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)

ANNUAL REPORT 2025

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Choi Ka Tsan Karson, *GBS, JP*
(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, *GBS, JP* *(Chairman)*
Ms. Lau Suk Hing Clara
(Appointed on 6 June 2025)
Mr. Yu Xuezhong
Dr. Xu Weiguo
Mr. Tsui Wing Cheong Sammy

COMPANY SECRETARY

Mr. Lo Wai Keung Eric

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

6th Floor, Town Health Medical Group 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.
China Guangfa Bank Co., Ltd, Hong Kong Branch
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

Tricor Investor Services 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 2025.

Town Health is 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 Chinese Mainland. 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.

The Group is one of the few medical groups in Hong Kong that operates both a self-operated medical centre chain and a large medical network. Not only does the Group own one of the largest and most extensive medical centre chains in Hong Kong, but also operate the first and only major medical network with two ISO certifications 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 an experienced medical team to provide general practice services, specialist services and dental services as well as allied health services at 423 healthcare service points of the Group's self-operated medical centres and its affiliates.

As the Group's flagship business and core platform for long-term development, medical services in Hong Kong have continued to drive transformation and optimisation amid a challenging operating environment. The Group conducted a comprehensive review of its operating strategies and restructured its medical centre network with a view to enhancing operational efficiency and optimising resource utilisation. These initiatives aim to provide the public with high-quality and affordable comprehensive medical services while enhancing returns for shareholders, with a view to upholding its corporate social responsibility and optimising shareholder returns. During the Year, the Group established integrated medical centres with multiple consultation rooms in densely populated and conveniently accessible locations, and restructured certain ageing medical centres with a single consultation room, while extending service hours to boost capacity and dilute fixed costs.

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. In respect of general practice services, the Group continues to actively participate in a number of government-funded or public-private partnership programmes to strengthen its role in primary care. In respect of specialist services, the Group continues to develop specialty brands including "Hong Kong Medical Consultants", "Hong Kong Cardiac Centre" and "Hong Kong Traumatology & Orthopaedics Institute" and strengthen cross-specialty collaboration to enhance the one-stop service experience. During the Year, the Group promoted the development of smart healthcare by launching the "General Practice Video Consultation Service" and the "Town Health Medical" mobile application, and optimised appointment and queuing procedures at offline medical centres in response to public expectations for convenient and efficient medical services. In the future, in line with the Hong Kong Government's Primary Healthcare Blueprint and Public Healthcare Fees and Charges Reform, the Group will continue to prudently expand its network of integrated medical centres, recruit more young and promising doctors to the professional team, and deepen its two-way referral mechanism between general practice and specialist services, to enhance the overall capacity of its online and offline medical resources. Meanwhile, the Group will strengthen cooperation with insurance companies and corporate clients to diversify its sources of income and stabilise its customer base, with a view to enhancing the overall healthcare service experience while controlling costs, thereby fostering the long-term and sustainable development of medical services in Hong Kong as the Group's flagship business.

CHAIRMAN AND CEO'S STATEMENT

While promoting the steady development of the medical services in Hong Kong, the Group has also actively fulfilled its social responsibility as a medical enterprise, and integrated the concept of "prevention-focused" into daily operations and community services. The Group's medical centres of general practice services continued to participate 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. The Group's medical centres of general practice services play a key role of primary care in the communities where people live and work. Through standardised and scaled operations, the Group continues to provide high-quality and affordable primary healthcare services to the public, helping to alleviate the service pressure on the public healthcare system.

The Group also continues to provide complimentary medical information and healthcare knowledge through its corporate website, newspapers and magazines, as well as major social media platforms, with a view to enhancing public awareness of disease prevention and treatment. During the Year, Town Health, in conjunction with Pfizer Hong Kong, responded to the Primary Healthcare Blueprint by jointly launching a public respiratory health education campaign, promoting a shift in the public's health management model from "treatment-oriented" to "prevention-focused". The Group leveraged its network of chained medical centres, one of the largest and most extensive medical centre chains in Hong Kong, to enhance the vaccination convenience and accessibility of the 20-valent pneumococcal conjugate vaccine. Meanwhile, through the Town Health Charity Foundation, the Group donated a batch of 20-valent pneumococcal conjugate vaccines to vulnerable groups served by Tung Wah Group of Hospitals, and formed an alliance with Tung Wah Group of Hospitals as a key community partner to arrange free vaccination for eligible beneficiaries identified at the service units of Tung Wah Group of Hospitals, demonstrating the commitment of medical institutions and social welfare organisations to work together to safeguard community health.

In addition, the fire at Wang Fuk Court in Tai Po caused heavy casualties and deeply concerned the entire community. In the spirit of standing with the community, the Group promptly mobilised medical resources to provide appropriate support to affected residents. The Group provided two weeks of complimentary medical services at four of its medical centres in Tai Po and Fanling for all affected residents, including general practice consultations, medication dispensing, as well as specialist referrals and treatment, to help residents meet their sudden medical needs and alleviate their urgent difficulties. Through these initiatives, the Group once again fulfilled its responsibilities and mission as a local healthcare enterprise.

Dr. Vio & Partners Ltd. (Vio) has maintained its core position in Hong Kong's medical network management sector amid a subdued macroeconomic environment, persistent cross-border consumption and rising operating costs. Leveraging over 78 years of industry experience and an extensive network comprising more than 600 affiliated healthcare service providers, and as Hong Kong's first and only medical network with double ISO certification in Quality Management Systems (ISO 9001:2015) and Information Security Management Systems (ISO 27001:2022), Vio has established a solid foundation in both service quality and information security. During the Year, Vio continued to invest resources in upgrading its browser-based Clinic Management System (web-CMS) and refining its operational processes. Through synergy between its self-operated medical centres located in Central, Tsim Sha Tsui, Tsuen Wan and Sha Tin and its affiliated network, Vio provided efficient and sustainable healthcare scheme management services to corporate clients, insurance companies and statutory bodies. At the same time, Vio's management team prudently implemented cost control measures, reviewed manpower allocation and performance mechanisms, and commenced optimisation of clinic workflow to address clients' concerns regarding waiting times and service experience. Looking ahead, Vio will develop its business prudently, strengthen long-term partnerships with clients, and introduce more flexible service offerings within a controllable cost framework. Vio is also proactively enhancing its internal processes and governance structure in response to the forthcoming ISO 9001:2026 Quality Management Systems standard update and the licensing requirements for polyclinics under the Private Healthcare Facilities Ordinance. Meanwhile, Vio will continue to deepen collaboration with the Group's self-operated medical centres to enhance market coverage and operational synergies, thereby promoting the sustainable and stable development of medical network management business in Hong Kong.

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 Chinese Mainland. In the Chinese Mainland, 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.

In terms of hospital management, the Company manages Nanshi Hospital, a national Grade III Level A hospital through its subsidiary Nanyang Xiangrui, and has continued to deepen the "general hospital + branches" operating model to promote the integration of medical resources and coordinated development. During the Year, Nanshi Hospital maintained growth in the number of outpatient visits and inpatient visits. The burn and plastic surgery of Nanshi Hospital is a national key clinical specialty, and several other specialties have been selected as provincial and municipal key clinical specialties. The hospital has also been approved to establish a number of regional specialty diagnosis, treatment and quality control centres, demonstrating remarkable achievements in specialty development. Meanwhile, the service scale of at the internet hospital of Nanshi Hospital has continued to expand. Since the internet hospital of Nanshi Hospital was put into service from March 2022 to December 2025, it has recorded over 1,500,000 visits. The pilot implementation of the "AI + Pre-diagnosis Assessment System" also marked the upgrade of the hospital's diagnosis and treatment process from traditional experience-led to "clinical experience combined with intelligent analysis", further enhancing the standardisation and operational efficiency of Nanshi Hospital. With its comprehensive strength, specialty advantages and innovative management model, Nanshi Hospital ranked among the "First Tier (Tier A) of Private Hospitals" and "Top 30 Private Hospitals • Integrated Medical And Rehabilitation Institutions" in the "China Hospital Competitiveness Ranking 2025", highlighting its leading position among non-public medical institutions nationwide. In the future, against the background of high-quality and refined development of the medical industry in the Chinese Mainland, Nanyang Xiangrui will continue to strengthen management input and resource support for Nanshi Hospital. Nanyang Xiangrui will promote the coordinated development of "medical treatment, education and research" at Nanshi Hospital by focusing on system improvement, specialty development and technology upgrading, and enhance overall operational efficiency through smart healthcare development, cost control and multi-business synergy. Nanyang Xiangrui will also support Nanshi Hospital in developing featured specialty services such as integrated traditional Chinese and Western medicines and cognitive disorder care to address population ageing and diversified medical needs, laying a more solid foundation for the steady and sustainable development of the Group's hospital management business in the Chinese Mainland.

CHAIRMAN AND CEO'S STATEMENT

In the healthcare management sector, against the backdrop of the deepening ageing population trend in the Chinese Mainland, healthcare service industry has emerged as a pivotal pillar industry for safeguarding and promoting national health, with the strategic significance becoming increasingly prominent. Meanwhile, the rapid development of next-generation information technologies such as big data, cloud computing, and artificial intelligence has created favourable conditions for industrial upgrading and transformation, driving the shift of healthcare services towards digital and intelligent development. In particular, demand for chronic disease management services catering to the needs of the silver economy continues to be released, with the industry as a whole demonstrating a steady growth trend. Though seizing the abovementioned industry opportunities, the Group will continue to deepen the construction of its healthcare management service system. By building a differentiated portfolio of health check products and innovative service models, the Group will more precisely address the diverse healthcare management needs of the market. At the same time, the Group will further strengthen resource integration and business synergy among its healthcare management institutions across regions and strategic partners, and continuously enhance operational efficiency and market competitiveness, to lay a solid foundation for the sustainable development of the health management business. In the future, through product innovation and service upgrading, the Group will gradually expand the coverage of high-quality customer groups of its healthcare management institutions in various regions, and further consolidate and elevate its market position in Guangzhou City and Shenzhen City of Guangdong Province, as well as Jinan City of Shandong Province.

Against the backdrop of a retail environment under pressure, weak consumer sentiment and intensified market competition, the operating environment of the Group's aesthetic medical and beauty and wellness business has become increasingly complex. Faced with challenges arising from changing consumption patterns and cross-border consumption, TBMG has continued to review and adjust its business layout, and enhanced its overall operational resilience and efficiency through prudent resource allocation, operation optimization and digital capability development. During the Year, TBMG optimised its centre network in an orderly manner and refined operational processes in response to market changes. Meanwhile, TBMG continued to invest in upgrading its customer relationship management and data analysis systems to deepen understanding of customer needs, improve service quality and enhance customer loyalty. In the future, TBMG will adopt a diversified and flexible development strategy to continuously optimise its business structure, and prudently evaluate potential cooperation and merger and acquisition opportunities in the markets in Hong Kong and the Chinese Mainland to explore cross-border business synergies. Through a strategy of internal growth and external expansion, TBMG will strive to strengthen its market position and lay a solid foundation for the long-term sustainable development of the business.

The Group is ready to integrate its existing healthcare resources across various business segments in Hong Kong and the Chinese Mainland. To meet the health needs of more than 87 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 July 2025, the Group and the Hong Kong branch of CLIO signed a cooperation agreement, pursuant to which the Group became a partner of "ENRICH", a one-stop health management brand, so as to support Hong Kong residents in receiving health check and healthcare services in the Guangdong-Hong Kong-Macao Greater Bay Area and provide comprehensive concierge services for residents from the Chinese Mainland seeking medical treatment in Hong Kong.

CHAIRMAN AND CEO'S STATEMENT

In 2025, the Group pursued reforms with prudence and pragmatism, seized opportunities amid challenges, and continued to strengthen the foundation of medical services in Hong Kong as its flagship business. I would like to take this opportunity to express my sincere gratitude to the members of the Board for their outstanding leadership, to all staff for their dedication, and to shareholders, customers and business partners for their continued trust and support in walking with us and building a shared future. In 2026, the global political and economic situation will remain volatile, and healthcare policies and market conditions will continue to evolve, yet opportunities and challenges coexist. I and the members of the Board will continue to uphold the spirit of steady development, reform and innovation, enhance operational efficiency and core competitiveness across all business segments, and create greater value for shareholders and customers. Meanwhile, I will lead Town Health to continue to shoulder the social responsibility of a healthcare enterprise, actively align with the Hong Kong Government's Primary Healthcare Blueprint and the direction of Public Healthcare Fees and Charges Reform, and promote the development of community health and preventive medicine. We will also make contributions to the healthcare integration of the Guangdong-Hong Kong-Macao Greater Bay Area and building a "Healthy China", striving together towards a new stage of higher quality development.

Choi Ka Tsan Karson, *GBS, JP*
Chairman and CEO

27 March 2026

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 profit of approximately HK$64,800,000 (2024: loss of approximately HK$158,207,000), including a profit attributable to owners of the Company of approximately HK$14,377,000 (2024: loss of approximately HK$203,703,000). If the "other gains and losses, net", which comprise the gains and losses incurred outside the Group's ordinary course of business, as shown in the consolidated statement of profit or loss are excluded, the Group would have recorded an operating profit of approximately HK$87,501,000 (2024: HK$70,855,000), including an operating profit attributable to owners of the Company of approximately HK$37,078,000 (2024: HK$25,359,000) with respect to its business operations for the Year. Such turnaround from loss to profit of the Group was mainly attributable to:

Decrease in Fair Value Losses on Investment Properties

The Group recorded fair value losses on the Group's investment properties of approximately HK$18,306,000 for the Year (2024: HK$68,495,000), which was mainly 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 Interests in Associates

The Group recorded impairment losses recognised on the Group's interests in associates of approximately HK$2,500,000 for the Year (2024: HK$76,762,000).

Decrease in Impairment Losses Recognised on Goodwill

The Group recorded impairment losses on goodwill of approximately HK$522,000 for the Year (2024: HK$70,000,000).

Decrease in Share of Losses of Associates

The Group recorded share of profits of associates of approximately HK$19,159,000 for the Year (2024: share of losses of approximately HK$7,155,000), which was mainly attributable to the cost control measures adopted by the associates.

BUSINESS REVIEW

Annual Business Review

The Group is one of the largest listed healthcare groups with the longest history in Hong Kong. Its business spans five core areas, including medical services and managed medical network in Hong Kong; hospital management and health management in the Chinese Mainland; aesthetic medical and beauty and wellness in both Hong Kong and the Chinese Mainland.

The year 2025 marked a year of transformation for the Group. During the Year, the global macro environment remained highly uncertain, with rising geopolitical tensions and increasing trade barriers exerting pressure on global economic activities and market confidence. Amid an external environment where challenges and opportunities coexist, the Group continued to review its business layout and operational strategies so as to enhance overall resilience and adaptability to market changes.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Annual Business Review *(Continued)*

As a highly open and relatively small economy, Hong Kong is inevitably affected by fluctuations in the external environment. Local private consumption sentiment remains cautious, posing certain challenges to the operating environment of the private healthcare sector. Meanwhile, the structure of healthcare demand is gradually evolving, with affordability, efficiency and quality of medical services becoming key concerns in the market.

In Hong Kong, the Group is principally engaged in the provision of medical services and managed medical network, and is one of the few medical groups in Hong Kong that operates both a self-operated medical centre chain and a large medical network. 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. Faced with a challenging economic environment, the Group continued to leverage the strengths of its healthcare service network established in Hong Kong to support the Primary Healthcare Blueprint promoted by the government and align with the policy direction of Public Healthcare Fees and Charges Reform, providing the public with quality, affordable and value-for-money medical services. Meanwhile, the Group remained committed to enhancing the operational efficiency of its medical centres, including optimising service processes, shortening customer waiting time and increasing service capacity, in order to improve operational and resource efficiency while enhancing customers' medical experience, thereby supporting the sustainable development of the Group's medical services in Hong Kong.

In the Chinese Mainland, the healthcare industry is in a phase of profound transformation. In recent years, Grade III Level A hospitals have gradually shifted from expansion in scale to high-quality development, with a focus on allocation of quality medical resources, application of smart healthcare, development of research capabilities, and optimisation of service models. Meanwhile, the "Outline of Healthy China 2030 Plan" has elevated chronic disease management to a national strategic level, and the philosophy of healthcare of the society has gradually shifted from "treatment-centred" to "health-centred". Rising household healthcare spending has provided long-term support for the development of the health management industry. Driven by accelerated population ageing, advanced technological innovation and an increasingly sound policy system, the Group's hospital management and health management businesses in the Chinese Mainland achieved steady operations during the Year, and the Group will continue to seize opportunities arising from industry development.

Despite the challenging macroeconomic and geopolitical environment, the management effectively implemented operational strategies and demonstrated a firm commitment to sustainable growth. In 2025, there were no material adverse changes in the Group's operating performance. During the Year, the Group achieved turnaround from loss to profit.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Annual Business Review *(Continued)*

Healthcare Service Network of the Group

As of 31 December 2025, the Group had 423 healthcare service points covering multiple practices. Details of the network are as follows:

	As of 31 December 2025			As of 31 December 2024		
	Affiliated	**Self-operated**	**Total**	Affiliated	Self-operated	Total
Medical services	**245**	**67**	**312**	**248**	**71**	**319**
General practice services	214	36	250	216	39	255
Specialist services	31	31	62	32	32	64
Dental services	**10**	**9**	**19**	**12**	**14**	**26**
Auxiliary services	**68**	**24**	**92**	**65**	**25**	**90**
Physiotherapy services	41	6	47	39	6	45
Diagnostic imaging and laboratory testing services	11	17	28	13	18	31
Traditional Chinese medicine services	16	–	16	13	–	13
Health management services	–	1	1	–	1	1
Total:	**323**	**100**	**423**	**325**	**110**	**435**

As of 31 December 2025, 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 2025	As of 31 December 2024
Medical services	**627**	**639**
General practitioners	412	409
Specialists	215	230
Dentists	**31**	**36**
Auxiliary service staff	**139**	**146**
Total:	**797**	**821**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Hong Kong

Medical Services

Medical services in Hong Kong are the Group's flagship business and the core platform for implementing its long-term development strategy. The Group owns one of the largest and most extensive medical centre chains in Hong Kong to provide general practice services, specialist services and dental services as well as allied health services, enabling citizens of Hong Kong to have access to comprehensive medical services in the local communities that are close to their homes and workplaces. The Group's medical services system covers areas from primary care under the "Town Health" brand to high-end multiple specialty fields under the "Hong Kong Medical Consultants" brand as well as specialty brands including "Hong Kong Cardiac Centre" and "Hong Kong Traumatology & Orthopaedics Institute". Through a multi-level and diversified strategic layout, it continues to strengthen its competitiveness in the industry and expand its market share.

During the Year, the Group conducted a comprehensive review of its operating strategies and restructured its medical centre network with a view to enhancing operational efficiency and optimising resource utilisation. These initiatives aim to provide the public with high-quality and affordable comprehensive medical services while enhancing returns for shareholders, with a view to upholding its corporate social responsibility and optimising shareholder returns.

Guided by the aforesaid operational visions and with the year 2025 being a year of transformation for the Group, the Group continued to conduct a comprehensive review and optimisation of its medical services network in Hong Kong in a prudent and orderly manner during the Year. A number of concrete operational measures were implemented for both general practice and specialist services to enhance operational efficiency and overall service capacity. In 2025, the revenue from the Group's medical services in Hong Kong was approximately HK$731,898,000 (2024: HK$787,053,000), accounting for approximately 40.99% (2024: 42.92%) of the Group's revenue for the Year.

In respect of general practice services, general practice services represent the Group's core business in supporting Hong Kong's primary healthcare policy and enhancing the accessibility and affordability of medical services. The Group's medical centres of general practice services continued to participate 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. The Group's medical centres of general practice services play a key role of primary care in the communities where people live and work. Through standardised and scaled operations, the Group continues to provide high-quality and affordable primary healthcare services to the public, helping to alleviate the service pressure on the public healthcare system.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Hong Kong *(Continued)*

Medical Services (Continued)

To deliver on its primary healthcare vision more efficiently, the Group continued to optimise the overall layout of its chained medical centres. On one hand, the Group restructured single-consultation-room medical centres with ageing facilities. On the other hand, it established more large-scale integrated medical centres at convenient transport hubs in densely populated residential districts. These medical centres with multiple consultation rooms enable more than one doctor to provide services simultaneously and can offer services in a wide range of specialties, thus effectively enhancing operational efficiency and resource utilisation, reducing waiting time and serving more patients. In July 2025, the Group opened a new medical centre with multiple consultation rooms, "Town Health Medical Centre", at Infinity Eight, 8 Clear Water Bay Road, connected to Exit A3 of Choi Hung MTR Station. Operating from Monday to Sunday including public holidays, it provides affordable and value-for-money medical services, further strengthening the Group's healthcare service network in East Kowloon.

In respect of enhancement of operational efficiency, the Group continued to implement the strategy of extending service hours. A number of medical centres of general practice have extended their services to Monday to Sunday and public holidays, with individual medical centres also providing evening consultations. In addition to offering convenience for patients in accessing medical consultations with greater flexibility, extended opening hours help dilute certain fixed operating costs and improve resource utilisation. In October 2025, Town Health Medical Centre located at G/F, 98 Yen Chow Street, Sham Shui Po has undergone optimisation, covering spatial design and upgrading of facilities and equipment. With a brand-new setup with multiple consultation rooms, it provides comprehensive general practice services with extended opening hours covering Monday to Sunday and public holidays, delivering an enhanced medical service experience to clients.

In terms of smart healthcare, in response to public demand for more flexible and convenient medical services, the Group launched "General Practice Video Consultation Service" available daily from Monday to Sunday and public holidays, as well as the "Town Health Medical" mobile application, as extensions of its offline medical centre services. Citizens may download the "Town Health Medical" mobile application for free from the Apple App Store (iOS version) and Google Play Store (Android version) to make appointments for "General Practice Video Consultation Service". Through its round-the-clock general practice video consultations and same-day medicine delivery arrangements (excluding outlying islands and remote areas), the Group ensured that citizens receive comprehensive and continuous care. By leveraging smart healthcare, the Group further enhanced the accessibility and efficiency of medical services, embodying its operational philosophy of supporting primary care and enhancing cost effectiveness of services through innovative models.

In respect of brand building and reputation management, the Group continues to disseminate complimentary medical information and healthcare knowledge through various channels, including its corporate website, newspapers and magazines, as well as major social media platforms, with a view to enhancing public awareness of disease prevention and treatment. During the Year, Town Health, in conjunction with Pfizer Hong Kong, responded to the Primary Healthcare Blueprint by jointly launching a public respiratory health education campaign, promoting a shift in the public's health management model from "treatment-oriented" to "prevention-focused". The Group leveraged its network of chained medical centres, one of the largest and most extensive medical centre chains in Hong Kong, to enhance the vaccination convenience and accessibility of the 20-valent pneumococcal conjugate vaccine. Meanwhile, through the Town Health Charity Foundation, the Group donated a batch of 20-valent pneumococcal conjugate vaccines to vulnerable groups served by Tung Wah Group of Hospitals, and formed an alliance with Tung Wah Group of Hospitals as a key community partner to arrange free vaccination for eligible beneficiaries identified at the service units of Tung Wah Group of Hospitals, demonstrating the commitment of medical institutions and social welfare organisations to work together to safeguard community health.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Hong Kong *(Continued)*

Medical Services (Continued)

Furthermore, the Group continued to optimise service process. The introduction of WhatsApp appointment services, enhancement of the queuing system and streamlining of administrative processes further shortened customer waiting time and improved service experience. In terms of human resources, the Group actively recruited young and promising doctors, allied health professionals and nurses to join the team to promote continuous professional development of the healthcare team and build a robust talent pipeline for the long-term sustainable development of business. During the Year, a number of doctors joined the Group, further supporting the development of general practice and specialist services.

In respect of specialist services, the development of specialist services aims to create synergy with the Group's primary care network. Through effective two-way referrals and concentrated professional resources, the overall efficiency and quality of medical services are enhanced. The Group's specialty brands, including "Hong Kong Medical Consultants", "Hong Kong Cardiac Centre" and "Hong Kong Traumatology & Orthopaedics Institute", adopt a professional, scaled and efficiency-driven development approach. Supported by referral needs from medical centres of general practice services, they provide patients with seamless one-stop medical services.

"Hong Kong Medical Consultants", the premier integrated specialty brand of the Group, integrates medical resources across a wide range of specialties, brings together a team of specialists with extensive clinical experience and is supported by allied health professionals. During the Year, it provided over 20 types of specialist medical and allied health services. The multi-specialty medical centres of "Hong Kong Medical Consultants" are primarily located in the core area of Central, including the Integrated Medical Centre, the Oncology Day Centre, the Paediatric Centre, the Dental & Maxillofacial Centre, the Speech and Swallowing Therapy Centre in Central Building, Central, as well as the Ophthalmology Centre in Prince's Building, Central which serve local residents and travellers from the Guangdong-Hong Kong-Macao Greater Bay Area. 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. With consultation, day-care treatment and imaging diagnostic facilities concentrated in the core area of Central, "Hong Kong Medical Consultants" reduces the need for patients to travel between multiple locations and undergo repeated examinations, thereby enhancing overall treatment efficiency and medical experience, and delivers comprehensive, high-quality and efficient multi-specialty medical and clinical services. This centralised and multi-specialty service model enhances the overall efficiency of medical resource utilisation and enables the clients of "Hong Kong Medical Consultants" to enjoy seamless integration between outpatient and imaging diagnostic services in the core area of Central.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Hong Kong *(Continued)*

Medical Services (Continued)

The Group's cardiology brand, "Hong Kong Cardiac Centre", is managed by a professional medical team composed of a number of cardiologists. With advanced equipment and steady medical technique, it provides patients with comprehensive cardiac specialist consultation and examination services. "Hong Kong Cardiac Centre" operated six medical centres in Hong Kong Island, Kowloon, New Territories, located in Central, Jordan, Kwun Tong, Shatin, Tuen Mun and Yuen Long, respectively. The Group's cardiology department also operates two centres under the brand name of "Hong Kong Cardiac Diagnostic Centre" situated in Tsim Sha Tsui and Jordan, which specialise in providing cardiac imaging diagnostic services. During the Year, the opening of the medical centre at Tuen Mun Parklane Square further strengthened the service coverage of "Hong Kong Cardiac Centre" in the West New Territories. "Hong Kong Cardiac Centre" is committed to enhancing the capacity of its specialist services by recruiting additional cardiologists and providing a diverse range of diagnostic and treatment arrangements to meet referral demand from primary care services.

The orthopaedics and traumatology department of the Group continued to develop the "Hong Kong Traumatology & Orthopaedics Institute" brand. The "Hong Kong Traumatology & Orthopaedics Institute" operated a total of six medical centres, located in Tsim Sha Tsui, Kwun Tong, Shatin, Tsuen Wan, Tai Po and Yuen Long. Additionally, the "Hong Kong Traumatology & Orthopaedics Institute" has established the sub-brands "TOI Physiotherapy Centre" which specialises in providing physiotherapy services; and "Elite Physiotherapy and Sports Rehabilitation" which is dedicated to offering sport injury rehabilitation. "Hong Kong Traumatology & Orthopaedics Institute" continued to invite new orthopaedic specialists to join and prudently expanded its professional team to support the steady development of specialist services. Through effective integration between general practice and specialist services, the Group aims to enhance overall service efficiency and further deliver on the overall operational vision for medical services in Hong Kong.

In respect of dental services, the Group pays close attention to the changes in the local dental services market and citizens' demands, and flexibly adjusts its business strategy. Since July 2023, the Group's self-operated dental centres have participated in the Pilot Scheme on Dental Services (Dental Scaling) for Civil Service Eligible Persons, which helped reducing the waiting time for public dental services for civil servants. During the Year, the Group's self-operated dental centres also joined the Primary Dental Co-care Pilot Scheme for Adolescents, further expanding the coverage of primary dental care services. These initiatives fully demonstrate the Group's operational direction of providing quality dental services to the citizens through public-private partnership.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Hong Kong *(Continued)*

Managed Medical Network—Vio

Dr. Vio & Partners Ltd. (Vio) is responsible for operating the Group's managed medical network business in Hong Kong. Drawing on 78 years of accumulated industry experience and a well-established foundation of collaborations, Vio has developed a comprehensive medical service network covering primary care and a wide range of specialist disciplines, comprising more than 600 affiliated service providers. As the first and only medical network operator in Hong Kong to obtain certifications in Quality Management Systems (ISO 9001:2015) and Information Security Management Systems (ISO 27001:2022), Vio has established robust systems and laid a sound foundation in service quality management and information security.

During the Year, emigration moderated but most new immigrants were not yet our clients and the continued weakness in the global and Hong Kong economies placed pressure on Vio's profitability. In response to challenges including the ongoing trend of cross-border consumption and rising operating costs, Vio continued to invest in upgrading its information technology systems and optimising operational processes. This included enhancements to its proprietary Clinic Management System (web-CMS), with a view to improving operational efficiency and service stability.

Through continuous enhancement of its information technology systems and service quality, Vio remained committed to providing efficient and sustainable health check and healthcare scheme management services to blue-chip corporations, insurance companies, government departments and statutory bodies. In 2025, the Group's managed medical network business in Hong Kong recorded revenue of approximately HK$461,097,000 (2024: HK$489,353,000), accounting for approximately 25.82% (2024: 26.69%) of the Group's revenue for the Year.

Vio continued to strengthen and enhance its core operational capabilities. Its competitive advantages are underpinned by an experienced management team, a stable client base, and synergies with the Group's diverse medical services in Hong Kong. Through its self-operated medical centres in Central, Tsim Sha Tsui, Tsuen Wan and Sha Tin, together with its expanding affiliated medical service network, Vio continued to provide convenient consultations and health check services in densely populated districts to meet market demand.

In terms of service capability enhancement, Vio continued to engage additional affiliated general practitioners and specialists to further strengthen its medical service network to meet clients' increasing demand for professional healthcare services and enhance the overall patient experience. The upgrade of its proprietary Clinic Management System (web-CMS) is still in progress and is expected to be completed in 2027. The system enhancements will improve operational efficiency and service coordination. Recruitment of additional headcount was suspended during the Year for better cost control. Meanwhile, performance management and staff productivity monitoring mechanisms were reviewed, alongside optimisation of staff incentive arrangements, with the aim of enhancing overall team effectiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Hong Kong *(Continued)*

Managed Medical Network—Vio (Continued)

In respect of human resources and service quality management, Vio continued to enhance staff stability and sense of belonging through a mentorship programme and a family-friendly corporate culture, complemented by regular training to strengthen customer service standards and information security awareness. On the other hand, customer satisfaction survey results indicated that waiting times had lengthened at peak hours. In response, Vio is reviewing and optimising patient consultation workflows to identify operational bottlenecks and implement improvement measures, with a view to delivering a more seamless and coordinated healthcare service experience.

Business in Chinese Mainland

Hospital Management Business

Nanyang Xiangrui, a subsidiary of the Company, is mainly engaged in hospital management business in the Chinese Mainland. During the Year, Nanyang Xiangrui continued to provide professional hospital management and consulting services to Nanshi Hospital, a national Grade III Level A hospital, and promoted its "general hospital + branches" operating model. This model helps optimise the allocation of medical resources and enhance service synergy, supporting the steady development of Nanshi Hospital towards its strategic positioning as a regional comprehensive medical and rehabilitation centre.

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 terms of smart healthcare construction, 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 Nanyang Health and Sports Commission in March 2022. It has recorded over 1,500,000 visits since it was put into service from March 2022 to December 2025. The internet hospital has helped extend the coverage of medical services of Nanshi Hospital, improved healthcare accessibility, and optimised the patient consultation process.

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 full-process data sharing and knowledge base support model 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" to gradually upgrade the traditional experience-driven examination and medication to a new diagnosis and treatment model that integrates "clinical experience and intelligent analysis". The application of the system helps enhance the standardisation of diagnosis and treatment, improve operational efficiency, and enhance the medical experience of patients.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Chinese Mainland *(Continued)*

Hospital Management Business (Continued)

In terms of specialty construction, Nanshi Hospital continued to build its distinctive specialist brands. Its Gamma Knife programme successfully passed the on-site acceptance by the expert team of the Health Commission of Henan Province, filling the gap in high-end radiotherapy technology in southwestern Henan and providing non-invasive treatment options for cancer patients. Nanshi Hospital also successfully introduced the first "Intelligent Pressure-Controlled Lithotripsy and Stone Extraction System" in Henan Province and put it into clinical use, driving technological upgrading in minimally invasive stone treatment for urology department. In March 2025, the Nanyang Health and Sports Commission approved the establishment of the "Nanyang Burn Medical Quality Control Centre" at Nanshi Hospital; in December of the same year, Nanshi Hospital was further approved to set up the "Nanyang Cerebrovascular Disease Diagnosis and Treatment Centre" and "Nanyang Sleep Disorder Diagnosis and Treatment Centre", further enhancing its influence and service coverage in regional specialty healthcare.

In optimising medical experience, Nanshi Hospital established a joint weight management clinic in April 2025. Through multidisciplinary collaboration, it built a full-cycle health management system covering "prevention – treatment – rehabilitation", to promote upgrading the chronic disease management model. In the same month, the day surgery room of Nanshi Hospital was officially relocated to the second floor of the hospital's surgical building. The new facility has an area nearly 50% larger than the original site, with six standardised operating rooms, equipped with internationally advanced minimally invasive surgical equipment and digital anesthesia systems. Meanwhile, a pre-operative assessment area and a post-operative recovery area were added to enhance the capacity of day surgery and the efficiency of workflow coordination.

Overall, in light of the industry's shift from scale-oriented development to quality-oriented development, Nanyang Xiangrui continued to support Nanshi Hospital in enhancing medical service quality and management efficiency by advancing smart healthcare construction, upgrading specialty capabilities and optimising operational processes, thereby consolidating its competitive position in the medical service market of Henan Province.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Business in Chinese Mainland *(Continued)*

Health Management Business

During the Year, the Group's health management institutions in Guangzhou City and Shenzhen City in Guangdong Province and Jinan City in Shandong Province operated steadily.

In Guangdong Province, Guangzhou Integrated Clinic in Guangzhou City continued its strategic cooperation with nearby hospitals and reproductive medicine centres to provide clients with peripheral supporting services for assisted reproductive services and life cycle healthcare services for female. During the Year, Guangzhou Integrated Clinic increased pre-conception and antenatal health management services, and resumed electrophysiological study, to further expand its scope of services and source of income. Meanwhile, Guangzhou Integrated Clinic continued to introduce whole life cycle health management programmes including traditional Chinese medicine, rehabilitation and chronic disease management, and integrated specialty diagnosis and treatment, digital medical monitoring and pharmacy services to further improve its comprehensive healthcare service platform, so as to enhance the overall service capacity. Located in Shenzhen City, Guangdong Province, Ganghe Clinic leverages its geographical advantage adjacent to Hong Kong to play as a bridge connecting the Group's operations in Hong Kong and the Chinese Mainland, and maintains business cooperation with a number of medical institutions in Hong Kong and the Chinese Mainland. During the Year, Ganghe Clinic implemented various measures for cost control and operational efficiency improvement, relocated to a new premise with more controllable rental costs and adjusted human resource allocation in line with business needs. Meanwhile, Ganghe Clinic started arranging employees of corporate clients in Hong Kong to accept health check services in the Chinese Mainland, and launched distinctive products and services including capsule gastroscopy, colorectal cancer self-sampling testing, weight management and gastrointestinal management, diversifying its service offerings to meet market demands.

In Shandong Province, the Town Health International Health Management Centre, located in China Life Building in Jinan City, mainly provides comprehensive health management services centred on high-end health check. The Town Health International Health Management Centre primarily serves two core customer groups: CLIS and its prefecture-level city branches, and regional corporate clients. During the Year, the Town Health International Health Management Centre continued to advance the development of the "healthcare + insurance" service scenario and was deeply involved in the health management of CLIS's customers. It co-organised over 550 meetings and activities throughout the Year, further strengthening business synergy and mutually beneficial cooperation between the two parties. During the Year, the Town Health International Health Management Centre recorded steady growth in both the number of health check clients and per capita spending. While consolidating existing client relationships, the Town Health International Health Management Centre further strengthened marketing efforts to actively expand and attract more high-quality corporate clients, so as to continuously optimise its client mix and expand business scale. In addition to health check services, the Town Health International Health Management Centre joined hands with quality medical institutions in the province and invited renowned experts to provide clients with diversified health management services, including color Doppler ultrasound examination, video consultation, dental care treatment, traditional Chinese medicine healthcare and treatment, and chronic disease management, further broadening its scope of services and overall competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Other Business

During the Year, TBMG, which was engaged in aesthetic medical and beauty and wellness businesses, employed 14 full-time or part-time doctors (2024: 13 doctors), and operated 11, 9, 8 and 3 centres in Hong Kong, Shenzhen, Shanghai and Guangzhou, respectively (2024: 12, 9, 8 and 3 centres).

Against a market environment characterised by sluggish retail market, low consumer confidence, continuous changes in consumer behaviour and increasingly prudent overall consumer sentiment, the beauty service industry was facing more complex operational challenges. Confronted with competitive pressures brought by the sustained trend of Hong Kong residents' consumption in the Chinese Mainland and the trend of consumption downgrade in the Chinese Mainland, TBMG proactively adjusted its business strategy to enhance overall operational resilience through more forward-looking resource allocation and operational management.

During the Year, TBMG continued to optimise its centre network and seized the opportunity of lease expirations to integrate overlapping centres or centres in synergistic operation. In the second half of 2025, TBMG selected a ground-floor shop on San Fat Street, Sheung Shui, to launch a new conceptual centre. In addition, TBMG reorganised its resource allocation and operational process in line with business development needs to improve operational efficiency and cost effectiveness. TBMG also actively increased investment in upgrading its customer relationship management system, invested in introducing advanced beauty equipment, and implemented more prudent marketing budget management and efficient artificial intelligence, to further enhance customer service experience and market competitiveness.

By leveraging artificial intelligence, supported by data analysis and precision marketing, TBMG gained deeper insights into customer needs and consumption patterns, thereby enhancing service quality and customer loyalty. These measures not only helped stabilise the existing customer base but also supported the sustainable development of the business, and further strengthened TBMG's market positioning and brand image in the aesthetic medical and beauty and wellness market.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

In 2026, the external environment remains complex and volatile. The uneven pace of global economic recovery, as well as shifts in geopolitical situations and regional trade patterns, continue to affect business confidence. Meanwhile, operating costs, competition for healthcare professionals, and the growing number of cross-border medical options for citizens present structural challenges to the private healthcare market. Nevertheless, with the progressive implementation of Public Healthcare Fees and Charges Reform and the continued roll-out of various primary healthcare policies, citizens' demand for large-scale and reputable medical institutions with comprehensive service networks has become increasingly evident. Benefiting from its healthcare service network throughout Hong Kong, mature operational management system and solid customer base, the Group maintains a competitive edge amid industry consolidation and intensifying market competition. Overall, the Group maintains prudent and steady confidence in the medium-to-long-term development of Hong Kong's private healthcare market.

In the long run, the acceleration in population ageing, the prevalence of chronic diseases and rising health awareness of citizens will continue to drive demand for primary care, specialty treatment, health management and rehabilitation services, which is conducive to the Group's business development in both Hong Kong and the Chinese Mainland. Meanwhile, the medical cooperation mechanism in the Guangdong-Hong Kong-Macao Greater Bay Area is gradually deepening, with cross-border medical services becoming more institutionalised and standardised, creating a clearer development framework for regional healthcare service providers. With the structural growth in per capita disposable income and rising penetration of medical insurance, the market demand for quality-assured and value-for-money private healthcare services will continue to grow. On the premise of prudent risk management, the Group will seize the opportunities brought by the upgrading and transformation of healthcare services and regional synergistic development to consolidate its core competitive advantages and drive steady business expansion, striving to achieve sustainable and high-quality long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK *(Continued)*

Hong Kong

In terms of medical services, on one hand, in support of the Hong Kong Government's promotion of Public Healthcare Fees and Charges Reform and the Primary Healthcare Blueprint, the Group, with one of the largest and most extensive chained medical centre networks in Hong Kong, will provide value-for-money and high-quality medical services at affordable prices. On the other hand, by enhancing operational efficiency, optimising resource allocation and reducing customer waiting time, the Group will serve more citizens while enhancing service quality, thereby lowering healthcare costs and improving the overall medical experience. To this end, the Group will continue to review and improve the layout of its healthcare service network, and prudently establish more integrated medical centres with multiple consultation rooms in densely populated and easily accessible locations, to strengthen economies of scale and community coverage. Looking ahead to the second quarter of 2026, the Group will establish the "Town Health Integrated Medical Centre" on Hong Kong Island East, located at Shop 8, Ground Floor, Roca Centre, Nos. 460-470 King's Road, North Point (next to Exit B3 of North Point MTR Station). The new centre is designed with multiple consultation rooms and will provide general practice, otorhinolaryngology and respiratory medicine services. It will operate from Monday to Sunday and on public holidays, with a view to offering convenient, efficient and one-stop medical services to the residents and the working population in the district, thereby further strengthening the Group's medical network coverage on Hong Kong Island. Meanwhile, the Group will continue to participate in government-funded and public-private partnership programmes for primary healthcare, further develop its specialty brands, and strengthen the two-way referral system between general practice and specialist services, to enhance one-stop service capability and resource efficiency. In respect of smart healthcare, the Group will continue to develop video consultation services, improve website and mobile application functions, and strengthen online-offline integration of medical resources to enhance service accessibility and convenience. Furthermore, the Group will strengthen business cooperation with insurance companies and actively expand corporate clients with healthcare needs, to diversify revenue streams and consolidate a stable customer base to support the long-term and sustainable development of medical services in Hong Kong as its flagship business.

In terms of medical network management, Vio will continue to adopt prudent and sustainable development as its core strategic focus. Building upon its established business platform, Vio will capitalise on its competitive strength as the only medical network operator in Hong Kong holding dual ISO certifications in quality management and information security management, and will further consolidate its long-standing relationships with corporate clients, insurance companies, as well as government departments and statutory bodies. Within a disciplined and controllable cost framework, Vio is committed to addressing clients' rising expectations in respect of healthcare quality, service standards and evidence-based medicine through more flexible service configurations and value-added solutions. Concurrently, in response to the latest developments in industry regulation and accreditation standards, Vio will continue to review and refine its service workflows and operating model. This includes preparing for the new requirements under ISO 9001:2026 update and the implementation of the polyclinics licensing system under the Private Healthcare Facilities Ordinance, with a view to enhancing service consistency and further elevating the overall client experience. Meanwhile, Vio will deepen collaboration with the Group's self-operated medical centres to enhance market coverage and operational synergies, thereby underpinning the long-term and stable development of its managed medical network business.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK *(Continued)*

Chinese Mainland

In terms of hospital management, against the backdrop of the high-quality development and refined management of the medical industry in the Chinese Mainland, Nanyang Xiangrui will continue to deepen management output and resource support to Nanshi Hospital and enhance the operational efficiency and clinical service level by improving systems, optimising processes and upgrading technologies. Centering on the coordinated development of "medical treatment, education and research", it will strengthen specialty construction and the introduction of advanced equipment, to consolidate its positioning as a regional comprehensive medical and rehabilitation centre. Faced with an environment characterised by both differentiated competition in private medical care and cost pressures, Nanyang Xiangrui will adopt multi-dimensional measures such as technological innovation, cost control and service upgrading. With the synergistic support of its medical technologies and services, sales and delivery of medical devices, property management, extended services for home care and other fields, it will improve overall operational efficiency and sustainable development capacity. Meanwhile, Nanshi Hospital will continue to advance smart healthcare construction and upgrade specialty capabilities, including improving integrated traditional Chinese and Western medicine services, expanding traditional Chinese medicine characteristic treatment clinics, and promoting the construction of specialty platforms such as the Cognitive Impairment Diagnosis and Treatment Centre, so as to respond to population ageing and diverse medical needs and to support the steady development of the Group's hospital management business in the Chinese Mainland.

As to health management, the Group's health management institutions in various places will continue to enhance service capacity and service quality, striving for steady growth in both client numbers and per capita spending, so as to improve overall revenue and profitability. The health management institutions in various places will also enrich their product mix according to market characteristics in different regions and appropriately introduce distinctive products and services to enhance customer appeal. In Guangdong Province, the Guangzhou Integrated Clinic in Guangzhou City will continue to leverage its geographical advantage adjacent to hospitals and reproductive medicine centres to further expand gynaecology, andrology and related medical services, and further develop business channels and markets for miscarriage prevention services. Ganghe Clinic in Shenzhen City will continue to expand its customer base for weight management services. Meanwhile, Ganghe Clinic will strengthen cooperation with insurance companies and provide gastrointestinal management, diabetes management, vascular plaque regression management and other chronic disease management services to their clients in line with their marketing strategies. Ganghe Clinic will also offer concierge support services for Hong Kong clients seeking medical treatment in the Chinese Mainland. In Shandong Province, the Town Health International Health Management Centre will further enhance business cooperation with CLIS and its prefecture-level city branches, to promote resource complementarity and synergistic development to strengthen overall market competitiveness. Meanwhile, leveraging its existing competitive featured products and services, the Town Health International Health Management Centre will assist clients in designing more rational and personalised health check plans, and continue to expand corporate clients in the region to gradually increase market coverage to support steady business development.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK *(Continued)*

Others

With respect to other businesses, against the backdrop of intensifying competition in the retail and beauty service industry and structural changes in the consumer healthcare market, TBMG will advance business development with a diversified and flexible strategy. TBMG will continue to optimise its network layout of centres, and enhance performance of individual centre and overall operational efficiency through orderly integration and resource reallocation. Meanwhile, TBMG will improve its customer relationship management system, and strengthen artificial intelligence and data analysis construction to deepen customer insights, enhance customer retention, and drive customer conversion between beauty and wellness and aesthetic medical services. In addition, TBMG will prudently evaluate merger and acquisition as well as strategic cooperation opportunities in the markets in Hong Kong and the Chinese Mainland, and explore cross-border business synergies. Through a dual development strategy of organic growth and external expansion, TBMG is committed to continuously enhancing its market competitiveness and long-term profitability.

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 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 2025, the Group held total bank balances and deposits of approximately HK$1,364,158,000 (2024: HK$1,420,245,000), including fixed bank deposits of approximately HK$176,066,000 (2024: HK$227,741,000), pledged bank deposits of approximately HK$1,024,000 (2024: HK$1,107,000) and bank balances and cash of approximately HK$1,187,068,000 (2024: HK$1,191,397,000). The majority of the Group's bank balances and cash are deposited with banks in Hong Kong and the Chinese Mainland and denominated mostly in HK$, RMB and US$. 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 and appreciation 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 2025, the Group had bank borrowings of approximately HK$10,774,000 (2024: HK$80,683,000) of which approximately HK$1,326,000 (2024: HK$6,746,000) are repayable within one year. The Group's loans were arranged on a floating interest rate basis and denominated in HK$. As at 31 December 2025, the Group had available unutilised banking facilities of HK$20,000,000 (2024: HK$20,000,000). 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 2025, the Group's net current assets amounted to approximately HK$1,329,944,000 (2024: HK$1,300,647,000) and the Group had a current ratio (defined as total current assets divided by total current liabilities) of 3.64 (2024: 3.19). As at 31 December 2025, the Group's gearing ratio (defined as total bank borrowings divided by equity attributable to owners of the Company) was 0.36% (2024: 2.71%). 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$, RMB and US$. As HK$ is pegged to the US$ and 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 2025, the Group had equity attributable to owners of the Company of approximately HK$2,997,481,000 (2024: HK$2,976,914,000).

HUMAN RESOURCES AND TRAINING SCHEME

As at 31 December 2025, the Group employed 1,345 staff (2024: 1,441 staff). Total employee costs for the Year amounted to approximately HK$706,701,000 (2024: HK$743,697,000), including directors' emoluments of approximately HK$13,388,000 (2024: HK$11,745,000). 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 2025, the Group had no significant contingent liabilities (2024: Nil).

PLEDGE OF ASSETS

As at 31 December 2025, the Group pledged certain assets of approximately HK$28,340,000 (2024: HK$120,545,000), among which (i) leasehold land and building of approximately HK$27,316,000 (2024: leasehold land and building of approximately HK$30,438,000 and an investment property of approximately HK$89,000,000) was pledged for the mortgage loans while (ii) bank deposits of approximately HK$1,024,000 (2024: HK$1,107,000) were pledged for the general banking facilities.

CAPITAL COMMITMENTS

As at 31 December 2025, 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 (2024: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Choi Ka Tsan Karson, ***GBS, JP*** **("Mr. Choi")**, aged 40, 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 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 one of the world's largest toys manufacturers. 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 Committee on Population, Resources and Environment of the National 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 65, 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 36, 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 45, 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 and the associate general manager in China Life Private Equity Investment Company Limited（國壽股權投資有限公司）since October 2016. 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 68, was appointed as a non-executive Director on 15 December 2023. Ms. Lee is 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 from January 2024 to December 2025, and act as a director since January 2026. 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 64, was appointed as a non-executive Director on 15 December 2023. Ms. Lau was appointed as a member of the Nomination Committee since 6 June 2025.

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 the Chinese Mainland. 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 46, 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 the audit department of China Life Healthcare Investment Company Limited. As at the date of this annual report, China Life Healthcare 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. From February 2017 to December 2025, 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 December 2025 until now, Mr. Liu has been serving as the deputy general manager of the audit department of China Life Healthcare Investment Company Limited.

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 Intelligent Technology Co., Ltd.（地緯智能科技股份有限公司）(a company listed on the Shanghai Stock Exchange (stock code: 688579)).

Ms. Zhang Leidi (“Ms. Zhang Leidi”), aged 46, 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 68, 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 74, 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 51, 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 68, 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 64, 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 61, 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 "Town Health" or 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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 People's Republic of China (the "PRC"); and (iv) other services 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 Holdings Limited; 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 2025 to 31 December 2025 (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.

There were no major operational changes in the scope of this Report compared with that for the period from 1 January 2024 to 31 December 2024 (the "Last Reporting Period").

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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: Key performance indicators ("KPI"s) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

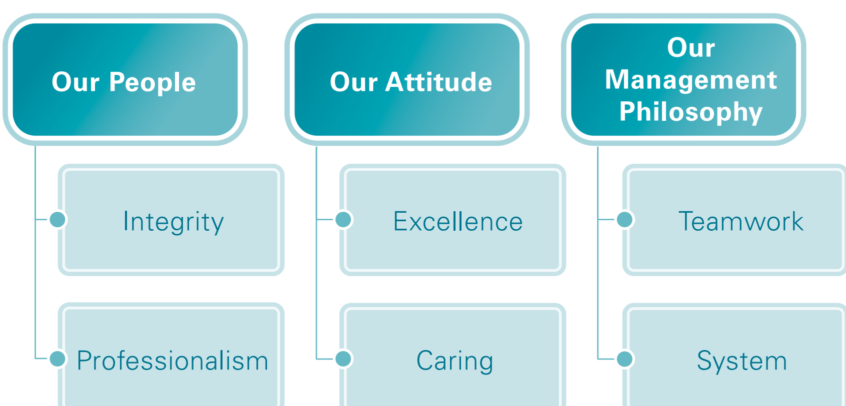
Balance: Performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgments.

Consistency: Consistent statistical methodologies and presentation of KPIs have been employed to allow meaningful comparisons of related data over time.

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 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 relationship with its stakeholders and at the same time, implement responsible corporate governance policies to pursue sustainable business growth. As one of the leaders in 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.



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 recognizes its responsibility to drive, evaluate, and enhance ESG performance across the Group's operations. It assesses, prioritizes, 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 previously established baselines 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 across its business operations. Aligned with the Group's vision on sustainability, it is committed to protecting the environment, caring for its staff, and serving the community.

Protecting the Environment

The Group understands that its business operations in providing medical, dental, and healthcare network services contribute to the consumption of natural resources, as well as the generation of waste that, if not managed properly, could impact public health and the environment. Therefore, across its clinics, hospitals, and administrative facilities in Hong Kong and the PRC, the Group is dedicated to minimizing its environmental footprint. The Group actively implements energy-saving, water-saving, and waste-reduction initiatives to lower carbon emissions, promote sustainable resource use, and foster green office practices.

Caring for Staff

The Group treasures its staff as its greatest assets. Whether in clinical settings, hospital management, or network administration, maintaining a harmonious, safe, and supportive workplace is of paramount importance to the Group. Not only does the Group provide attractive remuneration package, but it is also equally committed to ensuring a safe working environment, building a positive organisational culture, providing equal opportunities, and showing respect for all employees across all regions and business segments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY
(Continued)

Serving the Community

As a provider of healthcare services in Hong Kong and the PRC, the Group recognises the importance of serving the underprivileged community and nurturing the next generation. The Group has pledged 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 who can contribute to a healthier, more resilient society for future generations.

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.

In addition to the above, the Group has also incorporated the concept of double materiality into its materiality assessment process during the Reporting Period. Double materiality comprises of impact materiality, which considers actual and potential positive or negative impacts on people and the environment connected to the Group's operations, products, services, and value chain; as well as financial materiality, which considers sustainability-related risks and opportunities that could reasonably be expected to influence the Group's financial position, performance, cash flows, access to finance, or cost of capital over the short, medium, and long term. In line with the European Sustainability Reporting Standards ("ESRS"), this assessment shall cover the Group's own operations, as well as its upstream and downstream value chain.

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

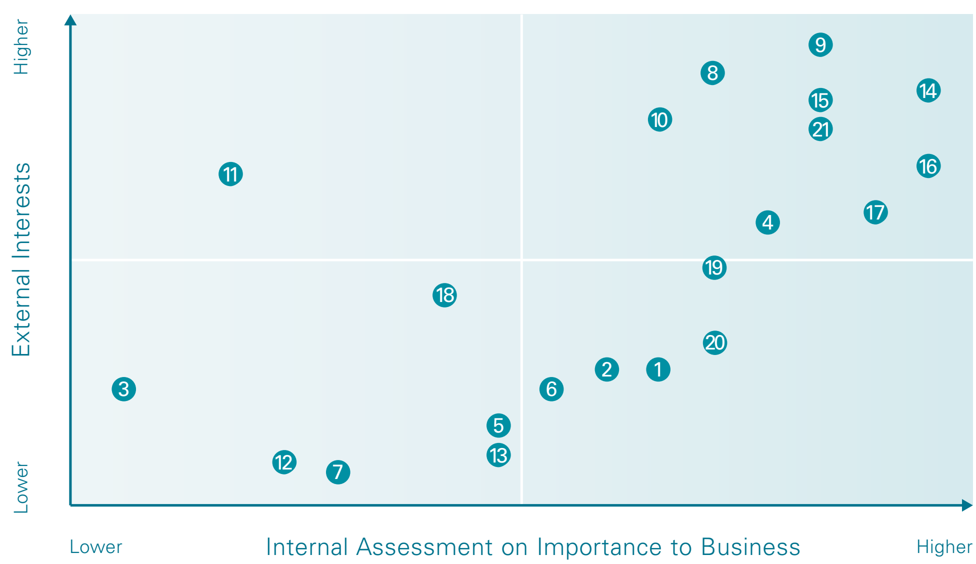
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY

(Continued)

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		

Materiality of Different Topics from Stakeholder Engagement



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THE GROUP'S CORPORATE SOCIAL RESPONSIBILITY POLICY

(Continued)

Assessment of Impacts

Apart from engaging the Group's stakeholders, the Board and the management of the Group have assessed the actual and potential impacts that the Group's operation could bring based on the external professional's advice, the Materiality Finder of SASB Standards, and the list of sustainability matters in ESRS 1 AR 16. The assessment also considered the financial implications of identified impacts, dependencies, and regulatory developments, evaluating their potential effects on financial performance, cash flows, and cost of capital over short-, medium-, and long-term horizons.

Among the environmental, social, and other medical practices-related aspects, the following topics are identified as the most important material issues based on stakeholder engagement and Board assessment:

- Data Protection
- Occupational Health and Safety
- Product/Service Quality
- Customer Service
- Safety and Hygiene in Medical Centres
- Employment
- Waste and Effluent

The top material topics based on stakeholder engagement during the Reporting Period were all social topics or other topics related to medical practices. Whereas through Board assessment, the environmental topic of Waste and Effluent was also identified as an important material issue.

The Group has strictly adhered to the statutory requirements of all identified material aspects. In addition, 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 climate change challenge that the world is facing, 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 for its business operations, and generated clinical waste, chemical waste, and paper waste from its business operations 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.

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 0.10 kg of sulphur oxides ("SO_x"), 60.02 kg of nitrogen oxides ("NO_x"), and 3.36 kg of respiratory suspended particles ("RSP") during the Reporting Period[1].

Air Emissions (in kg)	2025	2024	2023
SO_x	0.10	0.17	0.19
NO_x	60.02	92.40	116.61
RSP	3.36	7.04	8.59

Note: There was no change to the calculation methodologies used in 2023, 2024, and 2025.

Indoor Air Quality

Although the Group's operation was not involved in polluting air emissions, 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 filters are 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

While the scale of operations continues to expand, the Group is establishing better channels to collect, trace, and monitor the total amount of GHG emission emitted. As to gain a more comprehensively understanding of Scope 3 emissions connected to the Group's value chain, the Group shall also endeavour to disclose 15 reporting categories of Scope 3 emissions where applicable to the Group's operations from this Reporting Period onward.

The Group has selected its measurement approach, inputs, and assumptions for calculating GHG emissions based on a principle of alignment with established regulatory frameworks and authoritative sources to ensure consistency, comparability, and reliability. The approach has been chosen to:

1. **Comply with Regulatory Expectations:** The Group primarily references the methodologies and emission factors set out by the HKEX, including Appendix C2 of the Main Board Listing Rules and their referred documentation, to ensure adherence to local disclosure requirements and to enable valid comparisons under appropriate conditions.

2. **Utilize Internationally Recognized Standards:** For Scope 3 emissions, the Group aligns its reporting with the "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)", which is a globally accepted framework for value chain emissions accounting. Where applicable, the Group has also referenced the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by the Greenhouse Gas Protocol to calculate its Scope 3 GHG emissions.

3. **Apply Credible and Geographically Relevant Data Sources:** Where HKEX-published factors are unavailable, the Group uses authoritative sources specific to its region of operation. These sources include the Ministry of Ecology and Environment of the People's Republic of China (which provides the emission factor for purchased electricity from the National Grid of the PRC), the Intergovernmental Panel on Climate Change ("IPCC") for global warming potential values, and the International Civil Aviation Organization ("ICAO") Carbon Emission Calculator for business air travel emissions. These sources are selected for their scientific credibility, public availability, and relevance to the Group's operational context, thereby increasing the accuracy of its emissions inventory.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL *(Continued)*

A1.2 Greenhouse Gas Emissions (Continued)

Scope of GHG Emissions	Emission Sources	Emission in 2025 (in tonnes of carbon dioxide equivalent "tCO_2e")	Emission in 2024 (in tCO_2e)	Emission in 2023 (in tCO_2e)
Scope 1				
Direct Emission	Combustion of fuel for mobile sources – Petrol	8.64	14.97	27.04
	Combustion of fuel for mobile sources – Diesel	8.47	15.24	3.39
Scope 2				
Energy Indirect Emission	Purchased electricity	1,111.99	1,070.58	1,975.57
Scope 3				
Other Indirect Emission	Category 2: Capital goods	23.62	Nil	Nil
	Category 3: Fuel-and energy-related activities not included in scope 1 or scope 2 (Including electricity used for freshwater and sewage processing)	1.95	2.30	Nil
	Category 5: Waste generated in operations (Including paper waste disposal at landfills)	35.05	66.24	0.14
	Category 6: Business travel (Including business air travel by employees)	3.48	2.03	Nil
	Category 7: Employee commuting	2.21	Nil	Nil
Total (in tCO_2e)		1,195.42	1,171.36	2,006.14
Emission Intensity (in tCO_2e/million HKD)		0.67	0.64	1.09

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL *(Continued)*

A1.2 Greenhouse Gas Emissions (Continued)

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 Chinese Mainland, outlined by the Ministry of Ecology and Environment of the PRC. 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. Emission factor of 0.5777 tCO_2e/MWh was used for purchased electricity from the National Grid of the PRC in 2025.

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 ICAO Carbon Emission Calculator.

Note 5: There was no change to the calculation methodologies used in 2023, 2024, and 2025 for previously existing disclosures.

Note 6: Data for other categories of scope 3 emissions have not yet been collected, and the Group currently does not have the capability to conduct data collection for these categories; however, the Group shall endeavour to dedicate resources to complete scope 3 emissions disclosure in due time.

Note 7: Total GHG Emissions may not equal total of emission sources or sub-totals due to rounding errors.

The Group's activities contributed to 1,195.42 tCO_2e, with emission intensity of 0.67 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 0.507 tonnes of hazardous waste[2] were generated during the Reporting Period, which consisted of clinical waste and chemical waste. The overall hazardous waste generation intensity was 0.28 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 have 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 0.507 tonnes of clinical waste, representing an intensity of 0.28 kg/million HKD (2024: 0.33 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 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, while the Group had generated some amount of chemical waste (2024: 687.71 L and 130.89 kg of chemical wastes), the Group did not obtain the relevant records from the regulatory body, and thus is unable to provide the related figures.

[2] The total amount of hazardous wastes excludes any expired medication collected by regulatory body.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL *(Continued)*

A1.4. Non-hazardous Waste

Non-hazardous waste from the Group's operation was mainly 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 9.74 tonnes of non-hazardous waste, with an intensity of 5.45 kg/million HKD of the Group's total revenue.

In addition, a total of 7.30 tonnes of office paper, with an intensity of 4.09 kg/million HKD (2024: 7.52 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.

During the Last Reporting Period, the Group had set the target of 1% reduction in Scope 1 & Scope 2 emissions by 2026, whilst tracking against Scope 1 & Scope 2 emissions in financial year 2024. This target is informed by the latest international agreement on climate change, including the Paris Agreement, an international accord to limit global warming. This target has not been validated by a third party. It is a gross target for the reduction of emissions without taking into account potential offsets further reducing the net impact. Although the Group does not need to rely on carbon credits to hit its targets, a future implementation of those would further reduce the impact.

Target Performance Review

Indicator	2024 baseline	2026 Target	Reporting Period Performance	Status
Scope 1 & Scope 2 emissions	1,100.79 tCO_2e	1,089.79 tCO_2e	1,129.10 tCO_2e	To be improved

Based on the above results, the Group is currently lagging behind the GHG emission reduction target to be achieved by 2026. The Board and the management have reviewed the target, but have decided to continue closely monitoring its GHG emissions, and only revise its reduction target if deemed necessary.

While the Group has begun disclosing its Scope 3 GHG emissions during the Reporting Period, full disclosures for all 15 categories of Scope 3 GHG emissions are not yet achievable due to a lack of resources. As the Group anticipates that the amount of Scope 3 GHG emissions will increase as more complete disclosures are made, the Group shall wait for more comprehensive emissions figures 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 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. During the Last Reporting Period, the Group had set the target of 1% reduction in overall waste generation by 2026, whilst tracking against the waste generation data in financial year 2024.

Target Performance Review

Indicator	2024 baseline	2026 Target	Reporting Period Performance	Status
Overall waste generation[3]	11.52 tonnes	11.41 tonnes	10.25 tonnes	Achieved

In terms of overall waste generation reduction, the Group has already surpassed the target to be achieved by 2026. The Board and the management have reviewed the target, and will continue its effort in reducing waste generation to maintain achievement of the target. Furthermore, the Group will enhance implementation of waste reduction measures and continuously monitor the waste generation target.

[3] Overall 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 2,756 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 1.51 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 2025	Consumption in 2025 (in MWh)	Consumption in 2024 (in MWh)	Consumption in 2023 (in MWh)
Petrol	For vehicles	3,238 L	31	54	77
Diesel	For vehicles	3,077 L	33	60	13
Electricity	For daily operation	2,692 MWh	2,692	2,544	3,083
TOTAL (in MWh)			2,756	2,658	3,173
Energy Consumption Intensity (in MWh/million HKD)			1.51	1.45	1.73

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 2023, 2024, and 2025.

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 increased by 3.99% mainly due to a slight increase in energy consumption and slight decrease in Group revenue during the Reporting Period. The Group had previously set the 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	Status
Energy consumption	3,173 MWh	3,141 MWh	2,756 MWh	Achieved

Based on the above results, the Group has achieved the energy use reduction target to be achieved by 2025. The Board and the management have reviewed the target, and have set the target of 1% reduction in energy consumption by 2027, whilst tracking against energy consumption in financial year 2025. The Group will continue its effort in reducing energy consumption to maintain achievement of the newly established target.

A. ENVIRONMENTAL *(Continued)*

A2.3. Water Consumption

4,091 m^3 of water was consumed by the Group during the Reporting Period, with water consumption intensity of 2.29 m^3/million HKD (2024: 1.92 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 these 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. The Group had previously set the target of 1% reduction in water consumption by 2025 whilst tracking against the water data in financial year 2023.

In terms of water use reduction, the Group has missed the target to be achieved by 2025. The Board and the management have reviewed the target, and have decided to revise the target so that it would be based on water consumption intensity instead. Going forward, the Group shall set the target of reducing its water consumption intensity by 2027 whilst tracking against the water data in financial year 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 2,365,142 pieces and the consumption intensity was 1,324.59 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 2025 (pieces)	Consumption in 2024 (pieces)	Consumption in 2023 (pieces)
Pill pouches	1,856,500	2,023,000	2,884,900
Medicinal bottles	285,650	366,000	522,450
Plastic bags	124,000	172,200	60,000
Topical medicine jars	47,392	50,145	70,100
Paper Packaging	29,500	7,000	0
Other Plastic Packaging	15,000	0	0
Topical medicine and drug bottles	4,600	4,600	16,184
Medicine spoons	2,500	9,000	7,000
Sample containers and measuring cups	0	400	8,400
Others (e.g. plastic card holders and paper bags)	0	0	1,000
Consumption TOTAL (pieces)	2,365,142	2,632,345	3,570,034
Consumption Intensity (pieces/ million HKD of total revenue)	1,324.59	1,435.46	1,921.46

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 the 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 utilizes starch which has been recovered from processing waste and for 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 NO_x from diesel engines.

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

A. ENVIRONMENTAL *(Continued)*

A4. Climate Change

The Group is aware that climate change is a serious threat and agrees with the latest scientific findings of the IPCC regarding climate change. As such, in alignment with Task Force on Climate-Related Financial Disclosures recommendations, the Group shall be disclosing its climate-related information based on the four core elements of Governance, Strategy, Risk Management, and Metrics and Targets.

Governance

The Group recognises that energy consumption, GHG emissions, and climate change are important aspects of environmental protection which have significant impact on its operations, and thus the Board and senior management have incorporated countermeasures and strategies for any risks or opportunities that may arise from climate change into its existing risk management system. Furthermore, the Group has included carbon emission reduction as one of its long-term goals, and aims to reduce greenhouse gas emissions of its operations as well as its supply chain.

As of the end of the Reporting Period, the Board has not yet established a formal process for assessing or developing climate-related skills and competencies among its members. Board members currently receive general compliance training, but this does not include targeted climate-related training, CPD sessions, or briefings from subject matter experts. Climate-related expertise has not been a specific criterion in the evaluation of Board candidates by the Nomination Committee. The Board recognises the importance of climate competency at the governance level and intends to take the following steps: (i) incorporate climate and sustainability competencies into the Board's skills matrix; (ii) introduce periodic climate-related briefings or training for Board members, drawing on internal expertise from the ESG Task Force Team and, where appropriate, external advisers; and (iii) consider climate-related knowledge and experience as part of the Nomination Committee's evaluation criteria for future Board appointments. The Group will report on progress in future ESG reports.

During the Reporting Period, the Board did not undertake any major transactions (including significant investment decisions, capital expenditure approvals, mergers and acquisitions, or material contracts) in which climate-related factors were a primary consideration. Nevertheless, as climate-related risk management has been incorporated into the Group's broader risk management system, the Board considers climate-related risks and opportunities as part of its oversight of strategic decision-making. The outputs from the climate risk assessment, including the prioritised risk profile, are presented to executive leadership and the Board alongside other enterprise risks, ensuring that climate considerations inform high-level strategic decision-making and overall business strategy.

For further details of the Group's ESG governance, please refer to the sections "The Group's Mission and Vision on Sustainability" and "The Board's Statement".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL *(Continued)*

A4. Climate Change *(Continued)*

Strategy

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL *(Continued)*

A4. Climate Change *(Continued)*

Strategy (Continued)

As climate-related risks and opportunities continue to grow, the Group expects to steadily increase capital investment in climate adaptation and mitigation measures over the coming years to reduce potential impacts on the Group. During the Reporting Period, the Group has yet to allocate budget to climate-related works. The Group has adopted capabilities relief for the disclosure of anticipated financial effects from climate-related risks and opportunities for the Reporting Period, and will provide quantifiable financial information in the future.

The Group has adopted capabilities relief for the in-depth assessment and analysis of its strategy and business model to climate-related changes, developments, and uncertainties for the Reporting Period, and will perform a detailed climate-related scenario analysis in the future.

Risk Management

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;

- Monitors changes in consumer behaviour and preferences related to sustainability to ensure the Group's competitiveness and responsiveness to market trends; and

- The Group has not developed a formal climate-related transition plan. The Board intends to develop a transition plan in due time and will disclose further details in future reporting periods.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL *(Continued)*

A4. Climate Change *(Continued)*

Metric and Targets

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.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities vulnerable to climate-related transition risks and climate-related physical risks. The Group will provide quantifiable financial information on the above-mentioned disclosures, including amount and percentage of assets or business activities vulnerable to risks in the future.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities aligned with climate-related opportunities. The Group will provide quantifiable financial information, including amount and percentage of assets or business activities aligned with opportunities in the future.

During the Reporting Period, the Group has yet to deploy capital expenditure, financing, or investment towards climate-related risks and opportunities.

As of the end of the Reporting Period, the Group does not apply a carbon price in its decision-making process, nor does the Group factor climate-related considerations into its remuneration policy.

The Group has yet to include industry-based metrics, nor applied cross-industry metrics for its disclosure topics.

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.

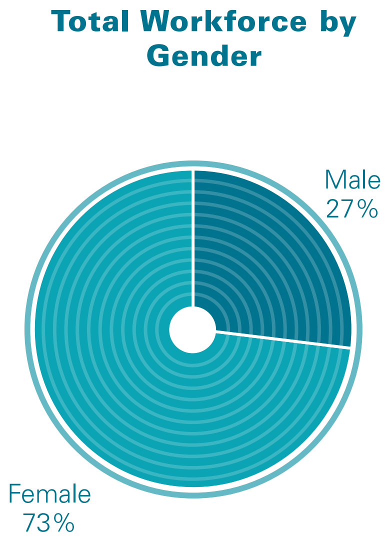
The Remuneration Committee was formed and is responsible for formulating remuneration policies and recommending specific remuneration packages of all directors and senior management to the Board for approval. The Group has implemented policies on recruitment, training, equal opportunity and occupational health and safety. Details of the policies are discussed in relevant sections below. There were no specific policies for remuneration and benefits, and 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.

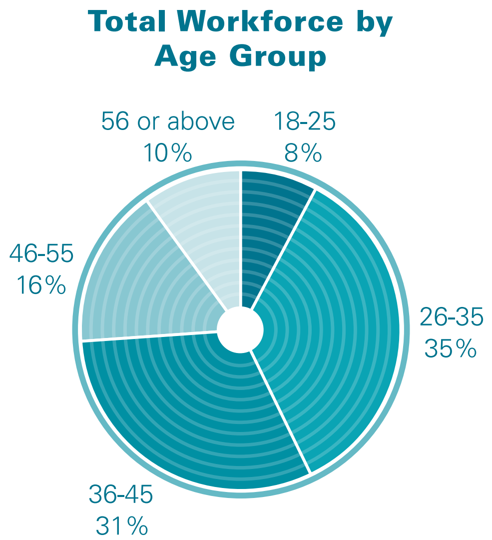
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

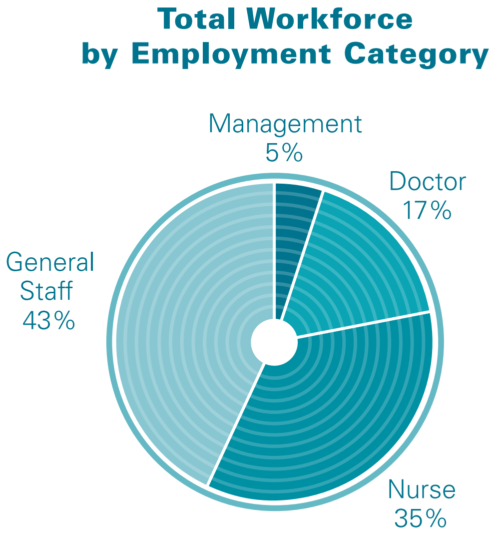
B. SOCIAL *(Continued)*

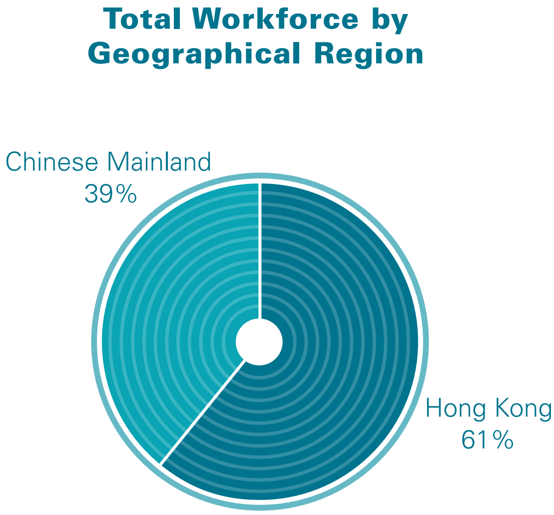
Total Workforce

The Group had a total of 1,117 employees as of 31 December 2025, 90% of them were full time employees and 10% of them were part time employees. Details of the employees' distribution are shown below.







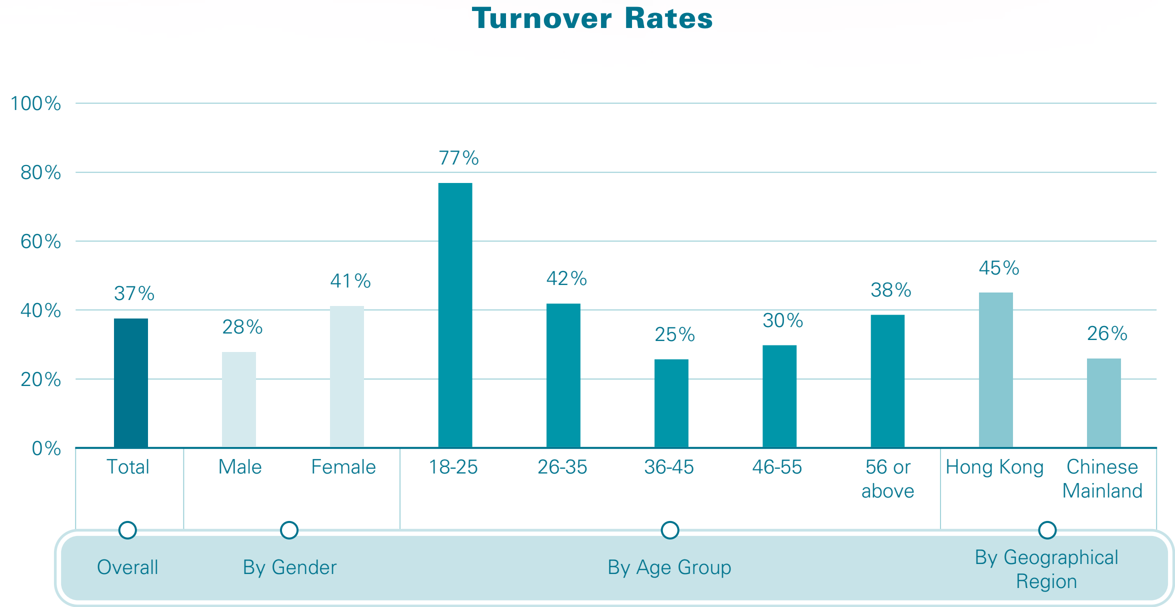


The total number of employees of the Group as shown in the Group's Annual Report 2025 was 1,345, since it includes the number of visiting doctors and specialists of the Group, personal data of whom was not collected.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL *(Continued)*

During the Reporting Period, a total of 416 employees left the Group. The overall turnover rate was 37%[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%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 program. 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 2 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:

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 staff who provided quality services. The Group has also formulated the Salary Increment Guideline to manage the salary. The Group would adjust the ranking and salary of 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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. All 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

	2025	2024	2023
Work related fatality	0	0	0
Work related fatality rate	0%	0%	0%
Work injury cases >3 lost days	1	3	7
Work injury cases ≤3 lost days	0	7	14
Lost days due to work injury	28	109.6	225.5

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

During the Reporting Period, 1,066 employees had received training with a total training hour of 5,100.62 hours.

Overall Training Data of the Group

		Percentage of Employees Trained	Average Hours of Training Received by Each Employee
Overall	**Group total**	95%	4.57
Employee Category	**Management**	89%	6.12
	Doctors	100%	5.72
	Nurse (including Health Care Assistants ("HCA"))	96%	3.72
	General staff	94%	4.63
Gender	**Male**	96%	5.79
	Female	95%	4.11

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 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 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 review 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 monitors and reviews 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 1,085 suppliers, 378 of which were from Hong Kong and 707 of which were from Chinese Mainland. The majority of 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 practitioner, specialist medical practitioner, 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 of the container label before taking container from the shelf. 2. Check of the container label against the prescription during actual dispensing. 3. Check of the container label before putting the container away.	1. Right date 2. Right patient 3. Right drug 4. Right dose 5. Right route 6. Right frequency 7. Right container 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 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 unnecessary accidents. Cleaning staff of the Group thoroughly clean the clinic every day before opening and after the clinic is closed. The clinic floor is mopped with 1:49 diluted bleach during the 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 complainer 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 ISO9001:2008 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 2 significant complaints were received, all of which were general complaints related to customer service. All complaints have been resolved according to the CSOP procedures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 also strictly observes IP rights laws and regulations in the PRC, including the Enterprise Intellectual Property Management Standard (GB/T 29490-2023), the Trademark Law of the PRC, and the Patent Law of the PRC. The Group has maintained 18 registered trademarks during the Reporting Period, of which 12 are registered in Hong Kong and 6 are registered in the PRC. It reminds employees to respect IP rights of third parties. Proper authorization shall be obtained before using any IP.

Data Protection and Privacy

The Group registers and collects 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 access 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 and correct personal data. The Group ensures that the data handler is explicitly informed of the purpose for data use 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 exercise authority, make influenced decisions and actions or gain access to the Group's assets and information through their employment in the Group to achieve private and personal gain;
- Employees are required to declare any conflict of interest by completing the required form as instructed by the Group's human resource department;
- Neither directors nor employees shall obtain or provide benefits to the regulatory body, patients, suppliers, or people with business relationship with the Group;
- Any acceptance of voluntary gifts over a prescribed value must be declared and have undergone the approval process as administered by the Group's human resource department; and
- In cases of suspected corruption or other criminal offences, a report 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.

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 was provided to directors and staff annually. During the Reporting Period, all directors of the Company 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 health education, public health, local community and disaster relief.

Focus Areas	Activities	Details
Health Education	Free health seminars	Provided free seminars covering disease prevention and promoting health consciousness for local students at Nanyang. A total of 3 staff from the Group participated in the event as volunteers, and a total of 24 hours were spent on this event.
Public Health	Free vision and cataract screening test	Provided free vision and cataract screening test for the local community at Nanyang. A total of 26 staff from the Group participated in the event as volunteers, and a total of 72 hours were spent on this event.
	Donation of Pneumococcal Conjugate Vaccines	In partnership with Pfizer and Tung Wah Group of Hospitals ("TWGH"), the Group donated a batch of pneumococcal conjugate vaccines to support vulnerable groups through its Town Health Charity Foundation. This partnership promotes a shift from "treatment-based" to "prevention-oriented" healthcare, aligned with the Hong Kong Primary Healthcare Blueprint. The Group leverages its extensive medical centre network to facilitate public access to vaccination, while TWGH identifies and allocates vaccines to suitable beneficiaries across its service units. The activity, underscored by Town Health Charity Foundation's vision of "Guided by Love, Advancing Health for All," aims to reduce the disease burden among underserved groups and enhance overall community health.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Focus Areas	Activities	Details
Local Community	Volunteer training on communicating with and assisting persons with visual impairment	The Town Health Charity Foundation collaborated with the Hong Kong Blind Union to conduct a training workshop for Group employees. The session equipped participating staff with practical skills for effective communication and providing appropriate assistance to persons with visual impairments. The activity aimed to foster understanding and social inclusion towards people with disabilities.
Disaster Relief	Provision of free family medicine consultations and medication dispensing services	In response to the tragic fire at Tai Po Wang Fuk Court, the Group launched an immediate two-week support programme for all affected residents. The service includes complimentary family doctor consultations and medication dispensing at four designated medical centres in Tai Po and Fanling. For cases requiring specialist care, the Group arranged free referrals and treatment. The "Tai Po Wang Fuk Court Fire Free Medical Support Programme" aimed to alleviate urgent healthcare needs and support the community in overcoming the crisis alongside the people of Hong Kong.

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 9 to 26 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 34 to 72 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.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW *(Continued)*

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 34 to 72 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 126 of this annual report.

DIVIDEND

The Board recommended the payment of a final dividend of Hong Kong 0.18 cent per Share for the Year (2024: 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 250 of this annual report.

DONATIONS

Charitable donations made by the Group during the Year amounted to approximately HK$229,000 (2024: HK$380,000).

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 2025 using the fair value of the investment properties as at 31 December 2025. 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$18,306,000.

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 249 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 2025 and the date of this annual report, there are a total of 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 Chinese Mainland 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 use of the First Net Proceeds, which should have been utilised by the end of 2023, are set out as follows:

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)*

On 1 January 2024, the Board announced that it has resolved to extend the timeline for the utilization of the unutilized balances of the First Net Proceeds from the end of 2023 to the end of 2026, in view of the adverse impacts of COVID-19 and the post-pandemic slow-down in the global economic growth on the medical and healthcare industry.

On 12 January 2024, the Board further announced that it has resolved to change the intended uses of the First Net Proceeds. One of the original intended uses of "Developing a "one-stop, IT O2O platform" (the "Platform") to integrate the Group's growing variety of healthcare and well-being business segments" has been terminated as the original objectives of developing the Platform to integrate the Group's growing variety of healthcare and well-being business segments were considered not able to be achieved within the original budget. The Board has therefore decided not to inject further fund into such investment. The remaining unused balance of around HK$62 million originally allocated to the use for development of the Platform has therefore been reallocated to the use for "Acquisition, investment and development of hospitals and medical institutions, and medical or healthcare related business", which was expected to generate a reasonable return to the Group. The geographical restrictions to the Chinese Mainland and Hong Kong have been removed from such use, which provides the Group with a greater degree of flexibility and enables the Group to seize any global opportunities for the acquisition, investment or development of businesses in the medical and healthcare industry that may arise as long as they are aligned with the goals and needs of the Group.

Through the above change of use of the First Net Proceeds, the Group has been able to deploy its financial resources to better cope with the business environment in a more efficient and flexible manner that meets the Group's business and operational needs and aligns with the Group's strategy to seize any global opportunities for the acquisition, investment or development of businesses in the medical and healthcare industry to create long-term sustainable growth of the Group.

REPORT OF THE DIRECTORS

Issue of subscription shares and convertible preference shares *(Continued)*

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

Use of the remaining First Net Proceeds	Unutilised balance as at 31 December 2023 (HK$ million)	Unutilised balance as at 31 December 2024 (HK$ million)	Utilisation during the Year (HK$ million)	Unutilised balance as at 31 December 2025 (HK$ million)	Timeline for utilisation
Acquisition, investment and development of hospitals and medical institutions, and medical or healthcare related business	110	110	51	59	End of 2026
Investment and development of medical specialty centres and dental chains	137	17	0	17	End of 2026
Total	247	127	51	76	

As at 31 December 2025, the unutilised First Net Proceeds amounted to approximately HK$76 million.

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 Chinese Mainland, 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 Chinese Mainland.

Details of the use of the Second Net Proceeds, which should have been utilised by the end of 2023, are set out as follows:

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 Chinese Mainland and investing in or acquiring dental clinics and/or hospitals in the Chinese Mainland; developing or acquiring medical clinics in the Chinese Mainland; developing hospitals, investing in or acquiring public or private hospitals in the Chinese Mainland; and developing or acquiring rehabilitation hospitals and where appropriate in conjunction with nursing and/or aged care homes in the Chinese Mainland	1,500	646	854	End of 2023
Developing or acquiring business in provision of health check, laboratory testing and medical diagnostic services in the Chinese Mainland	150	104	46	End of 2023
Developing managed care business in the Chinese Mainland and cross border healthcare platform for medical tourism business	96	0	96	End of 2023
Total	1,746	750	996	

REPORT OF THE DIRECTORS

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

On 1 January 2024, the Board announced that it has resolved to extend the timeline for the utilization of the unutilized balances of the Second Net Proceeds from the end of 2023 to the end of 2026, in view of the adverse impacts of COVID-19 and the post-pandemic slow-down in the global economic growth on the medical and healthcare industry. On 12 January 2024, the Board further announced that it has resolved to change the intended uses of the Second Net Proceeds. To enable the Group to better cope with the business environment, the original allocation of the unutilized balance of the Second Net Proceeds has been changed to allow the unutilized balance of such net proceeds in the amount of HK$996 million in aggregate to be used in the "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", so that the Group may deploy the funds in a more efficient and flexible manner. No geographical restrictions to the Chinese Mainland and Hong Kong have been imposed on the utilization of the Second Net Proceeds, in order to provide the Group with a greater degree of flexibility when it uses the net proceeds.

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

Use of the remaining Second Net Proceeds	Unutilised balance as at 31 December 2023 (HK$ million)	Unutilised balance as at 31 December 2024 (HK$ million)	Utilisation during the Year (HK$ million)	Unutilised balance as at 31 December 2025 (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	977	71	906	End of 2026
Total	996	977	71	906	

As at 31 December 2025, the unutilised Second Net Proceeds amounted to approximately HK$906 million.

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 2025, Tranche A and Tranche B Convertible Bonds have been fully redeemed and Tranche C Convertible Bonds in the sum of HK$51,306,000 have been redeemed. The outstanding principal amount of the Convertible Bonds (i.e the remaining Tranche C Convertible Bonds) was HK$64,694,000.

Dilutive impact of the Convertible Bonds

Assuming the outstanding Convertible Bonds of HK$64,694,000 are converted in full at the conversion price of HK$0.76 per Conversion Share, a maximum of 85,123,684 Conversion Shares will be issued, representing (i) approximately 1.26% of the issued share capital of the Company as at the date of this annual report; and (ii) approximately 1.24% 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).

REPORT OF THE DIRECTORS

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	26.03%
Broad Idea (Note 1)	1,418,576,764	20.94%	1,418,576,764	20.68%
Mr. Choi (Note 1)	1,911,136,764	28.21%	1,911,136,764	27.86%
Classictime (Note 2)	830,742,000	12.26%	830,742,000	12.11%
Minerva Group (Note 2)	830,742,000	12.26%	830,742,000	12.11%

Notes:

1. Broad Idea is owned as to 100% by Mr. Choi. Accordingly, Mr. Choi is 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 2025, the Group had total net assets of approximately HK$3,398,824,000 and total net current assets of approximately HK$1,329,944,000 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, 23 July 2024, 18 August 2025, 29 August 2025 and 8 September 2025, 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 129 and 130 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 2025, comprised share premium, capital redemption reserve, contributed surplus, distributable reserve and accumulated profits of approximately HK$ 3,269,983,000 (2024: HK$3,291,717,000).

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, *GBS, JP* *(Chairman and Chief Executive Officer)*
Dr. Fok Siu Wing Dominic
Ms. Zhang Xiaoxue
Mr. Liu Shiyin *(Note 1)*
Mr. Huang Yu *(Note 2)*

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

Notes:

1. On 24 February 2025, Mr. Liu Shiyin resigned as an executive Director.

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

REPORT OF THE DIRECTORS

DIRECTORS' SERVICES CONTRACTS

Mr. Choi Ka Tsan Karson, *GBS, JP* 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.

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.

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.

As at 31 December 2025 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:–

Mr. Huang Yu, an executive Director of the Company, was appointed as a director of the following companies of the Group:

Effective Date	Company Name
28 August 2025	Town Health 360 Limited
26 September 2025	Ace Alliance Global Limited
26 September 2025	Central Cardiac Holdings Limited
26 September 2025	Central Healthcare Limited
26 September 2025	Central Medical Holdings Limited
26 September 2025	CentralPharm Company Limited
26 September 2025	HKMC Medical Products Limited
26 September 2025	Hong Kong Brain Memory Centre Limited
26 September 2025	Hong Kong Imaging and Diagnostic Centre (Lab) Limited
26 September 2025	Hong Kong Imaging and Diagnostic Centre (MRI) Limited
26 September 2025	Hong Kong Imaging and Diagnostic Centre Limited
26 September 2025	Hong Kong Medical Consultants Limited
26 September 2025	Medical Concierge Holding Limited
26 September 2025	Medical Concierge Limited
26 September 2025	Medical Concierge Management Limited
26 September 2025	Smart Winner Investments Limited
27 October 2025	康健雲際醫療健康科技(北京)有限公司
25 December 2025	康健(無錫)醫療投資管理有限公司
9 March 2026	康健(無錫)私募基金管理有限公司

REPORT OF THE DIRECTORS

Ms. Zhang Xiaoxue, an executive Director of the Company, was appointed as a director of the following companies of the Group:

Effective Date	Company Name
14 March 2025	Town Health Corporate Advisory and Investments Limited
25 December 2025	康健(無錫)醫療投資管理有限公司
9 March 2026	康健(無錫)私募基金管理有限公司

Updated biographical details of the Directors are set out in the section headed "Biographical Details of Directors" on pages 27 to 33 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 2025, 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)
Mr. Choi Ka Tsan Karson	Interest of a controlled corporation/Beneficial owner	1,911,136,764	28.21%

Note: The total number of Shares as at 31 December 2025 (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 2025, 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 2025, 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%
Mr. Choi	Interest of a controlled corporation Beneficial owner	1,418,576,764 (Note 2) 492,560,000	1,911,136,764	28.21%
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%
Kwok Wai King Pinki	Beneficial owner Interests held jointly with another person	356,164,000 1,710,000	357,874,000	5.28%

Notes:

1. The total number of Shares as at 31 December 2025 (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. Broad Idea is owned as to 100% by Mr. Choi as at 31 December 2025. As such, Mr. Choi is 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 2025, 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.

REPORT OF THE DIRECTORS

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 23% and 43% of the Group's total revenue respectively. The Group's largest supplier and five largest suppliers accounted for approximately 12% and 36% 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 2025.

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").

2023 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.

During the course of the proceedings, the Company has identified certain transactions of Central Medical Group in the total sum of HK$5,000,000 that may not be directly attributable to Central Medical Group's operational activities for the financial year ended 31 March 2023. As advised by the Company's legal adviser, for the purposes of the performance target and the Profit Guarantee pursuant to the Share Purchase Agreement, such amount (which would overstate Central Medical Group's profit from operation for the financial year ended 31 March 2023 by HK$5,000,000) should be excluded in the determination of the Adjusted Net Profit for the financial year ended 31 March 2023 (the "2023 Excluded Amount").

REPORT OF THE DIRECTORS

LITIGATION *(Continued)*

2023 Profit Guarantee *(Continued)*

According to the legal advice, the Buyer is therefore legally entitled to claim a further sum of HK$75,000,000 (being the 2023 Excluded Amount of HK$5,000,000 x 15) for the Seller Parties' non-satisfaction of the performance target for the financial year ended 31 March 2023.

Consequently, on 8 September 2025, the Buyer took steps in the proceedings to amend the original Claim Amount of HK$97,956,690 to HK$172,956,690 (the "Revised FY2023 Claim Amount").

2024 Profit Guarantee

Based on the consolidated accounts of Central Medical Group as audited by Central Medical's auditors with respect to the financial year ended 31 March 2024, which were issued on 28 August 2025, the Adjusted Net Profit of Central Medical Group for the financial year ended 31 March 2024 is HK$28,255,287.

However, the Company has identified certain transactions of Central Medical Group in the total sum of HK$13,860,000 that may not be directly attributable to Central Medical Group's operational activities for the financial year ended 31 March 2024. As advised by the Company's legal advisers, for the purposes of the performance target and the Profit Guarantee pursuant to the Share Purchase Agreement, such amount of HK$13,860,000 should be excluded in the determination of the Adjusted Net Profit for the financial year ended 31 March 2024 (the "2024 Excluded Amount"). Therefore, the actual Adjusted Net Profit for the financial year ended 31 March 2024 should be HK$14,395,287 (being the Adjusted Net Profit of Central Medical Group of HK$28,255,287 minus the 2024 Excluded Amount of HK$13,860,000), which falls below the performance target of HK$30,000,000.

REPORT OF THE DIRECTORS

LITIGATION *(Continued)*

2024 Profit Guarantee *(Continued)*

The Seller Parties have failed to meet the Profit Guarantee for the financial year ended 31 March 2024. After taking legal advice, on 29 August 2025, the Buyer served notices in accordance with the Share Purchase Agreement to the Respondents to demand them, along with the other Seller Parties, to pay to the Buyer on or before 5 September 2025 an amount in the sum of HK$234,070,695 (i.e. (HK$30,000,000 – HK$14,395,287) x 15) (the "FY2024 Claim Amount"), being the Buyer's legal entitlement under the Share Purchase Agreement pursuant to the legal advice. Notwithstanding the lapse of 5 September 2025, the Respondents have failed to pay the FY2024 Claim Amount. Therefore, on 8 September 2025, the Buyer initiated proceedings against the Respondents claiming, among others, the FY2024 Claim Amount, the related interest, the legal fees and costs.

After taking legal advice, the Company has withheld payment of the principal amount in the total sum of HK$64,694,000 to two holders of Tranche C Convertible Bonds, Peak Summit Development Limited and Wealth Basin Limited, which, based on the information available to the Company, have been at all material times controlled and owned by two of the Respondents Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming respectively. The Company has also sought for declaratory relief in the proceedings to, among other things, set off the liabilities under the abovementioned Tranche C Convertible Bonds against the liabilities owed by Dr. Tsang and Mr. Shiu to the Buyer under the Share Purchase Agreement, including but not limited to the Revised FY2023 Claim Amount and FY2024 Claim Amount.

The proceedings related to the Profit Guarantee are still ongoing and no award has been handed down. 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 above matter, as and when appropriate, in accordance with the Listing Rules.

REPORT OF THE DIRECTORS

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 2025, Tranche A and Tranche B Convertible Bonds have been fully redeemed and Tranche C Convertible Bonds in the sum of HK$51,306,000 have been redeemed. The outstanding principal amount of the Convertible Bonds (i.e. Tranche C Convertible Bonds) is HK$64,694,000.

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 102 to 117 of this annual report.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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.

REPORT OF THE DIRECTORS

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).

REPORT OF THE DIRECTORS

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 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.

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.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS *(Continued)*

Amount of the CCTs

	Annual caps for the Year/period	Actual aggregate annual transaction values during the Year/period
KTAL CCTs (for the period from 1 January 2025 to 25 August 2025)	HK$9,500,000	HK$4,240,385
HKMC CCTs (for the period from 1 January 2025 to 25 August 2025)	HK$4,200,000	HK$0
CLG CCTs	HK$13,000,000	HK$12,880,740
Provision of the CGB Medical Related Services under the 2025-2027 CGB Framework Agreement	HK$500,000	HK$0
	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$75,000,000 (or its equivalent)	HK$73,069,736

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.

REPORT OF THE DIRECTORS

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, 12 June 2024 and 6 June 2025.

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, ***GBS, JP***
Chairman and Chief Executive Officer

27 March 2026

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, *GBS, JP*, 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 employee(s) who is/are likely to possess any unpublished inside information of the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

(Continued)

Board of Directors

As at the date of this annual report, the Board comprised fourteen members. Four of which are executive Directors, namely Mr. Choi Ka Tsan Karson, *GBS, JP* 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 27 to 33 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 and the Nomination Committee.

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.

On 6 June 2025, Ms. Lau Suk Hing Clara was appointed as a member of the Nomination Committee.

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.

CORPORATE GOVERNANCE REPORT

CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

(Continued)

Board of Directors *(Continued)*

The Board held 5 meetings and passed 4 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.

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.

CORPORATE GOVERNANCE REPORT

CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

(Continued)

Board diversity policy *(Continued)*

The Board also recognises the importance of diversity at the workforce level. As at 31 December 2025, the gender ratio of the workforce of the Group (including management) was approximately 27%:73% 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, *GBS, JP*, Dr. Fok Siu Wing Dominic, Ms. Zhang Xiaoxue, Mr. Liu Shiyin (former executive Director), Mr. Huang Yu, Ms. Lee Wai Ling Linda, Ms. Lau Suk Hing Clara, 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 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, *GBS, JP* 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 GOVERNANCE REPORT

CORPORATE PURPOSE, STRATEGY AND GOVERNANCE PRACTICES
(Continued)

Remuneration Committee *(Continued)*

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

As at 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 1 meeting and passed 1 written resolution 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.

On 6 June 2025, Ms. Lau Suk Hing Clara was appointed as a member of the Nomination Committee. As at 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, one executive Director, namely Mr. Choi Ka Tsan Karson, *GBS, JP* (Chairman) and one non-executive Director, namely Ms. Lau Suk Hing Clara.

The Group has adopted a board diversity policy, a summary of which is set out in the section headed "Board diversity policy" on pages 104 to 105 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 Chinese Mainland;

   (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 GOVERNANCE REPORT

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 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 4 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 108 to 109 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.

As at 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 4 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 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:

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

Notes:

1. On 24 February 2025, Mr. Liu Shiyin resigned as an executive Director.
2. On 24 February 2025, Mr. Huang Yu was appointed as an executive Director.
3. On 6 June 2025, Ms. Lau Suk Hing Clara was appointed as a member of the Nomination Committee.
4. On 29 August 2025, Mr. Chan Wai Kan did not attend the board meeting due to technical error in the communication system.

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 118 to 125 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 GOVERNANCE REPORT

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 PURPOSE, STRATEGY AND GOVERNANCE PRACTICES

(Continued)

Dividend Policy

On 11 December 2025, the Board approved and adopted a revised dividend policy of the Company ("Dividend Policy") with effect from 1 January 2026. The Dividend Policy aims to enable the Shareholders to share the Company's profits whilst to retain adequate cash reserves in the Group to meet its working capital requirements and support its future growth while enhancing Shareholder value.

According to the Dividend Policy, under 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 liquidity position; the Group's capital requirement for current and future operations and business; the Group's business strategies, including future cash commitments and investment needs to sustain long-term growth of the business; 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.

All dividend decisions made by the Board during the Year were made in accordance with the Dividend Policy. 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$3,500,001 to HK$4,000,000	1
HK$5,000,001 to HK$5,500,000	1

No Director waived any emolument during the Year.

CORPORATE GOVERNANCE REPORT

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$4,350,000. 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$275,200 and HK$730,000 respectively.

COMPANY SECRETARY

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 GOVERNANCE REPORT

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

COMMUNICATION WITH SHAREHOLDERS *(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.

CORPORATE GOVERNANCE REPORT

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

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 as at the time of the AGM held on 6 June 2025 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, 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 126 to 248, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as 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"), as applicable to audits of financial statements of public interest entities. We have also 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	
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 as disclosed in note 4 to the consolidated financial statements. As disclosed in notes 20 and 21 to the consolidated financial statements, the Group's goodwill and intangible assets as at 31 December 2025 were HK$603,202,000 and HK$392,179,000, respectively. Goodwill and intangible assets have been allocated to the respective CGUs, or groups of 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 an independent professional qualified valuer (the "Valuer"). Based on management's assessment, impairment losses on goodwill of HK$522,000 have been recognised in profit or loss during the year ended 31 December 2025.	Our procedures in relation to the impairment assessment of goodwill and intangible assets arising on acquisition of subsidiaries and medical practices included: • 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, or groups of CGUs, and determining the recoverable amounts of the CGUs; • Assessed the competence, capabilities and objectivity of the Valuer; • Evaluated the appropriateness of the valuation model adopted by the management and/or the Valuer; • 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; • Tested the key inputs used in the discounted cash flows against the relevant supporting evidences and approved budgets; and • 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. Management has estimated that the fair value of the Group's investment properties was HK$466,834,000 as at 31 December 2025, with a fair value loss for the year ended 31 December 2025 recorded in profit or loss of HK$18,306,000. 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 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: • 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; • Assessed the competence, capabilities and objectivity of the Valuer; • 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; • With the assistance of the auditor's expert, reperform the valuation of investment properties on sampling basis; and • 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 as disclosed in note 4 to the consolidated financial statements. As disclosed in note 22 to the consolidated financial statements, the carrying amount of the interests in associates was HK$170,702,000 as at 31 December 2025. In determining the recoverable amounts of associates, estimation of the value in use was required and the valuations were 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. Based on management's assessment, impairment losses on interests in associates of HK$2,500,000 have been recognised in profit or loss during the year ended 31 December 2025.	Our procedures in relation to the impairment assessment of interests in associates included: • Discussed with management and the Valuers how the Group estimated the recoverable amounts of associates, including the valuation model adopted, and key assumptions used; • Assessed the competence, capabilities and objectivity of the Valuers performing the valuations; and • Evaluated the reasonableness of the valuation methodology and key assumptions used in the value-in-use calculations against historical performance and future business plans of the associates and checking their 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 as disclosed in note 4 to the consolidated financial statements. As disclosed in notes 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$320,329,000 and HK$72,168,000, 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. Based on management's assessment, impairment loss on the ROU assets of HK$399,000 have been recognised in profit or loss during the year ended 31 December 2025.	Our procedures in relation to the impairment assessment of the PPE and the ROU assets included: • Obtained an understanding of the management's process and basis adopted in the impairment assessment of the PPE and the ROU assets; • 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 • 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 HKFRS Accounting Standards as 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, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	**2025 HK$'000**	2024 HK$'000
Revenue	5	**1,785,563**	1,833,795
Cost of sales		**(1,321,410)**	(1,346,406)
Gross profit		**464,153**	487,389
Other income	7	**41,262**	44,415
Administrative expenses		**(385,364)**	(396,764)
Other gains and losses, net	8	**(22,701)**	(229,062)
Finance costs	9	**(11,511)**	(20,514)
Share of results of associates		**19,159**	(7,155)
Profit (loss) before tax		**104,998**	(121,691)
Income tax expenses	12	**(40,198)**	(36,516)
Profit (loss) for the year	13	**64,800**	(158,207)
Other comprehensive income (expense) for the year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value changes in equity instruments at fair value through other comprehensive income		**(22,845)**	(24,318)
Fair value changes in revaluation of properties upon transfer from "property, plant and equipment" to "investment properties"		**5,720**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on foreign currency translation		**48,426**	(41,051)
Other comprehensive income (expense) for the year		**31,301**	(65,369)
Total comprehensive income (expense) for the year		**96,101**	(223,576)
Profit (loss) for the year attributable to:			
Owners of the Company		**14,377**	(203,703)
Non-controlling interests		**50,423**	45,496
		64,800	(158,207)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**28,695**	(257,087)
Non-controlling interests		**67,406**	33,511
		96,101	(223,576)
Earnings (loss) per share (HK cent(s))			
Basic and diluted	15	**0.21**	(3.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Investment properties	16	**466,834**	535,621
Property, plant and equipment	17	**320,329**	305,417
Right-of-use assets	18	**72,168**	122,326
Loans receivable	19	**8,196**	23,592
Goodwill	20	**603,202**	593,253
Intangible assets	21	**392,179**	391,003
Interests in associates	22	**170,702**	168,794
Equity instruments at fair value through other comprehensive income	25	**1,599**	24,444
Deferred tax assets	36	**5,210**	3,755
Fixed bank deposits	31	**79,840**	63,853
		2,120,259	2,232,058
CURRENT ASSETS			
Inventories	27	**47,968**	51,150
Trade and other receivables	28	**480,534**	462,852
Financial assets at fair value through profit or loss	24	**–**	2,012
Loans receivable	19	**20,300**	21,500
Amounts due from associates	29	**580**	583
Tax recoverable		**638**	356
Pledged bank deposits	31	**1,024**	1,107
Fixed bank deposits	31	**96,226**	163,888
Bank balances and cash	31	**1,187,068**	1,191,397
		1,834,338	1,894,845
CURRENT LIABILITIES			
Trade and other payables	32	**305,612**	326,406
Contract liabilities	33	**8,043**	7,308
Amounts due to non-controlling interests	30	**36,854**	38,040
Bank borrowings	34	**10,774**	17,594
Lease liabilities	35	**53,535**	69,660
Convertible bonds	37	**64,694**	112,365
Tax payable		**24,882**	22,825
		504,394	594,198
NET CURRENT ASSETS		**1,329,944**	1,300,647
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,450,203**	3,532,705

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT LIABILITIES			
Bank borrowings	34	–	63,089
Lease liabilities	35	**18,626**	56,870
Deferred tax liabilities	36	**32,753**	32,399
		51,379	152,358
		3,398,824	3,380,347
CAPITAL AND RESERVES			
Share capital	38	**67,735**	67,735
Reserves		**2,929,746**	2,909,179
Equity attributable to owners of the Company		**2,997,481**	2,976,914
Non-controlling interests		**401,343**	403,433
Total equity		**3,398,824**	3,380,347

The consolidated financial statements on pages 126 to 248 were approved and authorised for issue by the board of directors of the Company on 27 March 2026 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 2025

	Attributable to owners of the Company												Non-controlling interests	Total
	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	Convertible bonds reserve HK$'000	Translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	HK$'000	HK$'000
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 on foreign currency translation	–	–	–	–	–	–	–	–	–	(29,066)	–	(29,066)	(11,985)	(41,051)
Fair value changes in equity instruments at fair value through other comprehensive income ("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
Profit for the year	–	–	–	–	–	–	–	–	–	–	14,377	14,377	50,423	64,800
Exchange differences on foreign currency translation	–	–	–	–	–	–	–	–	–	31,443	–	31,443	16,983	48,426
Fair value changes in revaluation of properties upon transfer from "property, plant and equipment" to "investment properties"	–	–	–	–	–	–	5,720	–	–	–	–	5,720	–	5,720
Fair value changes in equity instruments at FVTOCI	–	–	–	–	–	–	–	(22,845)	–	–	–	(22,845)	–	(22,845)
Other comprehensive income (expense) for the year	–	–	–	–	–	–	5,720	(22,845)	–	31,443	–	14,318	16,983	31,301
Total comprehensive income (expense) for the year	–	–	–	–	–	–	5,720	(22,845)	–	31,443	14,377	28,695	67,406	96,101
Transfer of reserve	–	–	–	–	–	4,249	–	–	–	–	(4,249)	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	1,301	1,301
Redemption of convertible bonds (note 37)	–	–	–	–	–	–	–	–	(9,242)	–	9,242	–	–	–
Dividends declared	–	–	–	–	–	–	–	–	–	–	(8,128)	(8,128)	–	(8,128)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(70,797)	(70,797)
At 31 December 2025	**67,735**	**3,023,852**	**9,020**	**10,033**	**62,677**	**(49,484)**	**113,154**	**(161,588)**	**11,653**	**(72,484)**	**(17,087)**	**2,997,481**	**401,343**	**3,398,824**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

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 Chinese Mainland, a portion of its profits after taxation shall be transferred to the Chinese Mainland 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 2025, approximately HK$4,249,000 (2024: HK$3,613,000) was transferred from accumulated profits and the carrying amount of the Chinese Mainland statutory reserves as at 31 December 2025 is approximately HK$48,827,000 (2024: HK$44,578,000).

(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 2025

	Notes	2025 HK$'000	2024 HK$'000
OPERATING ACTIVITIES			
Profit (loss) for the year		**64,800**	(158,207)
Adjustments for:			
Income tax	12	**40,198**	36,516
Interest income	7	**(32,439)**	(33,178)
Finance costs	9	**11,511**	20,514
Amortisation of intangible assets	21	**3,959**	7,706
Depreciation of right-of-use assets	18	**70,916**	71,965
Depreciation of property, plant and equipment	17	**56,479**	56,991
Dividend income from equity instruments at FVTOCI	7	**(1,475)**	(1,063)
Fair value changes on investment properties	8	**18,306**	68,495
Impairment loss recognised on goodwill	8	**522**	70,000
Impairment loss recognised on right-of-use assets	8	**399**	1,971
Expected credit loss recognised on other receivable	8	**–**	6,704
Impairment loss recognised on interests in associates	8	**2,500**	76,762
Gain on disposal of an investment property	8	**(650)**	–
(Gain) loss on disposal/written off of property, plant and equipment	8	**(286)**	68
Share of results of associates		**(19,159)**	7,155
Fair value changes on financial assets at fair value through profit or loss ("FVTPL")	8	**2,012**	4,760
Operating cash inflow before movements in working capital		**217,593**	237,159
Decrease in inventories		**3,816**	778
(Increase) decrease in trade and other receivables		**(4,435)**	34,061
(Decrease) increase in trade and other payables		**(29,163)**	27,070
Increase (decrease) in contract liabilities		**512**	(9,281)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
Cash generated from operations		**188,323**	289,787
Income tax paid		**(41,247)**	(44,957)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**147,076**	244,830
INVESTING ACTIVITIES			
Repayment of loans receivable		**16,596**	9,264
Interest received		**32,439**	33,178
Dividend received from associates		**13,530**	5,997
Dividend received from equity instruments at FVTOCI		**1,475**	1,063
Repayment from associates		**3**	487
Proceeds from disposal of an investment property		**5,650**	–
Proceeds from disposal of property, plant and equipment		**179**	21
Proceeds from disposal of an associate		**1,221**	–
Purchase of equity instruments at FVTOCI		**–**	(136)
Purchase of an investment property	16	**–**	(9,961)
Purchase of property, plant and equipment	17	**(17,867)**	(38,717)
Decrease in fixed bank deposits		**59,995**	634
Decrease in pledged bank deposits		**83**	162,463
NET CASH GENERATED FROM INVESTING ACTIVITIES		**113,304**	164,293

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
FINANCING ACTIVITIES			
Repayment to non-controlling interests		**(1,186)**	(6,118)
Capital contribution from non-controlling interests		**1,301**	–
Interest paid for bank borrowings		**(2,353)**	(5,261)
Repayment of lease liabilities		**(73,036)**	(75,991)
Interest paid for lease liabilities		**(5,523)**	(6,644)
Dividends paid to non-controlling interests		**(70,797)**	(6,695)
Repayment of bank borrowings		**(69,909)**	(6,880)
Redemption of convertible bonds		**(51,306)**	(120,000)
Dividend paid	14	**(8,128)**	(8,128)
NET CASH USED IN FINANCING ACTIVITIES		**(280,937)**	(235,717)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(20,557)**	173,406
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**1,191,397**	1,032,079
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		**16,228**	(14,088)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER representing bank balances and cash	31	**1,187,068**	1,191,397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards 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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards 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 HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]

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 2026.

3 Effective for annual periods beginning on or after 1 January 2027.

The Group is assessing the full impact of the new and amendments to HKFRS Accounting Standards. 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. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is expected to affect the structure and presentation of the consolidated 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 2025

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 HKFRS Accounting Standards 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

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

<u>Short-term leases and leases of low-value assets</u>

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, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 past events and current conditions at the reporting date as well as the forecast of future economic 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025

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 material 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 under Dr. Vio & Partners Limited ("Dr. Vio") and its subsidiaries (collectively the "Vio") with carrying amount of HK$167,087,000 as at 31 December 2025 (2024: 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 2025 (2024: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025 and 2024 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 20.52% (2024: 19.74%) of the gross amount of consideration.

During the year ended 31 December 2025, the Group recognised the commission as revenue relating to sales of medical equipment with the Group being an agent which amounted to approximately HK$4,714,000 (2024: HK$4,014,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 or further impairment loss may arise.

As at 31 December 2025, the carrying amount of goodwill and intangible assets were HK$603,202,000 and HK$392,179,000 (net of accumulated impairment loss of goodwill and intangible assets of HK$400,534,000 and HK$nil respectively) (2024: 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)). During the year ended 31 December 2025, impairment loss on goodwill of HK$522,000 (2024: HK$70,000,000) 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 2025, the carrying amount of investment properties was HK$466,834,000 (2024: HK$535,621,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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$1,564,000 as at 31 December 2025 (2024: HK$24,337,000) 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 2025, the carrying amount of interests in associates amounted to HK$170,702,000 (2024: HK$168,794,000) net of accumulated impairment loss amounting to HK$135,963,000 (2024: HK$133,463,000). As at 31 December 2025, the carrying amount of interests in joint ventures amounted to HK$nil (2024: HK$nil), net of accumulated impairment loss amounting to HK$3,790,000 (2024: HK$3,790,000). During the year ended 31 December 2025, impairment loss on interest in associates of HK$2,500,000 (2024: HK$76,762,000) was recognised in profit or loss.

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 2025, the carrying amount of trade and bills receivable amounted to HK$422,203,000 (2024: HK$397,231,000). No expected credit loss was recognised for the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025, the carrying amount of loans receivable amounted to HK$28,496,000 (2024: HK$45,092,000), net of accumulated allowance for expected credit loss amounting to HK$3,300,000 (2024: HK$3,300,000). During the years ended 31 December 2025 and 2024, no expected credit loss on loans receivable 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 2025 and 2024, no interest income was recognised.

As at 31 December 2025 and 2024, 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 2025

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 2025, 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$320,329,000 and HK$72,168,000 (2024: HK$305,417,000 and HK$122,326,000), 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 2025, impairment losses of approximately HK$399,000 and HK$nil (2024: HK$1,971,000 and HK$nil) have been recognised related to right-of-use assets and property, plant and equipment in the profit or loss during the year, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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 obligations of the Group are part of contracts that have an original expected duration of one year or less. Disaggregation of revenue from contracts with the customers is as follows:

	2025 HK$'000	2024 HK$'000
Revenue recognised under HKFRS 15		
Hong Kong medical services		
– Medical services (Non-dental)	**681,000**	720,968
– Dental services	**50,898**	66,085
	731,898	787,053
Hong Kong managed medical network business	**461,097**	489,353
Mainland hospital management and medical services	**584,884**	546,615
	1,777,879	1,823,021
Revenue recognised under other accounting standard		
Others		
– Rental income	**7,684**	10,774
Total	**1,785,563**	1,833,795

	2025 HK$'000	2024 HK$'000
Revenue recognised under HKFRS 15		
Timing of revenue recognition		
At a point in time	**1,682,475**	1,744,067
Over time	**95,404**	78,954
	1,777,879	1,823,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 (2024: 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 2025 and 2024 are as follows (see note below):

	2025	2024
	HK$'000	HK$'000
Gross basis	**1,773,165**	1,819,007
Net basis	**4,714**	4,014
Total revenue	**1,777,879**	1,823,021

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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 operating and reportable 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 Chinese Mainland
- 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 2025

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

For the year ended 31 December 2025

	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	731,898	461,097	584,884	7,684	–	1,785,563
Inter-segment sales	35,577	–	–	–	(35,577)	–
	767,475	461,097	584,884	7,684	(35,577)	1,785,563
Segment results before impairment losses	37,824	37,542	75,394	20,530	–	171,290
Impairment loss recognised on goodwill	(522)	–	–	–	–	(522)
Impairment loss recognised on interests in associates	(2,500)	–	–	–	–	(2,500)
Impairment loss recognised on right-of-use assets	(399)	–	–	–	–	(399)
Segment results	34,403	37,542	75,394	20,530	–	167,869
Unallocated finance costs						(3,635)
Unallocated other income						7,348
Unallocated corporate expenses						(66,584)
Profit before tax						104,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

6. SEGMENT INFORMATION *(Continued)*
Segment revenue and results *(Continued)*
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 2025

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 2025

	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 results:							
Interest income	–	–	–	(32,439)	(32,439)	–	(32,439)
Dividend income	(1,475)	–	–	–	(1,475)	–	(1,475)
Fair value changes on investment properties	–	–	–	18,306	18,306	–	18,306
Share of results of associates	(5,771)	–	–	(13,388)	(19,159)	–	(19,159)
Depreciation of property, plant and equipment	29,251	4,224	19,370	3,603	56,448	31	56,479
Depreciation of right-of-use assets	52,864	9,535	8,517	–	70,916	–	70,916
Amortisation of intangible assets	920	–	3,039	–	3,959	–	3,959
Gain on disposal of an investment property	–	–	–	(650)	(650)	–	(650)
Loss (gain) on disposal/written off of property, plant and equipment	32	6	(225)	(99)	(286)	–	(286)
Finance costs	4,777	469	450	2,180	7,876	3,635	11,511
Amounts included in the information regularly provided to the CEO:							
Additions to property, plant and equipment	10,023	1,043	6,732	69	17,867	–	17,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

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 results:							
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)*

Geographical information

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

	2025 HK$'000	2024 HK$'000
Hong Kong	**1,200,679**	1,287,180
Other regions of the PRC	**584,884**	546,615
	1,785,563	1,833,795

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

	Carrying amount of non-current assets	
	2025 HK$'000	2024 HK$'000
Hong Kong	**1,538,694**	1,627,596
Other regions of the PRC	**486,720**	488,818
Non-current assets (Note)	**2,025,414**	2,116,414

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 2025 and 2024 is listed as below:

	2025	2024
Customer A	**23%**	21%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. OTHER INCOME

	2025 HK$'000	2024 HK$'000
Interest income:		
– Bank balances and fixed bank deposits	**30,433**	30,969
– Loans receivable	**2,006**	2,209
	32,439	33,178
Dividend income from equity instruments at FVTOCI:		
– relating to investments held at the end of the reporting period	**1,475**	1,063
Rental income	**3,438**	3,410
Sundry income	**3,910**	6,764
	41,262	44,415

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. OTHER GAINS AND LOSSES, NET

	2025 HK$'000	2024 HK$'000
Expected credit loss recognised on other receivable	–	(6,704)
Fair value changes on investment properties (note 16)	(18,306)	(68,495)
Fair value changes on financial assets at FVTPL (note 24)	(2,012)	(4,760)
Gain on disposal of an investment property	650	–
Gain (loss) on disposal/written off of property, plant and equipment	286	(68)
Impairment loss recognised on goodwill (note 20)	(522)	(70,000)
Impairment loss recognised on interests in associates (note 22)	(2,500)	(76,762)
Impairment loss recognised on right-of-use assets (note 18)	(399)	(1,971)
Others	102	(302)
	(22,701)	(229,062)

9. FINANCE COSTS

	2025 HK$'000	2024 HK$'000
Interest on bank borrowings	2,353	5,261
Interest on lease liabilities	5,523	6,644
Interest on convertible bonds (note 37)	3,635	8,609
	11,511	20,514

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

During both years ended 31 December 2025 and 2024, 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 2025

	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, *GBS, JP*						
(Chief Executive Officer)	2,400	3,000	250	–	18	5,668
Dr. Fok Siu Wing Dominic	240	1,320	536	–	9	2,105
Ms. Zhang Xiaoxue	–	1,440	143	219	18	1,820
Mr. Huang Yu						
(Appointed on 24 February 2025)	–	1,666	–	233	15	1,914
Mr. Liu Shiyin						
(Resigned on 24 February 2025)	–	145	145	53	2	345
	2,640	7,571	1,074	505	62	11,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2025 *(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	–	–	–	–	–	–
Ms. Zhang Leidi	–	–	–	–	–	–
	384	–	–	–	–	384
Independent non-executive directors						
Mr. Yu Xuezhong	192	–	–	–	–	192
Dr. Xu Weiguo	192	–	–	–	–	192
Mr. Han Wenxin	192	–	–	–	–	192
Mr. Chan Wai Kan	192	–	–	–	–	192
Mr. Cheung Ka Ming	192	–	–	–	–	192
Mr. Tsui Wing Cheong Sammy	192	–	–	–	–	192
	1,152	–	–	–	–	1,152
Total	4,176	7,571	1,074	505	62	13,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

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, *GBS, JP* *(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 2025

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 Wenxin	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025 and 2024.

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 directors' 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 (2024: one) of them was executive director of the Company whose emolument is included in note 10 above. The emoluments of the four (2024: four) individuals were as follows:

	2025 HK$'000	2024 HK$'000
Salaries and other allowances	**10,810**	9,909
Performance bonus (note)	**3,498**	5,157
Retirement benefits scheme contributions	**54**	54
	14,362	15,120

Their emoluments were within the following bands:

	2025 Number of Employees	2024 Number of Employees
HK$2,500,001 – HK$3,000,000	**2**	2
HK$3,500,001 – HK$4,000,000	**1**	–
HK$4,000,001 – HK$4,500,000	**–**	1
HK$5,000,001 – HK$5,500,000	**1**	1
	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

	2025 **HK$'000**	2024 HK$'000
Current tax		
– Hong Kong Profits Tax	**17,071**	20,406
– PRC Enterprise Income Tax	**20,400**	18,818
	37,471	39,224
PRC dividend withholding tax	**4,005**	–
Provision in prior years		
– Under (over) provision of Hong Kong Profits Tax	**633**	(46)
– Under provision of PRC Enterprise Income Tax	**475**	61
	1,108	15
	42,584	39,239
Deferred tax		
– Current year (note 36)	**(2,386)**	(2,723)
	40,198	36,516

Hong Kong Profits Tax is calculated at the rate of 16.5% (2024: 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%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 Chinese Mainland is 25% for both years.

A subsidiary (2024: nil) in the Chinese Mainland was approved as High and New Technology Enterprise, and was subject to a preferential corporate income tax rate of 15% for the year ended 31 December 2025.

The tax charge for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 **HK$'000**	2024 HK$'000
Profit (loss) before tax	**104,998**	(121,691)
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	**17,325**	(20,079)
Tax effect of expenses and losses not deductible for tax purpose	**16,336**	44,869
Tax effect of income not taxable for tax purpose	**(9,919)**	(5,512)
Tax effect of tax losses and other temporary differences not recognised	**12,651**	11,855
Tax effect of share of results of associates	**(3,161)**	1,181
Tax effect of utilisation of tax losses and other deductible temporary differences previously not recognised	**(1,517)**	(1,658)
Under provision in prior years	**1,108**	15
Tax concession	**(225)**	(609)
PRC withholding tax on dividend from a subsidiary	**4,005**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**3,595**	6,454
Income tax expenses for the year	**40,198**	36,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PROFIT (LOSS) FOR THE YEAR

	2025 HK$'000	2024 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs		
– Directors' emoluments (note 10)	**13,388**	11,745
– Other staff's salaries	**568,969**	598,752
– Other staff's bonus	**110,825**	119,857
– Other staff's retirement benefits scheme contributions	**13,519**	13,343
	706,701	743,697
Less: Staff costs recognised in administrative expenses	**(151,133)**	(153,697)
Staff costs recognised in cost of sales	**555,568**	590,000
Auditors' remuneration	**4,350**	4,700
Cost of inventories recognised in cost of sales:		
– Pharmaceutical supplies	**359,243**	355,036
– Other inventories	**1,212**	2,398
	360,455	357,434
Depreciation of property, plant and equipment recognised in administrative expenses	**41,607**	41,596
Depreciation of property, plant and equipment recognised in cost of sales	**14,872**	15,395
Total depreciation of property, plant and equipment (note 17)	**56,479**	56,991
Depreciation of right-of-use assets recognised in administrative expenses (note 18)	**70,916**	71,965
Amortisation of intangible assets, recognised in administrative expenses		
– customer relationship	**920**	4,671
– management services right and consulting services contracts	**3,039**	3,035
Total amortisation of intangible assets (note 21)	**3,959**	7,706
and after crediting:		
Gross rental income from investment properties	**7,684**	10,774
Less: Direct operating expenses of properties that generated rental income	**(1,389)**	(1,180)
Net rental income from investment properties	**6,295**	9,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. DIVIDENDS

During the year ended 31 December 2025, a final dividend of Hong Kong 0.12 cent per Share for the year ended 31 December 2024 (2024: a final dividend of Hong Kong 0.12 cent per Share for the year ended 31 December 2023) was declared to the owners of the Company. The aggregate amount of final dividend declared during the year ended 31 December 2025 amounted to approximately HK$8,128,000 (2024: HK$8,128,000).

Subsequent to the end of the reporting period, the Board recommended the payment of a final dividend of Hong Kong 0.18 cent per Share for the year ended 31 December 2025 (2024: Hong Kong 0.12 cent per Share for the year ended 31 December 2024). The proposed dividend is subject to approval by shareholders of the Company in the forthcoming annual general meeting of the Company.

15. EARNINGS (LOSS) PER SHARE

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

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

	2025 **HK$'000**	2024 HK$'000
Profit (loss) for the year attributable to owners of the Company	**14,377**	(203,703)

Number of Shares

	2025	2024
Weighted average number of Shares for the purposes of basic and diluted earnings (loss) per Share	**6,773,522,452**	6,773,522,452

The computation of diluted earnings (loss) per Share for the years ended 31 December 2025 and 2024 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 2025

16. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2024	594,155
Addition	9,961
Decrease in fair value recognised in profit or loss	(68,495)
At 31 December 2024	535,621
Transfer from property, plant and equipment	12,480
Transfer to property, plant and equipment	(57,961)
Disposal	(5,000)
Decrease in fair value recognised in profit or loss	(18,306)
At 31 December 2025	466,834

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 2025, the use of a portion of two 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$12,480,000 had been transferred from property, plant and equipment.

During the year ended 31 December 2025, the use of a portion of two premises situated in Hong Kong which were previously leased out for rental income had been changed to self-used premises. The investment properties with fair value of HK$57,961,000 had been transferred to property, plant and equipment.

The fair value of the Group's investment properties at 31 December 2025 and 31 December 2024 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 2025 and 2024. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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16. INVESTMENT PROPERTIES *(Continued)*

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2025 and 31 December 2024 are as follows:

	Fair value as at 31 December 2025 HK$'000 (Level 3)	Fair value as at 31 December 2024 HK$'000 (Level 3)
Property units located in Hong Kong	**466,834**	535,621

The Group's investment property with a carrying amount of HK$89,000,000 at 31 December 2024 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 2025 HK$'000	Fair value at 31 December 2024 HK$'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	**207,584**	224,210	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, which is ranged from HK$5,329 to HK$5,554 (2024: from HK$5,757 to HK$5,999) per square feet	A decrease in the price per square feet will decrease significantly the fair value.
Property 2 – Commercial Property in Tsuen Wan	**7,600**	8,600	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$45,462 (2024: HK$51,086) per square feet	A decrease in the price per square feet will decrease significantly the fair value.

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16. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group	Fair value at 31 December 2025 HK$'000	2024 HK$'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	**5,300**	6,300	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$43,867 (2024: HK$52,080) 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	**13,500**	4,970	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$9,704 (2024: HK$10,172) per square feet A portion of the premise had been transferred from property, plant and equipment to investment property during the year ended 31 December 2025	A decrease in the price per square feet will decrease significantly the fair value.
Property 5 – Commercial Property in Jordan	**24,180**	23,010	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$26,002 (2024: HK$24,741) per square feet	An increase in the price per square feet will increase significantly the fair value.
Property 6 – Commercial Property in Tsim Sha Tsui	**43,800**	45,800	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$12,575 (2024: HK$13,161) per square feet	A decrease in the price per square feet will decrease significantly the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16. INVESTMENT PROPERTIES *(Continued)*

Investment properties held by the Group	Fair value at 31 December 2025 HK$'000	2024 HK$'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	**44,000**	46,000	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$12,639 (2024: HK$13,227) 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	**44,200**	46,300	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$12,702 (2024: HK$13,294) per square feet	A decrease in the price per square feet will decrease significantly the fair value.
Property 9 – Commercial Property in Shatin	**570**	770	Level 3	Direct comparison method 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$570,000 (2024: HK$770,000) per unit	A decrease in the price per unit will decrease significantly the fair value.
Property 10 – Commercial Property in Shatin	**6,500**	9,200	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$3,269 (2024: HK$4,653) 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 2025 HK$'000	2024 HK$'000	Fair value hierarchy	Valuation technique(s) & key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 11 – Commercial Property in Shatin	**3,500**	–		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$3,471 per square feet	N/A
Property 12 – Commercial Property in Shatin	**2,500**	2,700	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$3,593 (2024: HK$3,874) per square feet	A decrease in the price per square feet will decrease significantly the fair value.
Property 13 – Residential unit in Shatin	**–**	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 per square feet in 2024	N/A
Property 14 – Commercial Property in Yau Ma Tei	**13,000**	13,700	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$9,704 (2024: HK$10,172) per square feet	A decrease in the price per square feet will decrease significantly the fair value.

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16. INVESTMENT PROPERTIES *(Continued)*

Investment properties held by the Group	Fair value at 31 December 2025 HK$'000	2024 HK$'000	Fair value hierarchy	Valuation technique(s) & key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 15 – Commercial Property in Central	**50,600**	89,000	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$18,700 (2024: HK$16,900) per square feet A portion of the premise had been transferred from investment property to property, plant and equipment during the year ended 31 December 2025	An increase in the price per square feet will increase significantly the fair value.
Property 16 – 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 in 2024	N/A
	466,834	535,621				

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For the year ended 31 December 2025

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 2024	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
Additions	–	8,994	63	361	8,449	17,867
Transfer from investment properties	57,961	–	–	–	–	57,961
Transfer to investment properties	(13,520)	–	–	–	–	(13,520)
Exchange realignment	2,484	1,202	307	59	3,579	7,631
Disposals/written off	–	(3,997)	(302)	(1,865)	(2,607)	(8,771)
At 31 December 2025	**417,387**	**194,451**	**13,273**	**2,634**	**181,700**	**809,445**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2024	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
Charge for the year	18,192	14,870	1,030	255	22,132	56,479
Transfer to investment properties	(6,760)	–	–	–	–	(6,760)
Exchange realignment	768	737	179	51	2,561	4,296
Eliminated on disposals/written off	–	(3,620)	(301)	(1,785)	(2,053)	(7,759)
At 31 December 2025	**167,586**	**173,390**	**10,283**	**2,004**	**135,853**	**489,116**
CARRYING VALUES						
At 31 December 2025	**249,801**	**21,061**	**2,990**	**630**	**45,847**	**320,329**
At 31 December 2024	215,076	26,849	3,830	596	59,066	305,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 and long-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 2025 and 2024, 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 14.17% per annum (2024: 13.06% per annum) as at 31 December 2025. 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 2025, the recoverable amount of 4 (2024: 5) CGUs were estimated to be lower than its carrying amount. Accordingly, impairment loss of approximately HK$399,000 (2024: HK$1,971,000) had been recognised on right-of-use assets for the year ended 31 December 2025 (note 18).

The Group's leasehold land and building with a carrying amount of HK$27,316,000 as at 31 December 2025 (2024: HK$30,438,000) have been pledged to bank for mortgage loan granted to the Group (note 34).

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For the year ended 31 December 2025

18. RIGHT–OF–USE ASSETS

	2025 HK$'000	2024 HK$'000
Carrying amount	**72,168**	122,326
Depreciation charge	**70,916**	71,965
Total financing cash outflow for leases	**78,559**	82,635
Additions to right-of-use assets	**25,646**	63,815
Impairment loss recognised on right-of-use assets (note 17)	**399**	1,971

For both years, the Group leases clinic premises for its operations. Lease contracts with effective interest rates ranging from 2.91% to 7.31% (2024: 2% to 7.51%) are entered into for fixed term of 1 year to 10 years (2024: 1 year to 10 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 2025

19. LOANS RECEIVABLE

	2025 HK$'000	2024 HK$'000
Fixed–rate loans receivable (unsecured)		
– due from an associate	**22,500**	37,500
– due from a joint venture	**3,300**	3,300
– others	**696**	1,092
	26,496	41,892
Less: Allowance for expected credit loss	**(3,300)**	(3,300)
	23,196	38,592
Variable–rate loan receivable (unsecured)	**5,300**	6,500
	28,496	45,092
Analysed for reporting purposes as:		
Non-current portion	**8,196**	23,592
Current portion	**20,300**	21,500
	28,496	45,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. LOANS RECEIVABLE *(Continued)*

Notes:

As at 31 December 2025, loans receivable of HK$23,196,000 (2024: HK$38,592,000) bears fixed–rate interest per annum and are due for repayment in 1 to 10 years (2024: 1 to 11 years). The loan receivable due from an associate of HK$22,500,000 (2024: HK$37,500,000) bears fixed-rate interest of 5% (2024: 5%) per annum and is due for repayment in 1 year to 2 years (2024: 1 year to 3 years). The loan receivable due from a joint venture of RMB3,000,000 (equivalent to HK$3,300,000) (2024: RMB3,000,000 (equivalents to HK$3,300,000)), bears fixed-rate interest of 4.35% (2024: 4.35%) per annum and due for repayment in 1 year (2024: 2 years), which was fully impaired as at 31 December 2025 and 2024.

As at 31 December 2025, loan receivable of HK$5,300,000 (2024: HK$6,500,000) bears variable-rate interest of Hong Kong Interbank Offered Rate ("HIBOR") +2.6% (2024: 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.

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 (2024: 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 2025

20. GOODWILL

	HK$'000
COST	
At 1 January 2024	1,001,698
Exchange realignment	(8,433)
At 31 December 2024	993,265
Exchange realignment	10,471
At 31 December 2025	1,003,736
IMPAIRMENT	
At 1 January 2024	330,012
Impairment loss recognised during the year	70,000
At 31 December 2024	400,012
Impairment loss recognised during the year	522
At 31 December 2025	400,534
CARRYING VALUES	
At 31 December 2025	603,202
At 31 December 2024	593,253

20. GOODWILL *(Continued)*

For the purposes of impairment testing, goodwill have been allocated to groups of individual cash generating units ("CGUs") in 4 (2024: 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 2025 and 31 December 2024 allocated to these CGUs, or groups of CGUs are as follows:

	2025 **HK$'000**	2024 HK$'000
Hong Kong medical services ("Division A"):		
Town Health Medical & Dental Services Limited ("Town Health M&D")	**1,639**	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
	7,407	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")	**259,401**	248,930
Hong Kong specialist medical services ("Division D"):		
CMHL Group	**138,195**	138,195
	603,202	593,253

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 2025

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 14.17% (2024: 15.12%). Average annual revenue growth rate of 3.26% (2024: 4.25%) and average net profit margin of 11.86% (2024: 12.53%) were used in the financial budgets. Cash flows beyond the five-year period are extrapolated using a growth rate of 1.83% (2024: 1.99%) 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.

As at 31 December 2025, the recoverable amount of 1 CGU in Division A was estimated to be nil, as the Group plans to cease the operation of the clinic to which the goodwill had been allocated. Accordingly, impairment loss of goodwill of HK$522,000 was recognised for the year ended 31 December 2025. The recoverable amounts of other CGUs in Division A were estimated as higher than the carrying amounts of the CGUs in Division A, with aggregate headroom of HK$32,054,000.

As at 31 December 2024, the recoverable amounts of the CGUs in Division A were estimated as higher than the carrying amounts of the CGUs in Division A, with aggregate headroom of HK$18,284,000. Accordingly, no impairment loss on goodwill was recognised in profit or loss for the year ended 31 December 2024 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 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 14.19% (2024: 15.77%). Average annual revenue growth rate of 3.23% (2024: 4.33%) and average net profit margin of 8.51% (2024: 8.82%) were used in the financial budgets. Cash flows beyond the five-year period are extrapolated using a growth rate of 1.83% (2024: 1.99%) 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 (2024: higher) than the carrying amount of Division B, with a headroom of HK$47,180,000 (2024: HK$37,767,000). Accordingly, no impairment loss on goodwill (2024: nil) or other assets of the CGU was recognised in profit or loss for the year ended 31 December 2025 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 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 17.62% (2024: 16.57%). Average annual revenue growth rate of 14.13% (2024: 10.98%) and average net profit margin of 12.64% (2024: 13.66%) were used in the financial budgets, which was determined based on the historical performance of Division C (i.e. the Chinese Mainland market). Cash flows after the five-year period were extrapolated using a growth rate of 1.58% (2024: 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 (2024: higher) than the carrying amount of Division C, with a headroom of HK$32,376,000 (2024: HK$30,425,000). Accordingly, no impairment loss on goodwill (2024: nil) was recognised in profit or loss for the year ended 31 December 2025 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 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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, 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 14.02% (2024: 15.04%). Average annual revenue growth rate of 4.33% (2024: 3.71%) and average net profit margin of 7.43% (2024: 8.77%) were used in the financial budgets. Cash flows after the five-year period were extrapolated using a growth rate of 1.83% (2024: 1.99%) 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$308,000,000 (2024: HK$302,000,000) calculated based on its value in use is higher (2024: lower) than the carrying amount of Division D, with a headroom of HK$28,269,000 (2024: N/A). Accordingly, no impairment loss on goodwill (2024: impairment loss on goodwill of HK$70,000,000) was recognised in profit or loss for the year ended 31 December 2025 on Division D.

During the year ended 31 December 2024, 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.

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 CGUs in Division D 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 2024.

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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 2024	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
Exchange realignment	–	–	6,246	6,246
At 31 December 2025	**81,712**	**260,187**	**155,016**	**496,915**
AMORTISATION				
At 1 January 2024	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
Charge for the year	920	–	3,039	3,959
Exchange realignment	–	–	1,111	1,111
At 31 December 2025	**75,578**	**–**	**29,158**	**104,736**
CARRYING VALUES				
At 31 December 2025	**6,134**	**260,187**	**125,858**	**392,179**
At 31 December 2024	7,054	260,187	123,762	391,003

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For the year ended 31 December 2025

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 customer relationship has finite useful lives and is amortised on a straight-line basis over 10 years. As at 31 December 2025, customer relationship under CMHL Group amounted to HK$6,134,000 (2024: HK$7,054,000) and has been allocated to Division D for the purpose of impairment assessment (note 20).

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. Details of impairment assessment have been disclosed in note 20 to the consolidated financial statements.

As at 31 December 2025, the carrying amounts of trade names under Vio and CMHL Group amounted to HK$167,087,000 and HK$93,100,000 respectively (2024: HK$167,087,000 and HK$93,100,000 respectively) and have been allocated to Division B and Division D for the purpose of impairment assessment (note 20).

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.

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For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES

	2025 HK$'000	2024 HK$'000
Cost of unlisted investments in associates, net of impairment losses	**195,802**	198,302
Share of post-acquisition results and undistributed reserves	**(25,100)**	(29,508)
	170,702	168,794

Movement of interests in associates is analysed as follows:

	2025 HK$'000	2024 HK$'000
At 1 January	**168,794**	260,708
Share of results of associates	**19,159**	(7,155)
Dividends from associates (Note i)	**(13,530)**	(7,997)
Impairment losses (Note iv)	**(2,500)**	(76,762)
Disposal	**(1,221)**	–
At 31 December	**170,702**	168,794

Notes:

(i) Dividends from associates

As at 31 December 2024, dividend of approximately HK$2,000,000 (2025: nil) 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$71,409,000 and Group's share of intangible assets, net of deferred tax effect, of HK$12,129,000 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.

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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 year ended 31 December 2024. The consolidated revenue and the consolidated net profit after taxation were HK$98,676,000 and HK$11,386,000 respectively for the year ended 31 December 2024, which were 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 year ended 31 December 2024.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. INTERESTS IN ASSOCIATES *(Continued)*

Notes: *(Continued)*

(iv) Impairment assessment

During the year ended 31 December 2025, the Group has performed impairment assessment on investments in Auspicious Idea and Western Aurora (2024: Auspicious Idea, Western Aurora, Associate A and Associate B).

The recoverable amounts of the investments in Auspicious Idea and Western Aurora were based on their value in use and were determined with the assistance of Valplus Consulting Limited and Ascent Partners Valuation Service Limited, respectively (2024: Valplus Consulting Limited, Ascent Partners Valuation Services Limited, Ascent Partners Valuation Services Limited, and Ascent Partners Valuation Services Limited, respectively). 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 17.18% and 18.54% (2024: 17.54%, 19.01%, 14.08% and 15.35%), respectively. Average annual revenue growth rate of 4.00% and 2.13% (2024: 4.00%, 1.42%, 5.10% and 1.23%) respectively, and average net profit margin of 6.87% and 10.91% (2024: 8.84%, 11.43%, -9.32% and -7.61%), respectively, were used in the financial budgets. Cash flows after the five-year period were extrapolated using a growth rate of 2.00% and 1.83% (2024: 2.00%, 1.99%, 1.99% and 1.99%) 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.

No impairment loss on interest in Auspicious Idea was recognised in profit or loss for the year ended 31 December 2025. Impairment loss on interest in Western Aurora of HK$2,500,000 was recognised in profit or loss for the year ended 31 December 2025. Impairment loss on interests in Auspicious Idea, Western Aurora, Associate A and Associate B of HK$32,135,000, HK$18,911,000, HK$4,565,000 and HK$21,151,000, 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 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

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
					2025	2024	**2025**	2024	
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 Chinese Mainland
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

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 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 2025 and 2024. 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 2025

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 HKFRS Accounting Standards.

All of these associates are accounted for using the equity method in the consolidated financial statements.

(a) Auspicious Idea

	2025 **HK$'000**	2024 HK$'000
Current assets	**280,973**	237,506
Non-current assets	**133,851**	150,738
Current liabilities	**(273,126)**	(276,283)

	2025 **HK$'000**	2024 HK$'000
Revenue	**365,632**	376,630
Profit and total comprehensive income for the year	**39,737**	5,563
Dividend distributed by the associate to the Group during the year	**(5,000)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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:

	2025 **HK$'000**	2024 HK$'000
Net assets of Auspicious Idea	**141,698**	111,961
Add: non-controlling interests	**7,649**	7,647
Net assets of Auspicious Idea attributable to its owners	**149,347**	119,608
Proportion of the Group's ownership interest in Auspicious Idea	**50%**	50%
Net assets attributable to the Group's interest in Auspicious Idea	**74,673**	59,804
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)**	(43,768)
Carrying amount of the Group's interest in Auspicious Idea	**114,443**	99,574

(b) Western Aurora

	2025 **HK$'000**	2024 HK$'000
Current assets	**14,137**	13,998
Non-current assets	**2,801**	3,093
Current liabilities	**(6,282)**	(5,632)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates *(Continued)*

(b) Western Aurora (Continued)

	2025 HK$'000	2024 HK$'000
Revenue	**89,337**	98,676
Profit and total comprehensive income for the year	**9,197**	9,482
Dividend distributed by the associate to the Group during the year	**(4,800)**	(7,997)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2025 HK$'000	2024 HK$'000
Net assets of Western Aurora attributable to its owners	**10,656**	11,459
Proportion of the Group's ownership interest in Western Aurora	**48%**	48%
Net assets of the Group's interest in Western Aurora	**5,115**	5,500
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	**(25,470)**	(22,970)
Carrying amount of the Group's interest in Western Aurora	**40,358**	43,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. INTERESTS IN ASSOCIATES *(Continued)*

Aggregate information of associates that are not individually material

	2025 HK$'000	2024 HK$'000
The Group's share of results for the year	**(5,125)**	(14,387)
The Group's share of results and other comprehensive expense for the year	**(5,125)**	(14,387)
Aggregate carrying amount of the Group's interests in these associates	**15,901**	25,977
Aggregate dividend distributed by the associates to the Group during the year	**(3,730)**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. INTERESTS IN JOINT VENTURES

	2025 HK$'000	2024 HK$'000
Cost of unlisted investments in joint ventures, net of impairment losses	**60,493**	60,493
Share of post-acquisition results and undistributed reserves	**(60,493)**	(60,493)
	–	–

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 2025	2024	Proportion of voting power held by the Company 2025	2024	Principal activities
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	Chinese Mainland	Chinese Mainland	Ordinary	**50%**	50%	**50%**	50%	Provision for health check and related services in the Chinese Mainland
Sky View Investment Limited ("Sky View")	Incorporated	British Virgin Islands	Chinese Mainland	Ordinary	**51%** (Note i)	51% (Note i)	**50%**	50%	Investment holding in an associate engaged in operation of beauty mobile application in the Chinese Mainland

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

23. INTERESTS IN JOINT VENTURES *(Continued)*

Aggregate information of joint ventures that are not individually material

The Group has discontinued recognition of its share of losses of the joint ventures. The amounts of unrecognised share of joint ventures, extracted from the relevant audited financial statements or management accounts of the joint ventures, both for the year and cumulatively, are as follows:

	2025 **HK$'000**	2024 HK$'000
Unrecognised share of results of joint ventures for the year	**1,296**	1,382
Accumulated unrecognised share of results of joint ventures	**2,699**	1,403

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 **HK$'000**	2024 HK$'000
Financial assets mandatorily at FVTPL:		
Unlisted derivative (note)	**–**	2,012

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 2025, fair value loss on unlisted derivative of approximately HK$2,012,000 (2024: HK$4,760,000) 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 2025

25. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	HK$'000	HK$'000
Listed investments:		
– Equity securities	**35**	107
Unlisted investments:		
– Equity securities	**1,564**	24,337
	1,599	24,444

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 2025, fair value loss on listed securities amounting to HK$72,000 (2024: HK$29,000) 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$nil (2024: HK$22,427,000) as at 31 December 2025. The Group held 6.04% (2024: 6.04%) 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 fair value of Company A as at 31 December 2025 and 2024 were determined using cash flow projection based on the valuation performed as at that date by Valplus Consulting Limited, an independent professional qualified valuer not connected with the Group. During the year ended 31 December 2025, a fair value loss of approximately HK$22,427,000 (2024: HK$24,574,000) of Company A was recognised in investment revaluation reserve.

As at 31 December 2025, fair value loss of HK$22,845,000 (2024: HK$24,318,000) 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

	2025 HK$'000	2024 HK$'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.

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 negotiations fell through in the absence of any viable repayment proposal from Dr. Ip and Profit Castle that was acceptable to the Group. As at 31 December 2025, the promissory note became 2,089 days past due (2024: 1,724 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 2025

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 of operation was unable to be estimated since then, and the promissory note was therefore fully impaired.

As at 31 December 2025, 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

	2025 **HK$'000**	2024 HK$'000
Pharmaceutical supplies	**47,692**	50,753
Dental materials and supplies	**276**	397
	47,968	51,150

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28. TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables (note)	**359,407**	381,461
Bills receivables (note)	**62,796**	15,770
	422,203	397,231
Deposits	**35,317**	41,929
Other receivables	**11,658**	14,590
Prepayments	**11,356**	9,102
	480,534	462,852

Notes:

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 (2024: 180 to 240 days) whilst settlement by corporate customers for the Group's managed medical network operation is from 60 to 180 days (2024: 60 to 180 days). The Group allows credit period of 180 to 270 days (2024: 180 to 270 days) and 60 to 240 days (2024: 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:

	2025 HK$'000	2024 HK$'000
0 – 60 days	**199,410**	206,289
61 – 120 days	**164,729**	90,723
121 – 180 days	**47,159**	71,456
181 – 240 days	**5,949**	25,249
Over 240 days	**4,956**	3,514
	422,203	397,231

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 2025 and 2024, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. AMOUNTS DUE FROM ASSOCIATES

The amounts are of non-trade nature, unsecured, interest-free and repayable on demand.

At 31 December 2025, the balances of amounts due from associates are net of accumulated allowance of HK$4,557,000 (2024: 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 2025 and 2024.

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 2025 and 2024.

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 0.01% to 3.68% (2024: 0.2% to 4.3%) per annum and have original maturity of three months or less.

The fixed bank deposits carry fixed interest rates ranged from 1.2% to 2.61% (2024: 1.7% to 3.25%) per annum and have original maturity of over three months, of which HK$79,840,000 will be matured in two to three years (2024: HK$63,853,000) and included in non-current assets.

Bank deposits of approximately HK$1,024,000 (2024: HK$1,107,000) were pledged for the general banking facilities and carried fixed interest rate of 3.3% (2024: 4.1%).

32. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables (note i)	**154,731**	172,409
Other payables	**36,634**	35,279
Deposits received	**4,497**	5,183
Accruals (note ii)	**109,750**	113,535
	305,612	326,406

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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:

	2025	2024
	HK$'000	HK$'000
0 – 60 days	**85,322**	89,539
61 – 120 days	**23,786**	28,608
Over 120 days	**45,623**	54,262
	154,731	172,409

The average credit period on purchase of goods is 60 to 120 days (2024: 60 to 120 days).

(ii) Included in the balance of accruals are the accruals for consultancy service costs payable to affiliated doctors and specialists of approximately HK$56,487,000 (2024: HK$57,518,000), accrued staff costs of approximately HK$16,018,000 (2024: HK$16,825,000) and provision for bonus of approximately HK$17,107,000 (2024: HK$21,362,000).

33. CONTRACT LIABILITIES

	2025	2024
	HK$'000	HK$'000
Receipts in advance of medical services	**8,043**	7,308

All contract liabilities are expected to be recognised as income within one year.

Movements in contract liabilities are as follows:

	2025	2024
	HK$'000	HK$'000
At 1 January	**7,308**	16,833
Revenue recognised that was included in the contract liabilities at the beginning of the year	**(6,860)**	(16,311)
Receipts in advance during the year	**7,372**	7,030
Exchange realignment	**223**	(244)
At 31 December	**8,043**	7,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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34. BANK BORROWINGS

	2025 HK$'000	2024 HK$'000
Unsecured:		
Term loan	–	3,405
Secured:		
Mortgage loans	10,774	77,278
	10,774	80,683
The bank borrowings are repayable as follows:		
On demand and within one year	1,326	6,746
In more than one year but not more than two years	1,397	3,856
In more than two years but not more than three years	1,472	4,109
In more than three years but not more than four years	1,553	4,367
In more than four years but not more than five years	1,637	4,664
Over five years	3,389	56,941
	10,774	80,683
Less: Amounts due within one year shown under current liabilities	(1,326)	(6,746)
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)	(9,448)	(10,848)
Non-current portion	–	63,089

As at 31 December 2025, the bank borrowings of the Group carried variable interest rate of HIBOR +2.25% per annum (2024: variable interest rates ranging from HIBOR +1.40% per annum to HIBOR +2.25% per annum).

The Group's mortgage loans were secured by the Group's leasehold land and building with carrying value of approximately HK$27,316,000 (2024: leasehold land and building with carrying value of approximately HK$30,438,000 and an investment property with carrying value of approximately HK$89,000,000).

In addition, mortgage loan with carrying amount of approximately HK$10,774,000 (2024: HK$12,035,000) 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.

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For the year ended 31 December 2025

35. LEASE LIABILITIES

	2025 HK$'000	2024 HK$'000
Lease liabilities payable:		
Within one year	**53,535**	69,660
Within a period of more than one year but not more than two years	**15,890**	46,530
Within a period of more than two years but not more than five years	**2,552**	10,114
Over five years	**184**	226
	72,161	126,530
Less: Amounts due for settlement within 12 months shown under current liabilities	**(53,535)**	(69,660)
Amounts due for settlement after 12 months shown under non-current liabilities	**18,626**	56,870

The weighted average incremental borrowing rates applied to lease liabilities range from 2% to 7.31% (2024: 2% to 7.51%)

The maturity analysis of lease liabilities is disclosed in note 43(b) to the consolidated financial statements.

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For the year ended 31 December 2025

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 HK$'000	Accelerated tax depreciation HK$'000	Fair value adjustments on business combinations HK$'000	Total HK$'000
(Assets)/Liabilities				
At 1 January 2024	(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**
Credit to profit or loss (note 12)	**(746)**	**(709)**	**(931)**	**(2,386)**
Exchange realignment	**–**	**–**	**1,285**	**1,285**
At 31 December 2025	**(2,979)**	**(2,231)**	**32,753**	**27,543**

Reconciliation to the consolidated statement of financial position:

	2025 HK$'000	2024 HK$'000
Deferred tax assets	**5,210**	3,755
Deferred tax liabilities	**(32,753)**	(32,399)
	(27,543)	(28,644)

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 2025, the Group has unused tax losses of HK$927,411,000 (2024: HK$932,645,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$18,055,000 (2024: HK$13,533,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of approximately HK$909,356,000 (2024: HK$919,112,000) due to the unpredictability of future profit streams. Such losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

Under the prevailing Chinese Mainland income tax law and its relevant regulations, foreign corporate investors are levied Chinese Mainland dividend withholding tax at 10%, unless reduced by tax treaties/arrangements, on dividends declared by resident enterprises of Chinese Mainland for profits earned subsequent to 1 January 2008. In addition, under the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and its relevant regulations, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the PRC company.

As at 31 December 2025, 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$330,563,000 (2024: HK$374,290,000) earned by the subsidiaries established in the Chinese Mainland 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. CONVERTIBLE BONDS *(Continued)*

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.

The movement of the CBs for the years ended 31 December 2025 and 2024 is set out below:

	2025		
	Liability component HK$'000	**Equity component HK$'000**	**Total HK$'000**
At 1 January	**112,365**	**20,895**	**133,260**
Redemption	**(51,306)**	**(9,242)**	**(60,548)**
Finance cost – interest charge (note 9)	**3,635**	**–**	**3,635**
At 31 December	**64,694**	**11,653**	**76,347**
Classified as:			
Current	**64,694**	**11,653**	**76,347**

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

38. SHARE CAPITAL

	Number of Shares	Amount HK$'000
Shares of HK$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 2025	30,000,000,000	300,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 2025	6,773,522,452	67,735

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 Chinese Mainland 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 2025, the total cost charged to consolidated statement of profit or loss and other comprehensive income approximately of HK$13,581,000 (2024: HK$13,405,000) 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 2025

40. OPERATING LEASES

The Group as lessor

During the year ended 31 December 2025, the Group had property rental income of approximately HK$11,122,000 (2024: HK$14,184,000).

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:

	2025 HK$'000	2024 HK$'000
Within one year	**6,610**	7,226
In the second to fifth year inclusive	**2,222**	2,051
	8,832	9,277

All of the properties held have committed tenants for the coming one to three years (2024: one to two years).

41. PLEDGE OF ASSETS

As at 31 December 2025, the Group pledged certain assets of approximately HK$28,340,000 (2024: HK$120,545,000), among which (i) leasehold land and building of approximately HK$27,316,000 (2024: leasehold land and building of approximately HK$30,438,000 and an investment property of approximately HK$89,000,000) was pledged for the mortgage loans while (ii) bank deposits of approximately HK$1,024,000 (2024: HK$1,107,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Financial assets at FVTPL	–	2,012
Equity instruments at FVTOCI	**1,599**	24,444
Financial assets at amortised cost (including cash and cash equivalents)	**1,827,095**	1,877,741
Financial liabilities		
Amortised cost	**380,345**	570,489

(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 Chinese Mainland 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 2025

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	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB")	**142**	123,003	**–**	–
United Stated Dollars ("USD")	**229,926**	–	**–**	–
Hong Kong Dollars ("HKD")	**23,373**	26,207	**–**	–

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 as HKD is pegged to the USD. 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 an increase in post-tax profit where the above foreign currencies strengthen against the functional currency of the corresponding group entities. If there is 5% increase in RMB and HKD against the functional currency of the corresponding group entities, the increase in the post-tax profit is shown as below:

	2025	2024
	HK$'000	HK$'000
RMB	**7**	6,150
HKD	**1,169**	1,310

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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.

Interest rates sensitivity analysis

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 (2024: 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.

Cash flow interest rate risk

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit (2024: loss) for the year ended 31 December 2025 would decrease/increase (2024: increase/decrease) by HK$45,000 (2024: HK$337,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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% (2024: 10%) higher/lower:

– post-tax profit for the year ended 31 December 2025 would increase/decrease by HK$nil (2024: HK$201,000) as a result of the changes in fair value of financial assets at FVTPL.

– investment revaluation reserve for the year ended 31 December 2025 would increase/decrease by HK$160,000 (2024: HK$2,444,000) 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 2025 and 2024 of which management considers that is reasonable in current financial market.

Credit risk and impairment assessment

As at 31 December 2025 and 2024, 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 2025

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 2025

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:

2025	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	422,203	–	–	422,203
Other receivables	28	Write-off (note 2)	Lifetime ECL	6,704	–	(6,704)	–
		Low risk (note 2)	12-month ECL	11,658	–	–	11,658
				18,362	–	(6,704)	11,658
Loans receivable	19	Low risk (note 3)	12-month ECL	28,496	–	–	28,496
		Loss (note 3)	Lifetime ECL	3,300	–	(3,300)	–
				31,796	–	(3,300)	28,496
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	580	–	–	580
				5,137	–	(4,557)	580
Fixed bank deposits	31	N/A (note 5)	N/A	176,066	–	–	176,066
Pledged bank deposits	31	N/A (note 5)	N/A	1,024	–	–	1,024
Bank balances	31	N/A (note 5)	N/A	1,187,068	–	–	1,187,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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)*

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 2025

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 (2024: HK$330,000,000) which internal credit rating set as write-off (2024: 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 (2024: HK$4,557,000).

   c) other receivable of gross amount of HK$6,704,000 (2024: HK$6,704,000).

   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$28,496,000 (2024: HK$45,092,000) 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 2025 (2024: 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 2025 and 2024.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025 and 2024, 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 2025 and 2024, 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 Chinese Mainland as at 31 December 2025 and 2024.

The Group has concentration of credit risk by customer as 79% (2024: 79%) and 62% (2024: 61%) 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 2025, the Group have available unutilised banking facilities of HK$20,000,000 (2024: HK$20,000,000).

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 2025

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 31.12.2025 HK$'000
31 December 2025								
Non-derivative financial liabilities								
Trade and other payables		–	195,862	–	–	–	195,862	195,862
Amounts due to non-controlling interests		36,854	–	–	–	–	36,854	36,854
Variable rate bank borrowings	5.30%	10,774	–	–	–	–	10,774	10,774
Convertible bonds		64,694	–	–	–	–	64,694	64,694
Lease liabilities	5.26%	–	16,806	38,949	18,389	199	74,343	72,161
		112,322	212,668	38,949	18,389	199	382,527	380,345

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 15 years (2024: 1 year to 16 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$12,887,000 (2024: HK$19,124,000). 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 2025	**1,863**	**1,863**	**5,590**	**3,571**	**12,887**	**10,774**
31 December 2024	5,479	1,973	5,918	5,754	19,124	15,440

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 2025

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 2025

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
– Unlisted derivative	–	–	–	–
Equity instruments at FVTOCI				
– Listed equity securities	35	–	–	35
– Unlisted equity securities	–	–	1,564	1,564
	35	–	1,564	1,599

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025 HK$'000	Fair value as at 31 December 2024 HK$'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	Level 3	Binomial Option Pricing Model	Volatility	65.09% (2024: 72.53%)	The decrease in volatility would decrease in fair value
					Risk–free rate	3.47% (2024: 4.30%)	The decrease in risk-free rate would decrease in fair value
					Time to maturity	2.08 years (2024: 3.08 years)	The decrease in time to maturity would decrease in fair value
					Dividend yield	0% (2024: 0%)	The decrease in dividend yield would decrease in fair value
2 Equity instruments at FVTOCI – unlisted equity securities in Hong Kong	**1,564**	24,337	Level 3	Discounted cash flow method	Yearly growth rates of revenue	3% (2024: Ranging from 8.54% to 98.86%)	The decrease in yearly growth rates of revenue would decrease in fair value
					Terminal growth rate	3.00% (2024: 3.00%)	The decrease in terminal growth rate would decrease in fair value
					Weighted average cost of capital	16.61% (2024: 18.5%)	The increase in weighted average cost of capital would decrease in fair value
					Discount rate for lack of control and marketability	15.6% (2024: 15.6%)	The increase in discount rate would decrease in fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2024	6,772	48,626
Fair value changes	(4,760)	(24,289)
At 1 January 2025	2,012	24,337
Fair value changes	(2,012)	(22,773)
At 31 December 2025	–	1,564

The fair value loss of approximately HK$22,845,000 (2024: HK$24,318,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 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 and 1 January 2025	38,040	126,530	80,683	112,365	357,618
Changes from financing cash flows:					
Repayment to non-controlling interests	**(1,186)**	**–**	**–**	**–**	**(1,186)**
Redemption of convertible bonds	**–**	**–**	**–**	**(51,306)**	**(51,306)**
Repayment of liabilities	**–**	**(73,036)**	**(69,909)**	**–**	**(142,945)**
Interest paid	**–**	**(5,523)**	**(2,353)**	**–**	**(7,876)**
Total changes from financing cash flow	**(1,186)**	**(78,559)**	**(72,262)**	**(51,306)**	**(203,313)**
Non-cash changes:					
Recognition of lease liabilities during the year	**–**	**23,201**	**–**	**–**	**23,201**
Derecognition of lease liabilities upon termination of lease	**–**	**(5,032)**	**–**	**–**	**(5,032)**
Interest expenses	**–**	**5,523**	**2,353**	**3,635**	**11,511**
Exchange difference	**–**	**498**	**–**	**–**	**498**
At 31 December 2025	**36,854**	**72,161**	**10,774**	**64,694**	**184,483**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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	2025 HK$'000	2024 HK$'000
Advance Bond Limited[1]	Rental income	**984**	979
China Life Insurance (Overseas) Company Limited[2]	Medical related services income	**932**	984
	Insurance expenses	**(547)**	(704)
China Life Insurance Company Limited[2]	Medical related services income	**11,949**	8,613
	Property management income	**98**	86
	Insurance expenses	**(83)**	(85)
China Life Insurance Company Limited, Shandong Branch[3]	Rental expense	**(3,944)**	(1,458)
China Life Trustees Limited[2]	Retirement benefits scheme contributions	**(59)**	–
C.T. Scan Diagnostic Centre[6]	Cost of sales	**(96)**	(248)
Early Light International (Holdings) Limited	Medical services income	**113**	169
Hillwood MRI Centre Limited[4]	Cost of sales	**(4,228)**	(4,058)
Hong Kong Bariatric and Metabolic Institute Limited[1]	Management services fee income	**–**	190
	Repayment of lease liabilities	**–**	(297)
Hong Kong Health Check and Medical Diagnostic Centre Limited[4]	Rental income	**4,223**	5,422
	Laboratory fee income	**1,602**	1,684
	Cost of sales	**(6,828)**	(7,384)
	Staff welfare	**(116)**	(97)
My Beauty Company Limited[5]	Rental income	**765**	1,899
My Beauty Salon Company Limited[5]	Interest income	**1,594**	2,203
Yuen Foong Medical Diagnostic Centre[6]	Cost of sales	**(20)**	(32)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 2025 and 2024.

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. The related parties are the subsidiaries of Luck Key (note 22), which is an associate not individually material during the year ended 31 December 2025, while was a principal associate of the Company during the year ended 31 December 2024.

5. The related parties are the subsidiaries of Auspicious Idea (note 22), a principal associate of the Company.

6. The related parties are the branches of the subsidiaries of Luck Key (note 22), which is an associate not individually material during the year ended 31 December 2025, while was a principal associate of the Company during the year ended 31 December 2024.

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.

Compensation of key management personnel

The remuneration of key management personnel which represent the directors of the Company during the year was as follows:

	2025 HK$'000	2024 HK$'000
Short-term benefits	**13,326**	11,683
Post-employment benefits	**62**	62
	13,388	11,745

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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").

The Adjusted Net Profit have failed to meet the Profit Guarantee for the financial years ended 31 March 2023 and 2024. 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 Amounts").

Accordingly, the Buyer has served notices 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 Amounts. However, the Respondents have failed to pay the Claim Amounts.

After taking legal advice, on 8 September 2025, the Buyer has initiated certain proceedings (the "Proceedings") against the Respondents claiming, among others, the Claim Amounts, the related interest, the legal fees and costs.

Meanwhile, the Company has also withheld payment of the principal amount in the total sum of HK$64,694,000 to two holders of Tranche C Convertible Bonds, Peak Summit Development Limited ("Peak Summit") and Wealth Basin Limited ("Wealth Basin"), which, based on the information available to the Company, have been at all material times controlled and owned by two of the Respondents Dr. Tsang Wah Tak, Kenneth and Mr. Shiu Shu Ming respectively. The Company has further sought for declaratory relief in the proceedings to, among other things, setoff the liabilities under the abovementioned Tranche C Convertible Bonds against the liabilities owed by Dr. Tsang and Mr. Shiu to the Buyer under the Share Purchase Agreement, including but not limited to the Claim Amounts. Peak Summit and Wealth Basin have in the Proceedings counterclaimed, among others, repayment of the principal amount, the related interest, legal fees and costs.

The Proceedings are still ongoing and the outcomes are subject to uncertainties. It is therefore not practicable for the Group to estimate the financial effect at this moment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS		
Unlisted investment in a subsidiary	**58,530**	58,530
Amounts due from subsidiaries	**3,292,738**	3,422,549
	3,351,268	3,481,079
CURRENT ASSETS		
Other receivables	**329**	188
Bank balances and cash	**64,310**	11,875
	64,639	12,063
CURRENT LIABILITIES		
Other payables	**1,842**	430
Convertible bonds	**64,694**	112,365
	66,536	112,795
NET CURRENT LIABILITIES	**(1,897)**	(100,732)
	3,349,371	3,380,347
CAPITAL AND RESERVES		
Share capital – Shares	**67,735**	67,735
Reserves (note)	**3,281,636**	3,312,612
Total equity	**3,349,371**	3,380,347

The Company's statement of financial position was approved and authorised for issue by the board of directors of the Company on 27 March 2026 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 2025

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	Convertible bonds reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 January 2024	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
Loss and total comprehensive expense for the year	–	–	–	–	–	(22,848)	(22,848)
Redemption of convertible bonds	–	–	–	–	(9,242)	9,242	–
Dividend declared	–	–	–	–	–	(8,128)	(8,128)
At 31 December 2025	**3,023,852**	**9,020**	**28,180**	**62,677**	**11,653**	**146,254**	**3,281,636**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

48. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2025 and 2024 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 2025		31 December 2024		Proportion of voting power held by the Company 31 December 2025		31 December 2024		Principal activities
					Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly	
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	Chinese Mainland/sino foreign equity joint venture	Chinese Mainland	–	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	Chinese Mainland/sino foreign equity joint venture	Chinese Mainland	–	RMB199,750,000	–	**80%**	–	80%	–	**75%**	–	75%	Provision of medical healthcare services
河南恒益祥醫葯有限公司	Chinese Mainland/sino foreign equity joint venture	Chinese Mainland	–	RMB4,000,000	–	**48.2%**	–	48.2%	–	**48%**	–	48%	Trading of medicines
南陽健科醫療科技有限公司	Chinese Mainland/sino foreign equity joint venture	Chinese Mainland	–	RMB15,000,000	–	**60.2%**	–	60.2%	–	**60%**	–	60%	Trading of medical consumables and equipment
Ruishi Ophthalmology	Chinese Mainland/sino foreign equity joint venture	Chinese Mainland	–	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 2025

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	
		31.12.2025	31.12.2024	**31.12.2025**	31.12.2024	**31.12.2025 HK$'000**	31.12.2024 HK$'000	**31.12.2025 HK$'000**	31.12.2024 HK$'000
Nanyang Xiangrui	Chinese Mainland	**40%**	40%	**39.8%**	39.8%	**33,637**	28,570	**317,367**	320,451
Individually immaterial subsidiaries with non-controlling interests						**16,786**	16,926	**83,976**	82,982
						50,423	45,496	**401,343**	403,433

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

48. PRINCIPAL SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Continued)*

Nanyang Xiangrui	2025 HK$'000	2024 HK$'000
Current assets	**645,416**	694,294
Non-current assets	**286,173**	276,528
Current liabilities	**(136,378)**	(151,959)
Non-current liabilities	**(32,542)**	(31,091)
Equity attributable to owners of the Company	**445,302**	467,321
Non-controlling interests	**317,367**	320,451
Income	**544,021**	510,635
Expenses	**(473,552)**	(447,379)
Profit for the year	**70,469**	63,256
Profit attributable to owners of the Company	**36,832**	34,686
Profit attributable to the non-controlling interests	**33,637**	28,570
Profit for the year	**70,469**	63,256
Other comprehensive income (expenses) attributable to owners of the Company	**21,256**	(12,221)
Other comprehensive income (expenses) attributable to the non-controlling interests	**17,113**	(12,703)
Other comprehensive income (expenses) for the year	**38,369**	(24,924)
Total comprehensive income attributable to owners of the Company	**58,088**	22,465
Total comprehensive income attributable to the non-controlling interests	**50,750**	15,867
Total comprehensive income for the year	**108,838**	38,332
Dividend paid to the non-controlling interests	**53,834**	–
Net cash inflow from operating activities	**40,563**	97,415
Net cash inflow from (outflow used in) investing activities	**66,849**	(37,969)
Net cash outflow used in financing activities	**(137,710)**	(3,145)
Effect of foreign exchange rate changes	**17,188**	(6,488)
Net cash (outflow) inflow	**(13,110)**	49,813

MAJOR PROPERTIES INFORMATION

The Group's property portfolio summary – major properties held for investment.

Location	Existing use	Tenure	Group's interest (%) 2025	Group's interest (%) 2024
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

	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
Revenue	**1,785,563**	1,833,795	1,833,038	1,535,580	1,483,892
Profit (loss) for the year	**64,800**	(158,207)	(159,089)	49,522	75,072
Attributable to:					
Owners of the Company	**14,377**	(203,703)	(194,210)	15,289	22,013
Non-controlling interests	**50,423**	45,496	35,121	34,233	53,059
	64,800	(158,207)	(159,089)	49,522	75,072

ASSETS AND LIABILITIES

	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000
Total assets	**3,954,597**	4,126,903	4,500,566	4,749,680	4,730,370
Total liabilities	**(555,773)**	(746,556)	(881,820)	(896,090)	(504,936)
	3,398,824	3,380,347	3,618,746	3,853,590	4,225,434
Equity attributable to:					
Owners of the Company	**2,997,481**	2,976,914	3,242,129	3,491,416	3,855,035
Non-controlling interests	**401,343**	403,433	376,617	362,174	370,399
	3,398,824	3,380,347	3,618,746	3,853,590	4,225,434

GLOSSARY

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
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

GLOSSARY

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
Building	China Life Building, No. 11001, Jingshi Road, Lixia District, Jinan City, Shandong Province, the PRC
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 KTAL CCTs; (ii) the HKMC CCTs; (iii) the CLG CCTs; and (iv) the 2025- 2027 CGB CCTs
CCT Agreements	collectively, (i) the Service Agreement; (ii) the CLIO Framework Agreement; (iii) the CLIS Framework Agreement; and (iv) 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

GLOSSARY

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
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
Chinese Mainland	For the purpose of this report, Chinese Mainland refers to the People's Republic of China, excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan region of 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 Chinese Mainland 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
CLIO	China Life Insurance (Overseas) Company Limited, a company established in the Chinese Mainland 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
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 2025-2027 CGB Framework Agreement
Director(s)	the director(s) of the Company
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)

GLOSSARY

Group	the Company and its subsidiaries
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
HK$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong
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 Chinese Mainland 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
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange

GLOSSARY

Loan Services	the loan services to be provided by CGB (HK) to the Group under the 2025-2027 CGB Framework Agreement
Main Board	the Main Board of the Stock Exchange
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 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, *GBS, JP* 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
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

GLOSSARY

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 2025-2027 CGB Framework Agreement
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
Remuneration Committee	remuneration committee of the Board
RMB	Renminbi, the lawful currency of the Chinese Mainland
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

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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
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)

GLOSSARY

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
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
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 2025