045 |
| (Loss) profit for the year | **(158,207)** | (159,089) | 49,522 | 75,072 | (258,450) |
| Attributable to: | | | | | |
| Owners of the Company | **(203,703)** | (194,210) | 15,289 | 22,013 | (281,038) |
| Non-controlling interests | **45,496** | 35,121 | 34,233 | 53,059 | 22,588 |
| | **(158,207)** | (159,089) | 49,522 | 75,072 | (258,450) |

## ASSETS AND LIABILITIES

| | **2024** | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| | **HK$'000** | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Total assets | **4,126,903** | 4,500,566 | 4,749,680 | 4,730,370 | 4,582,639 |
| Total liabilities | **(746,556)** | (881,820) | (896,090) | (504,936) | (456,507) |
| | **3,380,347** | 3,618,746 | 3,853,590 | 4,225,434 | 4,126,132 |
| Equity attributable to: | | | | | |
| Owners of the Company | **2,976,914** | 3,242,129 | 3,491,416 | 3,855,035 | 3,810,481 |
| Non-controlling interests | **403,433** | 376,617 | 362,174 | 370,399 | 315,651 |
| | **3,380,347** | 3,618,746 | 3,853,590 | 4,225,434 | 4,126,132 |

# GLOSSARY

| | |
|---|---|
| 2022 CGB CCTs | the continuing connected transactions in relation to the provision of the Medical & Healthcare Services by the Group and the provision of the Deposit Services by CGB (HK) contemplated under the 2022 CGB Framework Agreement |
| 2022 CGB Framework Agreement | the framework agreement dated 14 November 2022 and entered into between the Company and CGB (HK) in respect of (i) the provision of the Medical & Healthcare Services by the Group to the staff of CGB (HK); and (ii) the provision of the Banking Services by CGB (HK) to the Group |
| 2024 CLIO Framework Agreement | the framework agreement dated 27 September 2024 and entered into between the Company and CLIO in respect of the provision of the CLIO Medical Related Services by the Group to CLIO Group |
| 2024 CLIS Framework Agreement | the framework agreement dated 27 September 2024 and entered into between the Company and CLIS in respect of, among other things, the provision of the CLIS Medical Related Services by the Group to CLIS Group |
| 2024 Framework Agreements | collectively, the 2024 CLIO Framework Agreement and the 2024 CLIS Framework Agreement |
| 2024-2027 Tenancy Agreement | the tenancy agreement dated 27 September 2024 and entered into between Jinan Likang and CLIS in respect of the leasing of Units 01-06, 5/F, South Block of the Building for the period from 1 October 2024 to 31 March 2027 |
| 2025-2027 CGB CCTs | the continuing connected transactions in relation to the provision of the CGB Medical Related Services by the Group and the provision of the Deposit Services by CGB (HK) contemplated under the 2025-2027 CGB Framework Agreement |
| 2025-2027 CGB Framework Agreement | the framework agreement dated 19 December 2024 and entered into between the Company and CGB (HK) in respect of (i) the provision of the CGB Medical Related Services by the Group to CGB (HK); and (ii) the provision of the Banking Services by CGB (HK) to the Group |

# GLOSSARY

| | |
|---|---|
| Acquisition | the acquisition of 100% of the issued share capital of Central Medical by the Buyer from the Seller pursuant to the Share Purchase Agreement |
| Acquisition Completion | completion of the Acquisition in accordance with the terms of the Share Purchase Agreement |
| AGM | annual general meeting of the Company |
| Audit Committee | audit committee of the Board |
| Banking Services | the Deposit Services, the Loan Services and the Other Banking Services |
| Best Tree | Best Tree International Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to 51% indirectly by the Company and 49% directly by Dr. Wong Chun Wa |
| BO Support Services | the back-office support services, consisting of procurement, marketing, finance and administrative services |
| Board | the board of Directors |
| Bond Instruments | the instruments constituting the Convertible Bonds to be executed by the Company in favour of the Seller Nominees upon the Acquisition Completion |
| Broad Idea | Broad Idea International Limited |
| BT Group | Best Tree and its subsidiaries |

# GLOSSARY

| | |
|---|---|
| BTG BO Support Services | the BO Support Services to be provided by the Relevant Group (ex BTG) to the BT Group for certain medical centres operated by the BT Group as requested by the BT Group from time to time under the BTG Framework Agreement |
| BTG CCTs | the continuing connected transactions in relation to the provision of the BTG Specialist Medical Services, the granting of the BTG Licenses and the entering into of the BTG Leases between the Relevant Group (ex BTG) and the BT Group contemplated under the BTG Framework Agreement |
| BTG Clinical Support Services | the Clinical Support Services to be provided by the BT Group to the Relevant Group (ex BTG) at certain medical centres operated by the Relevant Group (ex BTG) as requested by the Relevant Group (ex BTG) from time to time under the BTG Framework Agreement |
| BTG Framework Agreement | the framework agreement dated 11 November 2022 and entered into between TH (BVI) and Best Tree, in relation to the provision of the BTG Specialist Medical Services, the provision of the BTG Clinical Support Services, the provision of the BTG BO Support Services, the provision of the BTG Medical and Diagnostic Services, the granting of the BTG Licenses and the entering into of the BTG Leases |
| BTG Leases | the Leases to be granted by the Relevant Group (ex BTG) to the BT Group from time to time under the BTG Framework Agreement |
| BTG Licences | the Licences to be granted by the Relevant Group (ex BTG) to the BT Group under the BTG Framework Agreement, with such areas as mutually agreed between the parties from time to time |
| BTG Medical and Diagnostic Services | the Medical and Diagnostic Services to be provided by the Relevant Group (ex BTG) to the BT Group as requested by the BT Group from time to time under the BTG Framework Agreement |
| BTG Specialist Medical Services | the Specialist Medical Services to be provided by the BT Group to the Relevant Group (ex BTG) at certain medical centres operated by the Relevant Group (ex BTG) as requested by the Relevant Group (ex BTG) from time to time under the BTG Framework Agreement |

# GLOSSARY

| | |
|---|---|
| Building | China Life Building, No. 11001, Jingshi Road, Lixia District, Jinan City, Shandong Province, the PRC |
| Business Day | a day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business |
| Buyer | Speedy Light International Limited, a company incorporated under the laws of the British Virgin Islands and an indirect wholly-owned subsidiary of the Company |
| Bye-laws | bye-laws of the Company |
| CCTs | collectively, (i) the HKCCL CCTs; (ii) the EWC CCTs; (iii) the KTAL CCTs; (iv) the HKMC CCTs; (v) the ERG CCTs; (vi) the BTG CCTs; (vii) the CLG CCTs; (viii) the 2022 CGB CCTs; and (ix) the 2025-2027 CGB CCTs |
| CCT Agreements | collectively, (i) the HKCCL Consultancy Agreement; (ii) the EWC Consultancy Agreement; (iii) the Service Agreement; (iv) the ERG Framework Agreement; (v) the BTG Framework Agreement; (vi) the CLIO Framework Agreement; (vii) the CLIS Framework Agreement; (viii) the 2022 CGB Framework Agreement; and (ix) the 2025-2027 CGB Framework Agreement |
| Central Medical | Central Medical Holdings Limited, a company incorporated under the laws of the British Virgin Islands |
| CEO or Chief Executive Officer | the chief executive officer of the Company |
| CG Code | Corporate Governance Code as set out in Appendix C1 to the Listing Rules then in force during the Year |
| CGB | China Guangfa Bank Co., Ltd. |
| CGB (HK) | China Guangfa Bank Co., Ltd., Hong Kong Branch |

# GLOSSARY

| | |
|---|---|
| CGB Medical Related Services | medical services, health check services, dental services and other health and medical related services |
| China Life Insurance | 中國人壽保險(集團)公司 (in English, for identification purpose only, China Life Insurance (Group) Company) |
| China or PRC | the People's Republic of China |
| Classictime | Classictime Investments Limited |
| CLG CCTs | the continuing connected transactions in relation to the provision of the Medical Related Services by the Group contemplated under the 2024 Framework Agreements |
| CLG Subscription | the subscription for 1,785,098,644 Shares by China Life Insurance pursuant to an investment agreement dated 5 January 2015 and entered into between the Company and China Life Insurance |
| CLIC | China Life Insurance Company Limited, a joint stock company established in the Mainland China with limited liability whose shares are listed on the Stock Exchange (stock code: 2628), New York Stock Exchange (stock code: LFC) and Shanghai Stock Exchange (stock code: 601628) respectively |
| Clinical Support Services | clinical and administrative support provided by health care assistants |
| CLIO | China Life Insurance (Overseas) Company Limited, a company established in the Mainland China with limited liability and is a wholly-owned subsidiary of China Life Insurance |
| CLIO Group | CLIO and its subsidiaries and associates |

# GLOSSARY

| | |
|---|---|
| CLIO Medical Related Services | medical services, health check services, dental services and other health and medical related services as specified under the 2024 CLIO Framework Agreement |
| CLIS | 中國人壽保險股份有限公司山東省分公司 (in English, for identification purpose only, China Life Insurance Company Limited, Shandong Branch) |
| CLIS Group | CLIS and all branches and sub-branches of CLIC in Shandong Province of the PRC under the management of CLIS |
| CLIS Medical Related Services | health management services as specified under the 2024 CLIS Framework Agreement including but not limited to those medical consultation services, health check and consultation services, and other health and medical related services as specified under the "Notice of the General Office of the China Banking and Insurance Regulatory Commission on Standardizing the Health Management Services of Insurance Companies" (Yinbaojian Issues [2020] No. 83) |
| CLIS Products | insurance products including but not limited to staff medical insurance |
| Company or Town Health | 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 |
| Company Secretary | company secretary of the Company |
| connected person | has the meaning ascribed to it under the Listing Rules |
| Consultancy Agreements | collectively, the HKCCL Consultancy Agreement and the EWC Consultancy Agreement |
| controlling shareholder | has the meaning ascribed to it under the Listing Rules |
| Conversion Price | initially HK$0.76 per Conversion Share, subject to adjustment for certain dilutive events |
| Conversion Rights | the conversion rights attaching to the Convertible Bonds to convert the principal amount or a part thereof into the Conversion Shares |

# GLOSSARY

| | |
|---|---|
| Conversion Shares | new Shares which may fall to be allotted and issued by the Company to the Seller Nominees at the Conversion Price, credited as fully paid, upon exercise of the Conversion Rights by the Seller Nominees |
| Convertible Bonds | collectively, the Tranche A Convertible Bonds, the Tranche B Convertible Bonds and the Tranche C Convertible Bonds |
| Convertible Preference Shares | perpetual non-voting redeemable convertible preference shares of HK$0.01 each in the share capital of the Company subscribed by Fubon Life, Fubon Insurance and Broad Idea pursuant to the CPS Subscription Agreement |
| CPS Subscription | the subscription for 212,121,212 Convertible Preference Shares by Fubon Life, 79,545,454 Convertible Preference Shares by Fubon Insurance and 83,333,333 Convertible Preference Shares by Broad Idea, pursuant to the CPS Subscription Agreement |
| CPS Subscription Agreement | perpetual non-voting redeemable convertible preference shares subscription agreement dated 31 October 2014 and entered into between the Company, Fubon Life, Fubon Insurance and Broad Idea |
| Deposit Services | the deposit services to be provided by CGB (HK) to the Group under the 2022 CGB Framework Agreement and/or the 2025-2027 CGB Framework Agreement, as the case may be |
| Diagnostic Services | diagnostic investigation services |
| Director(s) | the director(s) of the Company |
| Dr. Choi | Dr. Choi Chee Ming GBS, JP |
| Easy Result | Easy Result Limited, a company incorporated in Hong Kong with limited liability, which is indirectly owned as to 51% by the Company and 49% by Dr. Law Kwan Kin |
| ER Group | Easy Result and its subsidiaries |

# GLOSSARY

| | |
|---|---|
| ERG BO Support Services | the BO Support Services to be provided by the Relevant Group (ex ERG) to the ER Group for certain medical centres operated by the ER Group as requested by the ER Group from time to time under the ERG Framework Agreement |
| ERG CCTs | the continuing connected transactions in relation to the provision of the ERG Diagnostic Services and the ERG Specialist Medical Services contemplated under the ERG Framework Agreement |
| ERG Diagnostic Services | the Diagnostic Services to be provided by the ER Group to the Relevant Group (ex ERG) as requested by the Relevant Group (ex ERG) from time to time under the ERG Framework Agreement |
| ERG Framework Agreement | the framework agreement dated 11 November 2022 and entered into between TH (BVI) and Easy Result, in relation to the provision of the ERG Specialist Medical Services, the ERG Diagnostic Services, the ERG BO Support Services and the ERG Medical and Diagnostic Services |
| ERG Medical and Diagnostic Services | the Medical and Diagnostic Services to be provided by the Relevant Group (ex ERG) to the ER Group as requested by the ER Group from time to time under the ERG Framework Agreement |
| ERG Specialist Medical Services | the Specialist Medical Services to be provided by the ER Group to the Relevant Group (ex ERG) at certain medical centres operated by the Relevant Group (ex ERG) as requested by the Relevant Group (ex ERG) from time to time under the ERG Framework Agreement |
| EW Clinic | Dr. Edmund Wong Clinic, a business established in Hong Kong, operated and wholly-owned by Dr. Wong Chun Wa |
| EWC CCTs | the continuing connected transactions contemplated under the EWC Consultancy Agreement |
| eHealth | Electronic Health Record Sharing System |
| EWC Consultancy Agreement | the consultancy agreement dated 27 June 2022 and entered into between HKTOIL and EW Clinic, in relation to the provision of the EWC Services |

# GLOSSARY

| | |
|---|---|
| EWC Practice | the medical centres at Unit 212, 2nd Floor, Citylink Plaza, Shatin, New Territories; Room 1602, Entrepot Centre, 117 How Ming Street, Kwun Tong, Kowloon; Room 611, 6/F Champion Building, 301-309 Nathan Road, Jordan, Kowloon; Units 905-907, Level 9, Landmark North, G/F, 20 Lung Sum Avenue, Sheung Shui, New Territories; 1/F, Glassview Commercial Building, 65-67 Castle Peak Road, Yuen Long, New Territories; Units Nos. 710-713, 7/F., Hong Kong Pacific Centre, 28 Hankow Road, Tsim Sha Tsui, Kowloon; and Rooms 713-714, 7/F, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, New Territories, or such other medical centre(s) providing medical and healthcare services in Hong Kong which is/are established, developed, operated and/or managed by HKTOIL, its holding companies, subsidiaries and fellow subsidiaries as designated by HKTOIL from time to time |
| EWC Services | medical consultation, procedures, surgeries, care and services and all related healthcare services to be provided by EW Clinic under the EWC Consultancy Agreement through Dr. Wong Chun Wa and/or such other Registered Medical Practitioner(s) and Registered Specialist(s) employed or otherwise engaged by EW Clinic and acceptable to HKTOIL to the patients of the EWC Practice and/or any locations as designated by HKTOIL as a Registered Specialist in Orthopaedic & Traumatology, and such other services and duties as HKTOIL and/or its designated officers may direct from time to time |
| Fubon Insurance | Fubon Insurance Co., Ltd. |
| Fubon Life | Fubon Life Insurance Co., Ltd. |
| Ganghe Clinic | 深圳港和診所 (in English, for identification purpose only, Shenzhen Ganghe Clinic) |
| Group | the Company and its subsidiaries |
| HKCCL | Hong Kong Cardiac Centre Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Dr. Law Kwan Kin |
| HKCCL CCTs | the continuing connected transactions contemplated under the HKCCL Consultancy Agreement |
| HKCCL Consultancy Agreement | the consultancy agreement dated 27 June 2022 and entered into between Easy Result and HKCCL, in relation to the provision of the HKCCL Services |

# GLOSSARY

| | |
|---|---|
| HKCCL Locations | any of the Hong Kong Health Check & Medical Diagnostic Centre(s) and/or any of the Dr. Vio & Partners Clinic(s) as designated by Easy Result |
| HKCCL Physicians | Dr. Law Kwan Kin and/or such other Registered Medical Practitioner(s) and Registered Specialist(s) employed or otherwise engaged by HKCCL and acceptable to Easy Result |
| HKCCL Practice | the medical centres at Room 705-707, 7/F, 238 Nathan Road, Kowloon and Room 2202-03, Melbourne Plaza, 33 Queen's Road, Central, Hong Kong, or such other medical centre(s) providing medical and healthcare services in Hong Kong which is/are established, developed, operated and/or managed by Easy Result, its holding companies, subsidiaries and fellow subsidiaries as designated by Easy Result from time to time |
| HKCCL Services | medical consultation, procedures, surgeries, care and services and all related healthcare services to be provided by HKCCL under the HKCCL Consultancy Agreement through the HKCCL Physicians to the patients of the HKCCL Practice and/or the HKCCL Locations as a Registered Specialist in Cardiology, and such other services and duties as Easy Result and/or its designated officers may direct from time to time |
| HKMC | Hong Kong Medical Consultants Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company |
| HKMC CCTs | the continuing connected transactions in relation to the provision of the HKMC Services contemplated under the Service Agreement |
| HKMC Services | providing to the Key Individual such facilities and equipment as mutually agreed by KTAL and HKMC for provision of the KTAL Services; and providing to the Key Individual nursing, pharmacy, billing, administrative and other support services for provision of the KTAL Services |
| HKTOIL | Hong Kong Traumatology and Orthopaedics Institute Limited, a company incorporated in Hong Kong with limited liability and a non wholly-owned subsidiary of the Company |
| HK$ or HKD | Hong Kong dollars, the lawful currency of Hong Kong |

# GLOSSARY

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| Hong Kong | the Hong Kong Special Administrative Region of the PRC |
| Jinan Likang | 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 Mainland China with limited liability and an indirect non wholly-owned subsidiary of the Company |
| Key Individual(s) | Dr. Tsang Wah Tak, Kenneth (or any other person(s) who is/are qualified to conduct medical practice in Hong Kong and approved by HKMC) |
| KTAL | Dr. Kenneth Tsang and Associates Limited, a company incorporated in Hong Kong with limited liability, which is owned by Dr. Tsang Wah Tak, Kenneth and his spouse in equal shares |
| KTAL CCTs | the continuing connected transactions in relation to the provision of the KTAL Services contemplated under the Service Agreement |
| KTAL Services | the medical services to be provided by the Key Individual as a specialist of respiratory medicine or such other services to be provided by the Key Individual as agreed by the parties to the Service Agreement |
| Leases | the leases of certain Premises for the purpose of medical centre operation |
| Licences | the non-exclusive right to use part of certain Premises for the purpose of medical centre operation |
| Listing Rules | the Rules Governing the Listing of Securities on the Stock Exchange |
| Loan Services | the loan services to be provided by CGB (HK) to the Group under the 2022 CGB Framework Agreement and/or the 2025-2027 CGB Framework Agreement, as the case may be |
| Main Board | the Main Board of the Stock Exchange |
| Mainland China | the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan |

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| Management Team | the Chief Executive Officer, the Chief Financial Officer of the Company, the Group Head of Legal & Company Secretary of the Company and the executive Directors who are primarily stationed at the headquarters of the Company in Hong Kong |
| Minerva Group | Minerva Group Holding Limited |
| Medical and Diagnostic Services | the medical and diagnostic services, including general consultation, specialist consultation, dental treatment, physiotherapy treatment, traditional Chinese medicine, diagnostic and laboratory tests |
| Medical & Healthcare Services | health check services (including but not limited to general health checks, underwriting health checks and VIP customer health checks) and medical services (including but not limited to general practice and specialist medical services, dental health care and treatments, medical beauty and anti-ageing services, Hong Kong medical consultation, vaccination and auxiliary medical services) |
| Medical Related Services | the CLIO Medical Related Services and the CLIS Medical Related Services as specified under the respective 2024 Framework Agreements |
| 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 during the Year |
| Mr. Choi | Mr. Choi Ka Tsan Karson, the Chairman and Chief Executive Officer 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 |
| Nomination Committee | nomination committee of the Board |

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| Oasis Beauty | Oasis Beauty Limited, an indirect wholly-owned subsidiary of the Company |
| Ordinary Shares Subscription | the subscription of 459,183,673 Shares by Fubon Life, Fubon Insurance and Broad Idea and the allotment and issue of the subscription shares |
| Other Banking Services | the banking services (other than the Deposit Services and the Loan Services), such as cash management services, financial advisory services and other financial services, to be provided by CGB (HK) to the Group under the 2022 CGB Framework Agreement and/or the 2025-2027 CGB Framework Agreement, as the case may be |
| Premises | the premises owned or leased by the Relevant Group (ex BTG), the whole or part of which are leased or licenced to the BT Group for the purpose of medical centre operation |
| Registered Medical Practitioner | duly qualified medical practitioner registered in accordance with the provisions of the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong) for the conduct of medical practices in Hong Kong |
| Registered Specialist(s) | duly qualified specialist(s) registered in accordance with the provisions of the Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong) for the conduct of medical practices in Hong Kong |
| Relevant Group (ex BTG) | TH (BVI) and its subsidiaries, excluding members of the BT Group |
| Relevant Group (ex BTG) Services | collectively, (i) the BTG BO Support Services; (ii) the BTG Medical and Diagnostic Services; (iii) the BTG Licences; and (iv) the BTG Leases |

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| Relevant Group (ex ERG) | TH (BVI) and its subsidiaries, excluding members of the ER Group |
| Relevant Group (ex ERG) Services | collectively, (i) the ERG BO Support Services and (ii) the ERG Medical and Diagnostic Services |
| Remuneration Committee | remuneration committee of the Board |
| RMB | Renminbi, the lawful currency of the Mainland China |
| Seller | Hong Kong Medical Consultants Holdings Limited, a company incorporated under the laws of the Cayman Islands |
| Seller Guarantors | Central Healthcare Group Limited, Dr. Tsang Wah Tak, Kenneth, Dr. Leung Wing Hung, Dr. Fong Ka Yeung, Mr. Shiu Shu Ming and Dr. Chu Leung Wing |
| Seller Nominees | Dr. Fong Ka Yeung; Dr. Chu Leung Wing; Dr. Lee Pui Yin; Dr. Cheng Cheung Wah Boron; Dr. Ng Ma Tai Matthew; Dr. Lo Wai Kei; Dr. Chau Kwok On, Gordon; Dr. Ng Wing Ho, Kenneth; Dr. Tam Sau Man, Barbara; Peak Summit Development Limited, a company controlled by Dr. Tsang Wah Tak, Kenneth; Heroic Wealth Capital Investments Limited, a company controlled by Dr. Leung Wing Hung; Wealth Basin Limited, a company wholly owned by Mr. Shiu Shu Ming; Les Trois Bonheurs (2018) Limited, a company wholly owned by Mrs. Chen Chou Mei Mei Vivien; CEKA Limited, a company wholly owned by Dr. Cheung Wai Yin Eddie; Hong Kong Clinical Oncology Limited, a company wholly owned by Dr. Yu Ka Tung Stanley; Centre for Obesity, Diabetes and Endocrinology (CODE) Limited, a company wholly owned by Dr. Yuen Mae Ann Michele; Cheung Hing Holdings Limited, a company wholly owned by Mr. Wang Lishan; Star List Limited, a company wholly owned by Mr. Luk Ka Luen, Tony; Clear Trillion Limited, a company wholly owned by Mr. Mok Man Fung, Carter; and Unicorn Link Group Limited, a wholly-owned subsidiary of Xi Yue Cultural Industry Investment Fund L.P. ("Xi Yue Fund L.P."), an exempted limited partnership incorporated in the Cayman Islands (i) which is engaged in various investments; (ii) the limited partner of which is United Wealth Ventures Limited (a company incorporated in the British Virgin Islands with limited liability), which is in turn owned as to 51% and 49% by Mr. Li Kai Sing ("Mr. Li") and Glorious Maple Limited (a company owned as to 30% by Mr. Hong Ching Wei and 70% by Rainbow Lead Ventures Limited, which is wholly owned by Mr. Yeung Wan Yiu) ("Glorious Maple"), respectively; and (iii) the general partner of which is Vital Vision Limited (a company incorporated in the Cayman Islands with limited liability, responsible for the day to day management of Xi Yue Fund L.P. and its investment activities and is owned as to 55% and 45% by Red Carpet Investments Limited (a company wholly owned by Mr. Li)), and Glorious Maple, respectively |

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| Seller Party(ies) | the Seller and the Seller Guarantors |
| Service Agreement | the service agreement dated 11 July 2022 and entered into between HKMC and KTAL (as amended and supplemented by the supplemental agreement dated 11 November 2022), in relation to the provision of the KTAL Services and the HKMC Services |
| SFC | the Securities and Futures Commission of Hong Kong |
| SFO | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| Share(s) | ordinary share(s) of HK$0.01 each in the share capital of the Company |
| Shareholder(s) | holder(s) of the Shares |
| Share Purchase Agreement | the share purchase agreement dated 11 July 2022 entered into between the Company, the Buyer, the Seller and the guarantors of the Seller namely, Central Healthcare Group Limited, Dr. Tsang Wah Tak, Kenneth, Dr. Leung Wing Hung, Dr. Fong Ka Yeung, Mr. Shiu Shu Ming and Dr. Chu Leung Wing in relation to the Acquisition |
| SGM | Special General Meeting of the Company held on 12 January 2024 |
| Specialist Medical Services | medical consultation services and other related services rendered by the Registered Specialists |
| Stock Exchange | The Stock Exchange of Hong Kong Limited |
| substantial shareholder | has the meaning ascribed to it under the Listing Rules |
| TBMG | The Beauty Medical Group |
| TH (BVI) | Town Health (BVI) Limited, a wholly-owned subsidiary of the Company |

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| Tranche A Convertible Bonds | the convertible bonds in the aggregate amount of HK$120,000,000 issued by the Company pursuant to the Bond Instruments |
| Tranche B Convertible Bonds | the convertible bonds in the aggregate amount of HK$120,000,000 issued by the Company pursuant to the Bond Instruments |
| Tranche C Convertible Bonds | the convertible bonds in the aggregate amount of HK$116,000,000 issued by the Company pursuant to the Bond Instruments |
| US$ | United States dollars, the lawful currency of the United States of America |
| Vio | Dr. Vio & Partners Limited, a subsidiary of the Company |
| Year | year ended 31 December 2024 |