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

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

(Stock Code: 3886)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2023:

- The Group recorded revenue of approximately HK\$916,833,000 (2022: approximately HK\$710,873,000).
- The Group recorded a profit of approximately HK\$38,683,000 (2022: loss of approximately HK\$6,824,000).

As at 30 June 2023:

- The Group had net current assets and net assets of approximately HK\$1,309,686,000 and HK\$3,786,892,000, respectively.
- The Group had a current ratio of 3.24 and a gearing ratio of 2.40%.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (2022: Nil).

RESULTS

The Board is pleased to report the unaudited interim condensed consolidated results of the Company and its subsidiaries for the six months ended 30 June 2023, together with the comparative unaudited figures for the six months ended 30 June 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended	
		30 June	
		2023	2022
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	4	916,833	710,873
Cost of sales		<u>(674,371)</u>	<u>(522,791)</u>
Gross profit		242,462	188,082
Other income	6	23,124	24,583
Administrative expenses		(196,737)	(188,056)
Other gains and losses, net	7	1,219	839
Finance costs	8	(10,915)	(1,543)
Share of results of associates		3,399	(11,243)
Share of results of joint ventures		<u>(4,452)</u>	<u>(3,640)</u>
Profit before tax		58,100	9,022
Income tax expenses	9	<u>(19,417)</u>	<u>(15,846)</u>
Profit (loss) for the period	10	<u>38,683</u>	<u>(6,824)</u>

		Six months ended	
		30 June	
		2023	2022
		(unaudited)	(unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Other comprehensive expense			
for the period			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes in equity instruments at fair value through other comprehensive income		<u>(19,685)</u>	<u>(955)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on the translation of foreign operations		(65,874)	(58,116)
Share of other comprehensive income (expense) of an associate and a joint venture		<u>2,274</u>	<u>(498)</u>
		<u>(63,600)</u>	<u>(58,614)</u>
		<u>(83,285)</u>	<u>(59,569)</u>
Total comprehensive expense for the period		<u><u>(44,602)</u></u>	<u><u>(66,393)</u></u>
Profit (loss) for the period attributable to:			
Owners of the Company		21,061	(25,337)
Non-controlling interests		<u>17,622</u>	<u>18,513</u>
		<u><u>38,683</u></u>	<u><u>(6,824)</u></u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		(50,468)	(70,384)
Non-controlling interests		<u>5,866</u>	<u>3,991</u>
		<u><u>(44,602)</u></u>	<u><u>(66,393)</u></u>
Earnings (loss) per share (HK cent(s))			
– Basic and diluted	12	<u><u>0.31</u></u>	<u><u>(0.34)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 (unaudited) <i>HK\$'000</i>	31 December 2022 (audited) <i>HK\$'000</i>
	<i>Note</i>		
NON-CURRENT ASSETS			
Investment properties		525,684	528,580
Property, plant and equipment		511,127	542,857
Right-of-use assets		147,666	133,103
Loans receivable		49,993	49,904
Goodwill		769,895	781,704
Intangible assets		406,194	417,948
Interests in associates		284,686	292,190
Interests in joint ventures		4,614	22,211
Equity instruments at fair value through other comprehensive income		49,255	27,785
Deferred tax assets		2,564	2,117
Fixed bank deposits		21,608	23,436
		2,773,286	2,821,835
CURRENT ASSETS			
Inventories		58,139	57,298
Trade and other receivables	13	531,175	509,634
Financial assets at fair value through profit or loss		6,155	–
Loans receivable		8,372	9,069
Promissory note		–	–
Amounts due from associates		1,243	1,184
Tax recoverable		1,296	3,504
Pledged bank deposits		161,577	148,286
Fixed bank deposits		141,339	226,931
Bank balances and cash		985,990	971,939
		1,895,286	1,927,845

		30 June	31 December
		2023	2022
		(unaudited)	(audited)
	<i>Notes</i>	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Trade and other payables	<i>14</i>	291,938	291,511
Contract liabilities		26,067	17,256
Amount due to an investee		292	292
Amounts due to non-controlling interests		44,374	49,882
Bank borrowings	<i>15</i>	16,015	46,719
Lease liabilities		68,823	63,728
Tax payable		23,766	24,931
Convertible bonds		114,325	–
		<u>585,600</u>	<u>494,319</u>
NET CURRENT ASSETS		<u>1,309,686</u>	<u>1,433,526</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>4,082,972</u>	<u>4,255,361</u>
NON-CURRENT LIABILITIES			
Bank borrowings	<i>15</i>	66,163	67,177
Lease liabilities		90,033	83,521
Deferred tax liabilities		35,490	37,195
Convertible bonds		104,394	213,878
		<u>296,080</u>	<u>401,771</u>
		<u>3,786,892</u>	<u>3,853,590</u>
CAPITAL AND RESERVES			
Share capital	<i>16</i>	67,735	68,364
Reserves		3,355,058	3,423,052
Equity attributable to owners of the Company		<u>3,422,793</u>	<u>3,491,416</u>
Non-controlling interests		<u>364,099</u>	<u>362,174</u>
Total equity		<u>3,786,892</u>	<u>3,853,590</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. GENERAL

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

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

The addresses of the registered office and the principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and 6/F, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong respectively.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed 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, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements, but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 December 2023.

Amendments to HKFRSs in issue but not yet effective

The Group has not applied the following amendments to HKFRSs, which have been issued but are not yet effective, in these condensed consolidated financial statements:

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

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 2024.

The Group is assessing the full impact of the amendments to standards and interpretations.

4. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the period. There is no seasonality or cyclical nature of the interim operations of the Group. Disaggregation of revenue from contracts with customers are as follows:

	Six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue recognised under HKFRS 15		
Hong Kong medical services		
– Medical services	359,576	239,923
– Dental services	<u>29,757</u>	<u>30,294</u>
	389,333	270,217
Hong Kong managed medical network business	238,105	201,972
Mainland hospital management and medical services	<u>283,378</u>	<u>233,613</u>
	<u>910,816</u>	<u>705,802</u>
Revenue recognised under other accounting standard		
Others		
– Rental income	<u>6,017</u>	<u>5,071</u>
Total	<u>916,833</u>	<u>710,873</u>
Revenue recognised under HKFRS 15		
Timing of revenue recognition		
At a point in time	877,771	654,918
Over time	<u>33,045</u>	<u>50,884</u>
	<u>910,816</u>	<u>705,802</u>

Revenue from Hong Kong medical services (including provision of medical and dental services), majority of Hong Kong managed medical network business and 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.

5. SEGMENT INFORMATION

The chief operating decision maker, being the chief executive officer (“**CEO**”), regularly evaluates 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 the 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 medical and dental services in the People’s Republic of China (“**PRC**”), provision of hospital management services and related services
- Others – Leasing of properties

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

Segment revenue and results
Six months ended 30 June 2023

	Hong Kong medical services (unaudited) HK\$'000	Hong Kong managed medical network business (unaudited) HK\$'000	Mainland hospital management and medical services (unaudited) HK\$'000	Others (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
External sales	389,333	238,105	283,378	6,017	-	916,833
Inter-segment sales	19,674	-	-	-	(19,674)	-
	<u>409,007</u>	<u>238,105</u>	<u>283,378</u>	<u>6,017</u>	<u>(19,674)</u>	<u>916,833</u>
Segment results before impairment losses	<u>34,011</u>	<u>18,860</u>	<u>20,659</u>	<u>22,402</u>	<u>-</u>	<u>95,932</u>
Reversal of impairment loss recognised on right-of-use assets	1,747	-	-	-	-	1,747
Impairment loss recognised on interest in a joint venture	-	-	-	(6,062)	-	(6,062)
Segment results	<u>35,758</u>	<u>18,860</u>	<u>20,659</u>	<u>16,340</u>	<u>-</u>	<u>91,617</u>
Unallocated finance costs						(8,016)
Unallocated other income						6,995
Unallocated corporate expenses						<u>(32,496)</u>
Profit before tax						<u><u>58,100</u></u>

Six months ended 30 June 2022

	Hong Kong medical services (unaudited) HK\$'000	Hong Kong managed medical network business (unaudited) HK\$'000	Mainland hospital management and medical services (unaudited) HK\$'000	Others (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE						
External sales	270,217	201,972	233,613	5,071	-	710,873
Inter-segment sales	17,836	-	-	-	(17,836)	-
	<u>288,053</u>	<u>201,972</u>	<u>233,613</u>	<u>5,071</u>	<u>(17,836)</u>	<u>710,873</u>
Segment results before expected credit loss and impairment losses	<u>1,158</u>	<u>10,637</u>	<u>24,416</u>	<u>(5,391)</u>	<u>-</u>	<u>30,820</u>
Expected credit loss recognised on other receivables	-	-	(1,016)	-	-	(1,016)
Reversal of impairment loss recognised on property, plant and equipment	-	-	-	2,811	-	2,811
Impairment loss recognised on right-of-use assets	(1,333)	-	-	-	-	(1,333)
Segment results	<u>(175)</u>	<u>10,637</u>	<u>23,400</u>	<u>(2,580)</u>	<u>-</u>	<u>31,282</u>
Unallocated finance costs						(154)
Unallocated other income						6,093
Unallocated corporate expenses						<u>(28,199)</u>
Profit before tax						<u><u>9,022</u></u>

Geographical information

The Group's revenue from external customers are detailed below:

	Six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hong Kong	633,455	477,260
Other regions of the PRC	283,378	233,613
	<u>916,833</u>	<u>710,873</u>

6. OTHER INCOME

	Six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Dividend income from equity instruments at fair value through other comprehensive income – relating to investments held at the end of the reporting period	1,260	903
Interest income	14,857	12,927
Rental income	2,810	1,431
Rent concessions	–	1,559
Employment Support Scheme income (<i>Note</i>)	–	5,859
Sundry income	4,197	1,904
	<u>23,124</u>	<u>24,583</u>

Note: During the six months ended 30 June 2022, the Group recognised government grants of approximately HK\$5,859,000 (2023: nil) in respect of Covid-related subsidies, of which were all relating to the Employment Support Scheme provided by the Hong Kong government under which the Group was required to comply with certain conditions under the scheme. There was no unfulfilled condition or contingency relating to these grants.

7. OTHER GAINS AND LOSSES, NET

	Six months ended	
	30 June	
	2023 (unaudited) <i>HK\$'000</i>	2022 (unaudited) <i>HK\$'000</i>
Fair value changes on investment properties	(2,896)	886
Fair value changes on financial assets at fair value through profit or loss	6,155	(456)
Reversal of impairment loss (impairment loss) recognised on right-of-use assets	1,747	(1,333)
Impairment loss recognised on interest in a joint venture	(6,062)	–
Reversal of impairment loss recognised on property, plant and equipment	–	2,811
Expected credit loss recognised on other receivables	–	(1,016)
Gain (loss) on disposal of and written off of property, plant and equipment	2,385	(37)
Others	(110)	(16)
	<u>1,219</u>	<u>839</u>

8. FINANCE COSTS

	Six months ended	
	30 June	
	2023 (unaudited) <i>HK\$'000</i>	2022 (unaudited) <i>HK\$'000</i>
Interest on bank borrowings	3,175	154
Interest on lease liabilities	2,899	1,389
Interest on convertible bonds	4,841	–
	<u>10,915</u>	<u>1,543</u>

9. INCOME TAX EXPENSES

	Six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax	10,546	4,106
PRC Enterprise Income Tax	10,390	12,760
Deferred Tax	(1,519)	(1,020)
	<u>19,417</u>	<u>15,846</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both interim periods.

Under the Law of the PRC on Enterprise Income Tax (“**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both interim periods.

10. PROFIT (LOSS) FOR THE PERIOD

	Six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the period has been arrived at after charging (crediting):		
Staff costs		
– Directors’ emoluments	10,270	4,162
– Other staff’s salaries, bonus and other benefits	357,081	345,831
– Other staff’s retirement benefits scheme contributions	7,205	5,728
	<u>374,556</u>	<u>355,721</u>
Amortisation of intangible assets	5,660	5,311
Depreciation of property, plant and equipment	30,541	23,695
Depreciation of right-of-use assets	38,072	30,675
Loss on exchange difference	931	13,305
Covid-related rent concessions	–	(1,559)
	<u>–</u>	<u>(1,559)</u>

11. DIVIDENDS

During the current interim period, a final dividend of Hong Kong 0.12 cent per share of the Company (“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 interim period amounted to approximately HK\$8,128,000 (2022: approximately HK\$11,289,000).

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (2022: Nil).

12. EARNINGS (LOSS) PER SHARE

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

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

	Six months ended	
	30 June	
	2023	2022
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit (loss) for the period attributable to owners of the Company	<u>21,061</u>	<u>(25,337)</u>

Number of Shares

	30 June	30 June
	2023	2022
	(unaudited)	(unaudited)
Weighted average number of Shares for the purpose of calculating basic and diluted earnings (loss) per Share	<u>6,774,206,065</u>	<u>7,526,134,452</u>

The computation of diluted earnings per Share for the six months ended 30 June 2023 does not assume the conversion of the Company’s outstanding convertible bonds since their assumed conversion would have anti-dilutive effect. There were no potential Shares in issue for the six months ended 30 June 2022.

13. TRADE AND OTHER RECEIVABLES

	30 June 2023 (unaudited) HK\$'000	31 December 2022 (audited) HK\$'000
Trade receivables	384,547	346,313
Bills receivables	70,700	89,816
	455,247	436,129
Deposits	42,594	44,724
Other receivables	20,755	13,192
Prepayments	12,579	15,550
Amount due from a related party	–	39
	531,175	509,634

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:

	30 June 2023 (unaudited) HK\$'000	31 December 2022 (audited) HK\$'000
0-60 days	207,492	244,171
61-120 days	69,063	87,844
121-180 days	47,673	50,545
181-240 days	68,806	46,865
241-365 days	62,213	6,704
	455,247	436,129

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 (31 December 2022: 180 to 240 days) while settlement by corporate customers of the Group's managed medical network operation is from 60 to 180 days (31 December 2022: 60 to 180 days). The Group allows an average credit period of 180 to 270 days (31 December 2022: 180 to 270 days) and 60 to 240 days (31 December 2022: 60 to 240 days) to its trade customers under mainland hospital management services and related service and trade customers under other business activities, respectively.

14. TRADE AND OTHER PAYABLES

	30 June 2023 (unaudited) <i>HK\$'000</i>	31 December 2022 (audited) <i>HK\$'000</i>
Trade payables	153,664	153,488
Other payables	32,455	27,773
Deposits received	5,257	4,783
Accruals	100,562	102,369
Amounts due to related parties	<u>–</u>	<u>3,098</u>
	<u>291,938</u>	<u>291,511</u>

The following is an ageing analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	30 June 2023 (unaudited) <i>HK\$'000</i>	31 December 2022 (audited) <i>HK\$'000</i>
0-60 days	82,762	83,675
61-120 days	39,874	29,118
Over 120 days	<u>31,028</u>	<u>40,695</u>
	<u>153,664</u>	<u>153,488</u>

The average credit period on purchase of goods is 60 to 120 days (31 December 2022: 60 to 120 days).

15. BANK BORROWINGS

	30 June 2023 (unaudited) HK\$'000	31 December 2022 (audited) HK\$'000
Secured:		
Revolving loan	–	30,000
Mortgage loans	<u>82,178</u>	<u>83,896</u>
	<u>82,178</u>	<u>113,896</u>
The bank borrowings are repayable as follows:		
On demand and within one year	3,484	33,740
In more than one year but not more than two years	3,751	3,931
In more than two years but not more than three years	3,984	4,104
In more than three years but not more than four years	4,230	4,276
In more than four years but not more than five years	4,481	4,454
Over five years	<u>62,248</u>	<u>63,391</u>
	82,178	113,896
<i>Less:</i> Amounts due within one year shown under current liabilities	(3,484)	(33,740)
Carrying amount of bank borrowing that is not repayable within one year from the end of reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>(12,531)</u>	<u>(12,979)</u>
Non-current portion	<u>66,163</u>	<u>67,177</u>

As at 30 June 2023 and 31 December 2022, the bank borrowings of the Group carried variable interest rates ranging from Hong Kong Interbank Offered Rate (“HIBOR”) +1.65% per annum to HIBOR +2.25% per annum.

The Group’s mortgage loans are secured by the Group’s leasehold land and building with carrying value of approximately HK\$179,487,000 (31 December 2022: approximately HK\$182,628,000). In addition, mortgage loan with carrying amount of HK\$13,661,000 (31 December 2022: HK\$14,201,000) was also supported by personal guarantee provided by non-controlling interests of the Company’s non-wholly owned subsidiary which will be released upon repayment of the mortgage.

16. SHARE CAPITAL

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

Note:

During the six months ended 30 June 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		Aggregate consideration paid (before expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
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	<u>926,000</u>	0.350	0.345	<u>324</u>
	<u><u>27,026,000</u></u>			<u><u>9,888</u></u>

During the six months ended 30 June 2023, 27,026,000 Shares were repurchased with aggregate consideration of approximately HK\$10,027,000, including expenses paid amounting to HK\$139,000. These repurchased Shares were cancelled during such period.

During the six months ended 30 June 2023, 35,826,000 treasury shares acquired in 2022 with aggregate consideration paid amounting to approximately HK\$10,819,000 were cancelled.

The above repurchase of the Shares were undertaken by a subsidiary of the Company. No other subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

17. EVENT AFTER REPORTING PERIOD

Subsequent to the end of reporting period, there were changes in Directors' roles and duties. For details, please refer to the announcements of the Company dated 7 August 2023 and 16 August 2023.

Except for the event described above, until the approval date of these condensed consolidated financial statements of the Company for the six months ended 30 June 2023, there is no significant event after the reporting period that need to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group is pleased to report its results for the six months ended 30 June 2023.

During the period under review, the Group recorded an unaudited consolidated profit of approximately HK\$38,683,000 (2022: loss of approximately HK\$6,824,000). Such significant change from unaudited consolidated loss to unaudited consolidated profit was mainly attributable to (i) the increase in the revenue of the Group recorded for the six months ended 30 June 2023; and (ii) the share of profits of associates recorded for the six months ended 30 June 2023.

Increase in Revenue

The Group recorded revenue of approximately HK\$916,833,000 for the six months ended 30 June 2023 (2022: approximately HK\$710,873,000), which was mainly contributed by (a) the increase in demand for medical services and managed medical network in Hong Kong as well as mainland hospital management and medical services; and (b) the contribution from Central Medical Holdings Limited after the Group's acquisition in August 2022. Details of revenue from different business segments of the Group will be explained in subsequent paragraphs.

Share of Profits of Associates

The Group recorded share of profits of associates of approximately HK\$3,399,000 for the six months ended 30 June 2023 (2022: share of losses of associates of approximately HK\$11,243,000). Such significant change from share of losses to profits was mainly contributed by the rapid recovery of operations of certain associates of the Group due to Covid Pandemic subsiding in the period under review.

BUSINESS REVIEW

Mainland China's sudden reversal of its zero-COVID policy in Dec 2022 paved the way for Hong Kong to open up to the World again. Relaxation of border control in 2023 was timely for 3 reasons: 1) Most citizens had already contracted Covid-19 in the local 5th wave or been fully vaccinated by then, 2) Highly effective oral antivirals against Covid-19 had become available and 3) Zero-COVID policy with its high economic damage was unsustainable. In the first half of 2023, Hong Kong benefited from post-Covid economic recovery with the return of mainland and international visitors while the demand for chronic disease management for our ageing population was ever increasing. The significant reduction of the labour force posed challenges to our daily operations and raised our staff costs. In mainland China, living with Covid set the scene for rapid recovery of the Group's outpatient and inpatient services there. During the period, the Group recorded an unaudited consolidated profit of approximately HK\$38,683,000 (2022: loss of approximately HK\$6,824,000), turning loss into profit.

Healthcare Service Network of the Group

As of 30 June 2023, the Group had 417 healthcare service points covering multiple practices, including 240 general practice service points, 67 specialist service points, 20 dental service points and 90 auxiliary service points. As of 30 June 2023, the Group had 792 doctors, dentists and auxiliary service staff (including 394 general practitioners, 235 specialists, 32 dentists and 131 auxiliary service staff), all of whom provided healthcare services via the Group's network of self-operated and affiliated medical service centres.

Businesses in Hong Kong

Managed Medical Network – Vio

In the first half of 2023, the Group's medical network management business in Hong Kong recorded revenue of approximately HK\$238,105,000 (2022: approximately HK\$201,972,000), accounting for approximately 25.97% (2022: approximately 28.41%) of the Group's revenue for the six months ended 30 June 2023, with a year-on-year increase in net profit. With a return to normalcy, local economic activities gradually returned to normal, leading to a significant growth in Vio's performance. However, Vio's business operations have not yet fully recovered to the pre-pandemic level, mainly due to the reduction of local workforce which has reduced the size of Vio's patient base and hence the number of outpatient visits.

Vio's medical network and service points continued to expand. Vio has invited more new specialists to join the medical network, including those practising in clinical microbiology and infection, haematology & haematological oncology, clinical oncology, neurosurgery, gastroenterology & hepatology, obstetrics & gynaecology, clinical psychology and psychiatry. In addition, Vio started to operate a medical centre at Citylink Plaza in Sha Tin in March 2023 to cater for the growing general medical needs of residents in Sha Tin.

As the only major medical network awarded with the ISO 9001:2015 quality management system certification, Vio takes quality management seriously so as to serve patients and clients better and strive to continuously improve service quality and customer satisfaction. Vio continued to upgrade its IT system, and the development of the web-based system was progressing on schedule during the period. Vio also continued to provide employees with on-the-job training and held regular internal meetings to reiterate the importance of customer service, introduce new or change of medical scheme rules, and reinforce data security awareness. Vio routinely optimizes the environment of medical centres and maintains infection control measures to ensure that patients and clients can receive medical services in a safe and comfortable environment.

Medical Services

In the first half of 2023, the revenue from the Group's medical services was approximately HK\$389,333,000 (2022: approximately HK\$270,217,000), accounting for approximately 42.46% (2022: approximately 38.01%) of the Group's revenue for the six months ended 30 June 2023. With the easing of Covid-19 infections, the number of outpatient visits of self-operated medical centre chain strongly rebounded, resulting in a steady growth in the performance of general practice services, specialist services and dental services.

In respect of general practice and dental services, the Group continues to manage one of the largest and most extensive medical centre chain in Hong Kong, and provide comprehensive primary healthcare services, chronic disease management and dental services. The medical centres are widely distributed in Hong Kong Island, Kowloon and the New Territories. During the period, the Group continued to optimize the environment of medical centres in response to market conditions and customer needs, while promoting diversified business development. As the treatment through combination of traditional Chinese medicine and western medicine is quite popular in some quarters, the Group collaborated with a traditional Chinese medicine brand to establish traditional Chinese medicine services in its Town Health Integrated Medical Centres, to provide customers with integrated western and traditional Chinese medicine services that include the treatment elements of traditional Chinese medicine including acupuncture, cupping and manual therapy etc.

In respect of specialist services, the Group has established a team of specialists with outstanding reputation and extensive clinical experience in their respective specialties. The Group has established a number of cardiology and orthopaedics brands with market-leading positions, including “Hong Kong Cardiac Centre”, “Hong Kong Cardiac Diagnostic Centre”, “Hong Kong Traumatology & Orthopaedics Institute” and “TOI Physiotherapy Centre”. During the period, the department of orthopaedics planned to set up medical centres in Tsuen Wan and Sha Tin, and would establish a new sports trauma physical therapy sub-brand “Elite Physiotherapy and Sports Rehabilitation” for professional athletes and those suffering from sports injuries, to provide one-stop services for trauma treatment, rehabilitation training and sports performance improvement, to meet the increasing needs of residents in Tsuen Wan and Sha Tin for orthopaedic and physiotherapy services.

In August 2022, the Group completed the acquisition of Central Medical Holdings Ltd., an integrated private medical services provider. Central Medical’s multi-specialty medical centres under the brand name Hong Kong Medical Consultants located in Hong Kong’s core Central Business District aim to provide comprehensive, high-quality and cost-effective medical services to patients in different age groups in Hong Kong and those from the Greater Bay Area. Their specialist team comprise senior doctors with outstanding achievements and extensive clinical experience in their respective fields. During the period, the specialist team further enhanced its strength through recruitment of new specialists in orthopaedics, cardiothoracic and pulmonary surgery, haematology and haematological oncology, etc. The continuing development of Hong Kong Medical Consultants will raise the Group’s high-end specialist service level and capabilities, enabling the Group to extend its service scope to cover multiple service levels from general practice and dentistry to top-tier multi-specialty medical services, providing both patients and those seeking health screening with one-stop and high-quality medical experience.

In the first half of 2023, the medical services industry ushered in a period of important opportunities. After the epidemic, the overall health awareness of society has increased, resulting in Hong Kong citizens' stronger demands for medical services and especially for high-quality private medical services. Our high-quality medical services also attract medical tourists from the Mainland China to receive our medical services. During the period, the Group seized the development opportunities in this industry and took various measures simultaneously. In terms of recruiting medical talents, the Group continued to invite general practitioners, specialists and dentists to join the Group and develop together through a collaborative system. In respect of developing corporate clients, the Group cooperated with large enterprises, as well as some enterprises in the Mainland China, to provide Hong Kong medical benefits to their customers and employees. In exploring smart healthcare, the Group utilized telemedicine to facilitate Hong Kong citizens to receive video consultation and provide second medical opinions to overseas customers. In terms of developing medical tourism, the Group created one-stop medical tourism service experience catering to the needs of medical tourists. To strengthen customer experience management, the Group comprehensively improved customer service quality through internal performance assessment, customer questionnaire survey and complaint handling mechanism.

Businesses in Mainland China

Hospital Management Business

In view of normalized management of epidemic in the Mainland China and the increasingly obvious trend of population aging, the hospital management business of Nanyang Xiangrui, a subsidiary of the Company, continued to operate stably, and all business segments developed in a balanced manner. In the first half of 2023, Nanyang Xiangrui recorded a double-digit growth in revenue, and the overall performance was gratifying. During the period, Nanshi Hospital managed by Nanyang Xiangrui adopted the effective "general hospital + branches" operation model, and the revenue from medical services maintained a rapid growth. Nanyang Ruishi Ophthalmology Hospital, a subsidiary of Nanyang Xiangrui, gradually matured its SMILE femtosecond surgery technology, and its performance developed by leaps and bounds. Henan Hengyixiang Pharmaceuticals Co., Ltd. and Nanyang Jianke Medical Technology Co., Ltd., being subsidiaries of Nanyang Xiangrui, engaged in supply chain services for pharmaceuticals and consumables, also achieved outstanding business performance. The above businesses continued to provide a strong driving force for the growth of the Group's performance.

Nanshi Hospital managed by Nanyang Xiangrui is a national Grade III Level A hospital. During the period, it achieved rapid growth by strengthening discipline construction, enhancing the strength of specialties, and promoting the development of internet hospital. In the first half of 2023, the number of outpatient visits, inpatient visits and surgeries at Nanshi Hospital increased by more than 30% compared with that before the epidemic, driving high-quality growth in revenue from medical services.

In terms of the general hospital, the burns department of Nanshi Hospital was invited to co-organize the “19th National Academic Conference of Burns and Wound Repair of the Chinese Association of the Integration of Traditional and Western Medicine”. The meeting gathered experts in the fields of burns and chronic wounds from across the country to share cases and exchange clinical experience, which helped improve the professional level of the Burn & Plastic Surgery Centre of Nanshi Hospital. In addition, Nanshi Hospital proactively participated in the formation and development of medical alliances. During the period, Nanyang Xiangrui signed a strategic cooperation agreement with Shandong Heze Luxin Hospital, the only private Grade III hospital specializing in cardiovascular and cerebrovascular diseases in Shandong Province, to jointly establish a stroke medical alliance. Both parties took the opportunity of establishing a medical alliance to jointly explore stroke prevention knowledge and medical services, integrate each other’s high-quality medical resources, and improve the combined stroke treatment capabilities of private hospitals in Henan and Shandong provinces. The cooperation also marked the first step in the development of Nanshi Hospital’s Cerebrovascular Disease Centre out of Henan Province.

In terms of branches, the profitability of Nanyang Ruishi Ophthalmology Hospital improved, and during the period, its net profit doubled year-on-year. In August 2017, Nanyang Ruishi Ophthalmology Hospital took the lead in introducing the world’s leading VisuMax femtosecond laser system in Nanyang City, Henan Province. As of 30 June 2023, the myopic refractive surgery team of Nanyang Ruishi Ophthalmology Hospital has completed more than 10,000 SMILE femtosecond laser myopia surgeries. The postoperative effects of customers were good and the satisfaction rate of post-operative survey reached 99.9%, which marked that Nanyang Ruishi Ophthalmology Hospital’s SMILE femtosecond laser myopia surgery was highly recognized and praised in terms of medical technology, diagnosis and treatment services, and patient satisfaction.

Nanshi Hospital is committed to promoting the integration of physical medical care and internet hospital. During the period, Nanshi Hospital popularized its internet hospital through the “inside hospital + outside hospital” promotion model. Inside the hospital, Nanshi Hospital distributed leaflets to customers and conducted publicity and education at the bedside. Outside the hospital, Nanshi Hospital adopted online streaming, social media publicity and telephone follow-up, etc. to introduce the public to use internet hospital services. During the period, the usage of internet hospital services in Nanshi Hospital increased significantly. In the first half of 2023, the usage of internet hospital services was close to 170,000 visits. From March 2022 when the internet hospital of Nanshi Hospital was put into service to June 2023, it has served nearly 420,000 visits, and its outreach community service has served more than 5,000 visits.

Health Management Business

During the period, the Group’s health management institutions located in Jinan City in Shandong Province and Guangzhou City and Shenzhen City in Guangdong Province gradually recovered from the epidemic and resumed normal operations. The local management team continued to develop characteristic businesses according to local conditions, and the high-quality customer base continued to expand.

In Jinan City, Shandong Province, Town Health International Health Management Centre operated stably, and the health check, stomatology and beauty services performed steadily. The health check segment continued to optimize customer acquisition channels and expand individual and corporate group health check customers, and developed high-end health check market targeting high-spending groups. During the period, in response to the development of the epidemic, Town Health International Health Management Centre held large-scale public health science popularizing lectures and provided a follow-up check plan for those recovered from Covid-19. In addition, Town Health International Health Management Centre and Shanghai Huada Medical Laboratory Co., Ltd. jointly established a base for early tumor screening and cardiovascular disease genetic testing to provide customers with genetic testing that can be performed at home, breaking through the limitations of previous in-store testing, improving medical care efficiency and reducing testing costs.

In Guangzhou City, Guangdong Province, Guangzhou Integrated Clinic has long-term cooperation with nearby hospitals and reproductive medicine centres to continue to provide customers with differentiated gynecological services including peripheral supporting services for assisted reproductive services and life cycle healthcare services for female. During the period, Guangzhou Integrated Clinic planned to launch cardiopulmonary exercise testing, and provided health management services such as post-testing exercise guidance and nutrition guidance for people with infertility, obesity and sports trauma. It has purchased cardiopulmonary exercise testing equipment and recruited professionals and will be put into service in the second half of 2023. In the meantime, the pharmacies opened by Guangzhou Integrated Clinic have also introduced more assisted reproductive medicines and healthcare products to meet the needs of customers holistically. In addition, Guangzhou Integrated Clinic also collaborated with third parties to provide pain management services.

In Shenzhen City, Guangdong Province, Ganghe Clinic continued to focus on providing distinctive services such as reproductive medicine, gynecological services, etc. During the period, Ganghe Clinic also proactively played the role of a hub connecting the businesses in the Mainland China and Hong Kong to promote the continuous growth of the Group's medical tourism and cross-border medical treatment.

Other Businesses

With the relaxation of epidemic prevention measures and the recovery of normal customs clearance between Hong Kong and the Mainland China, TBM, which is mainly engaged in aesthetic medical and beauty and wellness supplemented by comprehensive health business, recorded a year-on-year increase in revenue and net profit in the first half of 2023. The significant improvement in results was mainly due to the booming growth trend of the long-suppressed demand for beauty and healthcare under the normalization of the epidemic.

During the period, TBM, comprising the brands such as “The Beauty Medical”, “SH Medical Centre”, “Callidora”, “CO Health Care” and “DI BEING BEAUTY”, etc., employed a total of 13 full-time or part-time doctors and established 15, 10, 9 and 3 centres in Hong Kong, Shenzhen, Shanghai and Guangzhou, respectively. In Hong Kong, TBM increased online and offline advertising and marketing efforts which successfully attracted a large number of tourists to the centres, and thus recruited more manpower to cope with the additional customer flow. In the Mainland China, the operating performance of the centres in Shanghai, Shenzhen and Guangzhou resumed growth since February 2023, and the number of store visits and store revenue recovered rapidly during the period, re-injecting momentum into TBM's development in the market of the Mainland China.

Leveraging on the advantages arising from its presence in Hong Kong, Shenzhen and Guangzhou in the Greater Bay Area, TBM promoted the integration and complementarity of aesthetic medical resources in Hong Kong and the Mainland China. Through exchange and cooperation in terms of talents, technology and information, it realized the effective connection between Hong Kong's high-end beauty technology and the market in the Mainland China, and created an integrated aesthetic medical ecosystem in the Greater Bay Area, which not only expanded TBM's influence in the Greater Bay Area, but also provided better services to customers in Hong Kong and the Mainland China.

While continuing to promote digitalization and constantly improving the database, TBM empowers the continuous development of beauty and comprehensive health businesses with technology and uses big data for refined centre management. Big data can help TBM's front-line sales staff to grasp the consumption needs of each customer, provide tailor-made personalized service courses, and further optimize customer experience. Big data can also assist TBM in understanding the characteristics of customer groups for each centre, so as to provide appropriate store management training, improve customer service quality, and strengthen customer loyalty. In addition, big data can help TBM strengthening the customer attraction effects of marketing strategies. By analyzing customers' habits and preferences in browsing media and using social platforms, it can accurately place advertisements to target audiences, to attract old customers and bring in new customers, thereby improving conversion rate and reducing customer acquisition costs of TBM.

OUTLOOK

In the second half of 2023, it is expected that local demand and inbound tourism will continue to be the main growth drivers for the economy of Hong Kong. With the re-opening of our border, the economic situation and prospects of Hong Kong will continue to improve. The government's new and more welcoming talent importation policy to increase the local workforce and the launch of its various public-private medical partnership programmes, should boost the long-term demand for healthcare services in Hong Kong. The distribution of consumption vouchers by the government and a series of "Happy Hong Kong" activities should also provide additional support for the local utilisation of optional healthcare services. In keeping with advanced economies, Hong Kong can provide more holistic care integrating Chinese and western medicine, which may have enhancing effects in the treatment of certain cancer treatment. Services provided by private medical institutions in Hong Kong are becoming increasingly popular among medical tourists who demand high-quality medical services, including consultation and treatment by renowned specialists, health screening and the use of various new treatment, vaccines and advanced medical equipment. Meanwhile, it is Mainland China's policy to promote public health and high-quality healthcare service through collaboration with Hong Kong service providers. With the implementation of various policies to help Hong Kong integrate with other cities in the Greater Bay Area in health service provision. Private medical institutions in Hong Kong are encouraged to develop healthcare services in the Greater Bay Area. All these favourable factors will bring huge opportunities for the Group to develop cross-border medical services and medical tourism.

As an industry leader with a strong professional medical team and abundant high-quality medical resources, the Group will adapt to changes in the economic situation and the development trend of the medical industry and adjust its business strategy in a timely manner for continuous business development. In the future, the Group will further integrate existing medical resources and build a comprehensive cross-border medical and healthcare service ecosystem to satisfy customers' various demands from the perspectives of prevention, diagnosis, outpatient, hospitalization, rehabilitation, nursing, and drug delivery. The Group is committed to building 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 in its outlook, striving to continuously create greater value for customers and shareholders.

During the Pandemic, the Group cooperated and worked closely with the government in carrying out a series of anti-epidemic works, and thereby earned mutual trust with the government and the public. The Group will support the government's primary healthcare development strategy, and in the future, it will proactively participate in the government's various public-private medical partnership programmes to provide citizens with high-quality primary healthcare including chronic disease management, dental health care, etc. The Group has worked with other major medical peers to establish an association representing private medical practices, to advocate a win-win strategy for the public and our industry.

Businesses in Hong Kong

In terms of medical network management, the business of Vio is a mature one. It has many experienced medical and management staff, a good brand reputation and customer loyalty. It provides medical scheme management services with high quality for many long-term customers, and fully demonstrated its operational resilience during the Pandemic. As we return to normalcy in the post-Covid era, Vio will leverage on its competitive advantages accumulated in its 75 years' existence to further improve services and develop new schemes to improve customer satisfaction, and hopefully win more service contracts from large enterprises and insurance companies, in order to propel further growth in revenue. Vio will also continue to invest resources in upgrading its I.T. system. It plans to firstly launch a number of new I.T. modules for medical centres, and then start developing I.T. modules for back-end applications to improve operational and management efficiency. Meanwhile, Vio has started a project to enhance network security, with a view to further enhancing customers' confidence in Vio's I.T. system through obtaining accreditation in information security.

In terms of medical services, the Group will continue to expand the boundaries of the medical business, and take practical measures in various aspects including recruiting medical talents, developing corporate clients, exploring smart healthcare, developing medical tourism, and strengthening customer experience management. The Group attaches great importance to the development of high-end specialist care and is optimistic about its prospects. It will continue to expand its multi-disciplinary specialist medical team and is committed to increasing the Group's market share in this segment. Hong Kong Medical Consultants, the premier specialty brand of the Group, plans to further recruit new doctors in various specialties, including respiratory medicine, orthopaedics and psychiatry, to meet the growing demand for such specialist care and thereby increasing its revenue contribution to the Group. The Group seeks to promote the continuous business development of the self-operated clinic chain through the two-way referral mechanism of primary healthcare and specialists and help to facilitate the stable growth of operating income and enhance profitability.

Businesses in Mainland China

In terms of hospital management business, Nanyang Xiangrui has exported a professional management team and advanced management model to Nanshi Hospital, and the operation model of “general hospital + branches” is effective. Nanshi Hospital will continue to maintain a rapid growth momentum by strengthening the discipline construction of core departments, expanding the scope of rehabilitation medical services, and developing internet hospital. In the second half of 2023, Nanshi Hospital will continue to strengthen business cooperation and academic exchanges with large-scale Grade III Level A comprehensive hospitals, improve the professional level of key disciplines including burns, neurology, neurosurgery, cardiovascular medicine and cardiac surgery, and consolidate the competitive advantages of brand departments such as the Burn & Plastic Surgery Centre, the Cerebrovascular Disease Centre, chest pain centre, trauma centre, etc. After being listed as a national rehabilitation centre by the Chinese Association of Rehabilitation Medicine, the rehabilitation centre of Nanshi Hospital has been approved by Nanyang Science and Technology Bureau, Nanyang Health and Sports Commission and Nanyang Municipal Administration for Market Regulation to build a clinical research centre for rehabilitation medicine. The rehabilitation centre of Nanshi Hospital will integrate the resources and experience of Nanshi Chinese Medicine Rehabilitation Hospital and the rehabilitation centre of Nanshi Hospital’s Youtian Branch. Meanwhile, it will cooperate with provincial hospitals in Henan Province for management cooperation and academic exchanges and targets to build a comprehensive rehabilitation centre to divert high-quality rehabilitation resources to the west of Nanyang City and expand the scope of rehabilitation medical services. In addition, Nanshi Hospital’s internet hospital has brought many new opportunities to Nanyang Xiangrui. Nanyang Xiangrui will intensify marketing efforts to promote the services of Nanshi Hospital’s internet hospital through “inside hospital + outside hospital” and “online + offline” channels. Meanwhile, a community comprehensive rehabilitation service centre of nearly 3,000 square meters will be built in the downtown area to promote penetration of Nanshi Hospital’s outpatient, inpatient and health check services as well as telemedicine, rehabilitation management and chronic disease management into the community and coordinated development. These measures will continuously increase the return visit rate and re-examination rate of patients, promote the continuous growth of the number of visits to Nanshi Hospital, and further enhance profitability.

In terms of health management business, the Group's health management institutions in various regions continue to deepen the market in which they operate, and strengthen resource sharing and customer referral among institutions. In the second half of 2023, Guangzhou Integrated Clinic in Guangzhou City will join hands with Ganghe Clinic in Shenzhen City to provide VIP services for reproductive services to further expand the customer base, increase business volume and share high-quality reproductive medical resources. Meanwhile, Guangzhou Integrated Clinic will officially launch cardiopulmonary exercise testing, and will establish traditional Chinese medicine services for the treatment of sleep disorders on the basis of existing pain management services. Guangzhou Integrated Clinic will also undertake marketing in Guangzhou City and its surrounding areas to enhance customers' awareness of the new project and increase service sales.

Other Businesses

In terms of other business, TBM's business has covered aesthetic medical and beauty and wellness, pain management and hair densifying treatment, and the layout of the comprehensive health business of "beauty + health care" is gradually taking shape. In the second half of 2023, taking advantage of the growing demand for beauty and healthcare under the normalization of the epidemic, TBM will continue to look for places with high traffic flow in Hong Kong and the Mainland China to establish new centres and will also continue to seek for potential merger and acquisition opportunities to further expand TBM's advantage of scale and profitability. Meanwhile, TBM will strengthen the synergy and cooperation between Hong Kong and Shenzhen and Guangzhou, and promote the effective integration of resources in Hong Kong and the Mainland China, so as to enhance the competitiveness and influence of TBM in the Greater Bay Area.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has adopted a prudent approach in financial resources management and maintaining an appropriate level of cash and cash equivalents to meet the requirements of day-to-day operations and business development, while controlling borrowings at a healthy level.

As at 30 June 2023, the Group held bank balances and cash of approximately HK\$985,990,000 (31 December 2022: approximately HK\$971,939,000) and fixed and pledged bank deposits of approximately HK\$324,524,000 (31 December 2022: approximately HK\$398,653,000). In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and substantial cash is generally deposited with banks in Hong Kong and the PRC and denominated mostly in HK\$, RMB and US\$. As at 30 June 2023, the Group had bank borrowings of approximately HK\$82,178,000 (31 December 2022: approximately HK\$113,896,000) of which approximately HK\$3,484,000 (31 December 2022: approximately HK\$33,740,000) are repayable within one year. The Group's loans were arranged on a floating interest rate basis. As at 30 June 2023, the Group had available unutilised banking facilities of HK\$270,000,000 (31 December 2022: HK\$270,000,000). Details of the bank borrowings of the Group are set out in note 15 to the condensed consolidated financial statements for the six months ended 30 June 2023 set out in this announcement.

As at 30 June 2023, the Group's net current assets amounted to approximately HK\$1,309,686,000 (31 December 2022: approximately HK\$1,433,526,000) and the Group had a current ratio (defined as total current assets divided by total current liabilities) of 3.24 (31 December 2022: 3.90). As at 30 June 2023, the Group's gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) was 2.40% (31 December 2022: 3.26%). The Group considers the level of liabilities of a company reflects its financial health. The Group strives to keep the level of borrowings at a minimum and to maintain ample internal resources to support its business operations, not only to reduce interest burden, but also to enable the Group to respond to changes and capture business opportunities in a timely manner when they arise. As such, both current ratio and gearing ratio are useful in assessing the Group's financial positions. While higher current ratio reflects sufficiency of the Group's assets and the capability of the Group to meet its debt repayment obligations, lower gearing ratio represents lesser reliance on debt financing and greater financial stability of the Group. During the period under review, 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\$, RMB and US\$. As HK\$ are pegged to the US\$ and the fiscal policy of the Central Government of the PRC in relation to RMB was stable throughout the period under review, 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 period under review, the Group did not use any financial instruments for hedging activities.

CAPITAL STRUCTURE

As at 30 June 2023, the Group had equity attributable to owners of the Company of approximately HK\$3,422,793,000 (31 December 2022: approximately HK\$3,491,416,000).

SHARE CAPITAL

Details of movements in the share capital of the Company during the period under review are set out in note 16 to the condensed consolidated financial statements for the six months ended 30 June 2023 set out in this announcement.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investment, material acquisition and disposal during the period under review.

PLEDGE OF ASSETS

As at 30 June 2023, certain of the Group's assets of approximately HK\$341,064,000 (31 December 2022: approximately HK\$330,914,000) were pledged to secure the Group's mortgage loans and general banking facilities granted.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

EVENT AFTER REPORTING PERIOD

Subsequent to the end of reporting period, there were changes in Directors' roles and duties. For details, please refer to the announcements of the Company dated 7 August 2023 and 16 August 2023.

Except for the event described above, until the approval date of these condensed consolidated financial statements of the Company for the six months ended 30 June 2023, there is no significant event after the reporting period that need to be disclosed.

HUMAN RESOURCES AND TRAINING SCHEMES

As at 30 June 2023, the Group employed 1,400 staff (31 December 2022: 1,395). Total employee costs, including directors' emoluments, amounted to approximately HK\$374,556,000 for the six months ended 30 June 2023 (2022: approximately HK\$355,721,000). The salary and benefits 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.

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

During the six months ended 30 June 2023, a subsidiary of the Company repurchased a total of 27,026,000 Shares on the Stock Exchange, with the aggregate consideration paid (before expenses) amounting to HK\$9,887,350 and such Shares were cancelled on 20 January 2023. Particulars of the repurchases of the Shares during the six months ended 30 June 2023 are as follows:

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

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

Save as disclosed above, during the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed Shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2023, the Company complied with the respective code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

REVIEW OF INTERIM RESULTS

The condensed consolidated financial information for the six months ended 30 June 2023 has not been audited, but has been reviewed by the audit committee of the Board. Moore Stephens CPA Limited, as the Company's auditors, has reviewed the condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

On behalf of the Board
Town Health International Medical Group Limited
Wong Chi Kit Nelson
Chief Executive Officer and Executive Director

Hong Kong, 25 August 2023

As at the date of this announcement, the executive Directors are Dr. Wong Chi Kit Nelson (Chief Executive Officer), Dr. Wong Chun Wa (Chairman), Mr. Ng Ting Chi, Ms. Yao Yuan and Ms. Lau Wai Yee, Susanna; the non-executive Directors are Mr. Hou Jun and Mr. Chan Chun Hong (duties suspended); and the independent non-executive Directors are Mr. Ho Kwok Wah, George, MH, Mr. Yu Xuezhong, Dr. Xu Weiguo, Mr. Chui Tsan Kit, Mr. Han Wenxin, Mr. Hung Hing Man and Mr. Tang Chi Kong.

GLOSSARY

Board	the board of Directors
Central Medical or Central Medical Holdings Ltd.	Central Medical Holdings Limited, a company incorporated under the laws of the British Virgin Islands
China or PRC or Mainland China	the People's Republic of China excluding, for the purpose of this announcement only, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
Company	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
Covid	coronavirus 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
current ratio	total current assets divided by total current liabilities
Director(s)	the director(s) of the Company
Ganghe Clinic	深圳港和診所 (in English, for identification purpose only, Shenzhen Ganghe Clinic)
gearing ratio	total bank borrowing divided by equity attributable to owners of the Company
Group	the Company and its subsidiaries

Guangzhou Integrated Clinic	Guangzhou Integrated Clinic is a clinic under the operation of 廣州宜康醫療管理有限公司 (in English, for identification purpose only, Guangzhou Yikang Medical Management Co., Ltd.) (a company established in the PRC with limited liability and a subsidiary of the Company) in Guangzhou City, Guangdong Province in the PRC
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
HKICPA	Hong Kong Institute of Certified Public Accountants
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Medical Consultants	Hong Kong Medical Consultants Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Nanshi Chinese Medicine Rehabilitation Hospital	南陽南石康復中醫院有限公司 (in English, for identification purpose only, Nanyang Nanshi Chinese Medicine Rehabilitation Hospital Co., Ltd.), a subsidiary of the Company
Nanshi Hospital	南陽南石醫院 (in English, for identification purpose only, Nanshi Hospital of Nanyang)
Nanyang Ruishi Ophthalmology Hospital	南陽瑞視眼科醫院有限公司 (in English, for identification purpose only, Nanyang Ruishi Ophthalmology Hospital Co., Ltd.), a subsidiary of the Company
Nanyang Xiangrui	南陽祥瑞醫院管理諮詢有限公司 (in English, for identification purpose only, Nanyang Xiangrui Hospital Management Advisory Co., Ltd.), a subsidiary of the Company

RMB	Renminbi, the lawful currency of the PRC
SFC	Securities and Futures Commission of Hong Kong
Share(s)	ordinary share(s) of HK\$0.01 each in the share capital of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
TBM	The Beauty Medical
Town Health International Health Management Centre	Town Health International Health Management Centre is a health management centre under the operation of 濟南歷康門診部有限公司 (in English, for identification purpose only, Jinan Likang Outpatient Department Co., Ltd.) (a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company) in Jinan City, Shandong Province in the PRC
US\$	United States dollars, the lawful currency of the United States of America
Vio	Dr. Vio & Partners Limited, a subsidiary of the Company