



天 安 卓 健 有 限 公 司

TIAN AN MEDICARE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

2024

INTERIM REPORT



This interim report is printed on recycled paper

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Kong Muk Yin
Mr. Guo Meibao
Mr. Zhou Haiying

Non-Executive Directors

Mr. Lee Seng Hui (*Chairman*)
Mr. Mark Wong Tai Chun
Mr. Gao Zhaoyuan

Independent Non-Executive Directors

Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

AUDIT COMMITTEE

Dr. Wong Wing Kuen, Albert (*Chairman*)
Mr. Gao Zhaoyuan
Mr. Zhang Jian
Dr. Xia Xiaoning
Ms. Yang Lai Sum, Lisa

NOMINATION COMMITTEE

Mr. Kong Muk Yin (*Chairman*)
Mr. Zhang Jian
Dr. Xia Xiaoning
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

REMUNERATION COMMITTEE

Dr. Xia Xiaoning (*Chairman*)
Mr. Kong Muk Yin
Mr. Mark Wong Tai Chun
Mr. Gao Zhaoyuan
Mr. Zhang Jian
Dr. Wong Wing Kuen, Albert
Ms. Yang Lai Sum, Lisa

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China Limited
Bank of Hangzhou Co., Ltd.
Bank of Ningbo Co., Ltd.
China Guangfa Bank Co., Ltd.
China Merchants Bank Corporation
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Rural Commercial Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM 10, Bermuda

COMPANY SECRETARY

Mr. Kong Muk Yin

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

SOLICITORS

Robertsons
P.C. Woo & Co.

CORPORATE INFORMATION *(Continued)*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1904B-5, 19/F
Allied Kajima Building
No. 138 Gloucester Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor, North Cedar House
41 Cedar Avenue
Hamilton HM 12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

383

WEBSITES

www.tiananmedicare.com.hk
www.irasia.com/listco/hk/tiananmedicare/

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

The board of directors (the “Directors” and the “Board”, respectively) of Tian An Medicare Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period in 2023 as follows:

		Six months ended	
	<i>Notes</i>	30.6.2024	30.6.2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
			(restated)
Revenue	4	821,529	760,951
Gross proceeds from sales of investments held for trading		—	3,468
Total		821,529	764,419
Revenue	4		
Goods and services from contracts with customers		818,179	756,462
Rental		3,350	4,489
Cost of goods and services		821,529	760,951
		(638,528)	(611,384)
Gross profit		183,001	149,567
Other gains and losses, and other income	6	(8,743)	4,077
Selling and distribution costs		(3,575)	(2,714)
Administrative expenses		(108,891)	(117,568)
Profit from operations		61,792	33,362
Finance costs	7	(15,707)	(26,520)
Profit before taxation		46,085	6,842
Income tax expense	8	(17,004)	(2,238)
Profit for the period	9	29,081	4,604

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

For the six months ended 30 June 2024

	Note	Six months ended	
		30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited) (restated)
Attributable to:			
Owners of the Company		21,659	1,310
Non-controlling interests		7,422	3,294
		<u>29,081</u>	<u>4,604</u>
Earnings per share			
	11		
Basic		<u>HK1.99 cents</u>	<u>HK0.17 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited) (restated)
Profit for the period	29,081	4,604
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	–	(21,478)
Other comprehensive income for the period, net of tax	–	(21,478)
Total comprehensive income for the period	29,081	(16,874)
Attributable to:		
Owners of the Company	21,659	(21,376)
Non-controlling interests	7,422	4,502
	29,081	(16,874)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (restated)	1.1.2023 HK\$'000 (restated)
Non-current assets				
Investment properties	12	534,123	545,920	557,089
Property, plant and equipment	12	1,509,937	1,483,444	1,394,255
Right-of-use assets		117,442	120,572	130,156
Loan receivable	14	-	-	-
Interests in associates		-	-	-
Financial assets at fair value through profit or loss		2,151	2,151	802
Goodwill		-	-	-
Prepayments for acquisition of property, plant and equipment		12,020	23,398	30,114
		<u>2,175,673</u>	<u>2,175,485</u>	<u>2,112,416</u>
Current assets				
Inventories		34,918	48,752	35,313
Properties under development for sale		169,847	177,973	185,606
Properties held for sale		79,214	80,463	91,688
Investments held for trading		6,298	6,624	12,089
Trade receivables	13	121,224	83,486	72,136
Deposits, prepayments and other receivables	13	45,105	40,084	22,518
Pledged bank deposits		5,495	32,984	24,319
Restricted bank deposits		12,822	136	714
Bank balances and cash		830,721	890,266	589,050
		<u>1,305,644</u>	<u>1,360,768</u>	<u>1,033,433</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2024

	Notes	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (restated)	1.1.2023 HK\$'000 (restated)
Current liabilities				
Trade payables	15	125,683	162,798	146,508
Deposits, receipts in advance and accrued charges	15	415,793	485,401	273,197
Deposits received on sales of properties		–	212	1,757
Contract liabilities		35,218	53,859	40,744
Amount due to an associate		6,044	6,044	6,178
Borrowings	16	278,046	312,561	544,816
Lease liabilities		3,686	3,389	5,979
Current tax liabilities		131,745	120,608	111,539
		<u>996,215</u>	<u>1,144,872</u>	<u>1,130,718</u>
Net current assets/(liabilities)		<u>309,429</u>	<u>215,896</u>	<u>(97,285)</u>
Total assets less current liabilities		<u>2,485,102</u>	<u>2,391,381</u>	<u>2,015,131</u>
Non-current liabilities				
Other payables		–	–	12,689
Contract liabilities		6,895	8,104	10,276
Borrowings	16	526,118	447,489	388,787
Lease liabilities		33,273	35,193	39,439
Deferred tax liabilities	17	28,950	28,950	29,403
		<u>595,236</u>	<u>519,736</u>	<u>480,594</u>
Net assets		<u>1,889,866</u>	<u>1,871,645</u>	<u>1,534,537</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2024

	Note	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (restated)	1.1.2023 HK\$'000 (restated)
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	18	10,860	10,860	7,240
Reserves		1,808,190	1,797,391	1,482,422
		1,819,050	1,808,251	1,489,662
Non-controlling interests		70,816	63,394	44,875
Total equity		1,889,866	1,871,645	1,534,537

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to the owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Properties revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Other reserve HK\$'000	Translation reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 31 December 2022 (audited)	7,240	2,621,374	-	160,267	2,496	(796,531)	1,356	(441,260)	1,554,942	23,917	1,578,859
Effect on change in accounting policy (Note 3)	-	-	-	(160,267)	-	-	9,865	85,122	(65,280)	20,958	(44,322)
As at 1 January 2023 (restated)	7,240	2,621,374	-	-	2,496	(796,531)	11,221	(356,138)	1,489,662	44,875	1,534,537
Profit for the period (restated)	-	-	-	-	-	-	-	1,310	1,310	3,294	4,604
Other comprehensive income for the period (restated)	-	-	-	-	-	-	(22,686)	-	(22,686)	1,208	(21,478)
Total comprehensive income for the period (restated)	-	-	-	-	-	-	(22,686)	1,310	(21,376)	4,502	(16,874)
Rights issue (Note 18(a))	3,620	305,672	-	-	-	-	-	-	309,292	-	309,292
Changes in equity for the period (restated)	3,620	305,672	-	-	-	-	(22,686)	1,310	287,916	4,502	292,418
As at 30 June 2023 (unaudited) (restated)	10,860	2,927,046	-	-	2,496	(796,531)	(11,465)	(354,828)	1,777,578	49,377	1,826,955
As at 31 December 2023 (audited)	10,860	2,927,046	-	163,290	2,496	(796,531)	(4,707)	(429,965)	1,872,489	37,854	1,910,343
Effect on change in accounting policy (Note 3)	-	-	-	(163,290)	-	-	10,547	88,505	(64,238)	25,540	(38,698)
As at 1 January 2024 (restated)	10,860	2,927,046	-	-	2,496	(796,531)	5,840	(341,460)	1,808,251	63,394	1,871,645
Profit for the period	-	-	-	-	-	-	-	21,659	21,659	7,422	29,081
Total comprehensive income for the period	-	-	-	-	-	-	-	21,659	21,659	7,422	29,081
Share premium reduction (Note 18(b))	-	(2,600,000)	342,801	-	-	-	-	2,257,199	-	-	-
Dividend recognised as distribution (Note 10)	-	-	(10,860)	-	-	-	-	-	(10,860)	-	(10,860)
Changes in equity for the period	-	(2,600,000)	331,941	-	-	-	-	2,278,858	10,799	7,422	18,221
As at 30 June 2024 (unaudited)	10,860	327,046	331,941	-	2,496	(796,531)	5,840	1,937,398	1,819,050	70,816	1,889,866

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Operating activities		
Cash generated from operating activities	1,416	119,841
Tax paid	(13,088)	(1,721)
Net cash (used in)/generated from operating activities	(11,672)	118,120
Investing activities		
Withdrawal of pledged bank deposits/restricted bank deposits	32,990	17,295
Placement of pledged bank deposits/restricted bank deposits	(18,187)	(26,235)
Proceeds from disposal of investments held for trading	-	3,468
Additions of property, plant and equipment	(93,598)	(30,805)
Prepayments paid for acquisition of property, plant and equipment	-	(20,273)
Other investing activities	7,746	3,819
Net cash used in investing activities	(71,049)	(52,731)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended 30 June 2024

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Financing activities		
Net proceeds from issue of shares under rights issue	–	309,292
New borrowings raised	125,791	155,314
Repayments of borrowings	(81,677)	(274,015)
Principal element of lease payments	(2,785)	(1,438)
Interest paid	(16,616)	(24,780)
Interest on lease liabilities	(1,537)	(1,740)
Net cash generated from financing activities	23,176	162,633
Net (decrease)/increase in cash and cash equivalents	(59,545)	228,022
Effect of foreign exchange rate changes	–	4,947
Cash and cash equivalents at beginning of the period	890,266	589,050
Cash and cash equivalents at end of the period	830,721	822,019
Analysis of cash and cash equivalents		
Bank balances and cash	830,721	822,019

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

These condensed consolidated financial statements of Tian An Medicare Limited (the “Company”) and its subsidiaries (the “Group”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These condensed consolidated financial statements should be read in conjunction with the 2023 annual financial statements. Except as described below, the accounting policies (including the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to HKAS 1

The Group has adopted Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and “Non-current Liabilities with Covenants”. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. The amendments clarify 1.) what is meant by a right to defer settlement; 2.) that a right to defer must exist at the end of the reporting period; 3.) that classification is unaffected by the likelihood that an entity will exercise its deferral right; and 4.) that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability do not impact its classification. A requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. The application of the amendments in the current period had no impact on the Group’s interim condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (*Continued*)

In addition to the adoption of the above amendments to standards, in the current period, the Group has adopted all other new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. They do not have a material effect on the Group's interim condensed consolidated financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these interim condensed consolidated financial statements.

3. CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF LAND AND BUILDINGS

The Group re-assessed its accounting policy for leasehold land and buildings, including leasehold land and buildings in Hong Kong, hospital buildings in the People's Republic of China, except Hong Kong (the "PRC") and the other buildings in the PRC (collectively as the "Land and Buildings") held by the Group after initial recognition. The Group had previously adopted the revaluation model to measure the carrying amount of its Land and Buildings whereby, after initial recognition, the Land and Buildings were stated at fair value, based on annual valuations by independent professional qualified valuer, less subsequent accumulated depreciation and impairment losses, if any.

The Group elected to change its accounting policy for the measurement of the Land and Buildings, as the Group believes that the cost model would align the accounting policy of the Group with those of its holding companies and industry practice, more reliable and more relevant to reflect the Group's operational performance. Under the cost model, the Land and Buildings were measured at their costs less accumulated depreciation and impairment. The Group applied the cost model retrospectively and the comparative figures in the condensed consolidated statements of financial position as at 1 January 2023 and 31 December 2023, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of changes in equity for the six months ended 30 June 2023 have been restated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF LAND AND BUILDINGS (*Continued*)

Condensed consolidated statement of profit or loss for the six months ended 30 June 2023

	As previously reported HK\$'000	Effect HK\$'000	As restated HK\$'000
Cost of goods and services	614,576	(3,192)	611,384
Gross profit	146,375	3,192	149,567
Administrative expenses	118,416	(848)	117,568
Profit from operations	29,322	4,040	33,362
Profit before taxation	2,802	4,040	6,842
Profit for the period	564	4,040	4,604
Attributable to:			
Owners of the Company	(1,755)	3,065	1,310
Non-controlling interests	2,319	975	3,294
	564	4,040	4,604
Basic (loss)/earnings per share	HK(0.23) cents	HK0.40 cents	HK0.17 cents

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF LAND AND BUILDINGS (*Continued*)

Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2023

	As previously reported HK\$'000	Effect HK\$'000	As restated HK\$'000
Profit for the period	564	4,040	4,604
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	(35,265)	13,787	(21,478)
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on revaluation of leasehold land and buildings included in property, plant and equipment	33,735	(33,735)	–
Deferred tax arising from revaluation of leasehold land and buildings included in property, plant and equipment	(7,858)	7,858	–
Other comprehensive income for the period, net of tax	(9,388)	(12,090)	(21,478)
Total comprehensive income for the period	(8,824)	(8,050)	(16,874)
Attributable to:			
Owners of the Company	(13,477)	(7,899)	(21,376)
Non-controlling interests	4,653	(151)	4,502
	(8,824)	(8,050)	(16,874)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF LAND AND BUILDINGS (*Continued*)

Condensed consolidated statement of financial position as at 31 December 2023

	As previously reported HK\$'000	Effect HK\$'000	As restated HK\$'000
Property, plant and equipment	1,564,586	(81,142)	1,483,444
Total non-current assets	2,256,627	(81,142)	2,175,485
Total assets less current liabilities	2,472,523	(81,142)	2,391,381
Deferred tax liabilities	71,394	(42,444)	28,950
Total non-current liabilities	562,180	(42,444)	519,736
Net assets	1,910,343	(38,698)	1,871,645
Reserves	1,861,629	(64,238)	1,797,391
Non-controlling interests	37,854	25,540	63,394
Total equity	1,910,343	(38,698)	1,871,645

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3. CHANGE OF ACCOUNTING POLICY FOR MEASUREMENT OF LAND AND BUILDINGS (*Continued*)

Condensed consolidated statement of financial position as at 1 January 2023

	As previously reported HK\$'000	Effect HK\$'000	As restated HK\$'000
Property, plant and equipment	<u>1,480,940</u>	<u>(86,685)</u>	<u>1,394,255</u>
Total non-current assets	<u>2,199,101</u>	<u>(86,685)</u>	<u>2,112,416</u>
Total assets less current liabilities	<u>2,101,816</u>	<u>(86,685)</u>	<u>2,015,131</u>
Deferred tax liabilities	<u>71,766</u>	<u>(42,363)</u>	<u>29,403</u>
Total non-current liabilities	<u>522,957</u>	<u>(42,363)</u>	<u>480,594</u>
Net assets	<u>1,578,859</u>	<u>(44,322)</u>	<u>1,534,537</u>
Reserves	<u>1,547,702</u>	<u>(65,280)</u>	<u>1,482,422</u>
Non-controlling interests	<u>23,917</u>	<u>20,958</u>	<u>44,875</u>
Total equity	<u><u>1,578,859</u></u>	<u><u>(44,322)</u></u>	<u><u>1,534,537</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Hospital fees and charges	800,390	733,887
Eldercare related services and sales of nutritions	17,789	18,765
Sales of properties	–	3,810
	<u>818,179</u>	<u>756,462</u>
Revenue from other sources		
Rental income	3,350	4,489
	<u>821,529</u>	<u>760,951</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2024 (unaudited)

Segments	Healthcare HK\$'000	Eldercare HK\$'000	Property development HK\$'000	Total HK\$'000
Types of goods or services				
Hospital fees and charges				
– Inpatient healthcare services	282,902	–	–	282,902
– Outpatient healthcare services	240,431	–	–	240,431
– Other healthcare services	3,965	–	–	3,965
– Physical examination services	58,130	–	–	58,130
– Sales of pharmaceutical	214,962	–	–	214,962
Eldercare related services	–	14,572	–	14,572
Sales of nutritions	–	3,217	–	3,217
Sales of properties	–	–	–	–
Total	<u>800,390</u>	<u>17,789</u>	<u>–</u>	<u>818,179</u>
Timing of revenue recognition				
At a point in time	784,777	7,067	–	791,844
Over time	15,613	10,722	–	26,335
Total	<u>800,390</u>	<u>17,789</u>	<u>–</u>	<u>818,179</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

For the six months ended 30 June 2023 (unaudited)

Segments	Healthcare HK\$'000	Eldercare HK\$'000	Property development HK\$'000	Total HK\$'000
Types of goods or services				
Hospital fees and charges				
– Inpatient healthcare services	270,415	–	–	270,415
– Outpatient healthcare services	218,650	–	–	218,650
– Other healthcare services	4,599	–	–	4,599
– Physical examination services	53,143	–	–	53,143
– Sales of pharmaceutical	187,080	–	–	187,080
Eldercare related services	–	14,731	–	14,731
Sales of nutritions	–	4,034	–	4,034
Sales of properties	–	3,680	130	3,810
Total	<u>733,887</u>	<u>22,445</u>	<u>130</u>	<u>756,462</u>
Timing of revenue recognition				
At a point in time	719,331	11,929	130	731,390
Over time	<u>14,556</u>	<u>10,516</u>	<u>–</u>	<u>25,072</u>
Total	<u>733,887</u>	<u>22,445</u>	<u>130</u>	<u>756,462</u>

All the revenue from contracts with customers are derived from the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the six months ended 30 June 2024 (unaudited)

	Healthcare HK\$'000	Eldercare HK\$'000	Property development HK\$'000
Revenue disclosed in segment information	800,390	18,942	-
Less: Rental income	-	(1,153)	-
	<u>800,390</u>	<u>17,789</u>	<u>-</u>
Revenue from contracts with customers	<u>800,390</u>	<u>17,789</u>	<u>-</u>

For the six months ended 30 June 2023 (unaudited)

	Healthcare HK\$'000	Eldercare HK\$'000	Property development HK\$'000
Revenue disclosed in segment information	733,887	22,952	130
Less: Rental income	-	(507)	-
	<u>733,887</u>	<u>22,445</u>	<u>130</u>
Revenue from contracts with customers	<u>733,887</u>	<u>22,445</u>	<u>130</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE (Continued)

(b) Performance obligations for contracts with customers

Revenue from healthcare services

For revenue from healthcare services, except for the revenue from the provision of beds for inpatient admissions, the revenue of healthcare services is recognised at a point in time, i.e. when the services are provided. For the revenue from the provision of beds for inpatient admissions, for which the control of the services is transferred when the Group had provided the related services over the time, revenue is recognised when the patients simultaneously receive and consume the benefits provided by services over time.

Revenue from eldercare related services

For revenue from certain eldercare related services, for which the control of the services is transferred when the Group had provided the related services over the time, revenue is recognised when the customers simultaneously receive and consume the benefits provided by the eldercare related services over time. For revenue from remaining eldercare related services is recognised at a point in time, i.e. when the services are provided.

Revenue from sales of pharmaceutical and nutritions

Revenue from sales of pharmaceutical and nutritions is recognised at the point when the control of the products has transferred, being at the point the customer receives the pharmaceutical and nutritions. Payment of the transaction price is due immediately at the point the customer receives the pharmaceutical and nutritions.

Revenue from sales of properties

Revenue from sales of completed properties is recognised at a point in time when the underlying property is transferred to the customer. Deposits and instalments received on properties sold prior to the date of revenue recognition are contract liabilities and included in the interim condensed consolidated statement of financial position as “Deposits received on sales of properties”.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. REVENUE (Continued)

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

All the Group's contracts with customers in relation to healthcare services, eldercare related services, sales of pharmaceutical and nutritions and property development had an original expected duration of one year or less. The Group has applied the practical expedient in paragraph 121 of HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports according to the types of goods or services delivered and provided, and are regularly reviewed by the chief operating decision-maker (the "CODM") to allocate resources to the segments and to assess their performance.

The CODM which is responsible for allocating resources and assessing performance of the operating segments has been defined as the executive directors of the Company.

During the six months ended 30 June 2024, the CODM has identified the following six operating and reportable segments under HKFRS 8 Operating Segments. No operating segments have been aggregated to form the following reportable segments.

Healthcare – operations of hospitals in the PRC.

Eldercare – property development of independent living units and project management of health campus in the PRC with focus on eldercare and retirement community, which consist of an elderly nursing home, service apartments, independent living units and a commercial area comprising a shopping mall, retail shops and club hall facilities.

Property development – developing and selling of properties and land in the PRC.

Property investment – leasing of residential and office properties.

Financial services – provision of loan financial services.

Securities trading and investments – trading of securities in Hong Kong and overseas markets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2024

	Healthcare	Eldercare	Property development	Property investment	Financial services	Securities trading and investments	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Gross proceeds from sales of investments held for trading	-	-	-	-	-	-	-
Revenue	800,390	18,942	-	2,197	-	-	821,529
Segment profit/(loss)	82,250	(25,735)	(4,210)	(6,096)	(18)	(363)	45,828
Unallocated:							
Other gains and losses, and other income							16,185
Net foreign exchange loss							(2,933)
Central corporate expenses							(12,995)
Finance costs							-
Profit before taxation							46,085

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 June 2023

	Healthcare HK\$'000 (unaudited)	Eldercare HK\$'000 (unaudited)	Property development HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Financial services HK\$'000 (unaudited)	Securities trading and investments HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Gross proceeds from sales of investments held for trading	-	-	-	-	-	3,468	3,468
Revenue	733,887	22,952	130	3,982	-	-	760,951
Segment profit/(loss) (restated)	34,638	(17,969)	(4,071)	6,572	(1,424)	(640)	17,106
Unallocated:							
Other gains and losses, and other income							5,501
Net foreign exchange loss							(2,953)
Central corporate expenses							(12,784)
Finance costs							(28)
Profit before taxation (restated)							6,842

All of the segment revenue reported above is generated from external customers.

Segment profit/(loss) represents the profit earned/losses incurred by each segment without allocation of certain other gains and losses, and other income, certain net foreign exchange loss, central corporate expenses and certain finance costs.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

As at 30 June 2024

	Healthcare HK\$'000 (unaudited)	Eldercare HK\$'000 (unaudited)	Property development HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Financial services HK\$'000 (unaudited)	Securities trading and investments HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Segment assets	1,822,738	675,503	54,414	202,276	130	6,580	2,761,641
Corporate assets							<u>719,676</u>
Consolidated assets							<u>3,481,317</u>
Segment liabilities	960,484	565,183	45,967	1,550	1,867	-	1,575,051
Corporate liabilities							<u>16,400</u>
Consolidated liabilities							<u>1,591,451</u>

As at 31 December 2023

	Healthcare HK\$'000 (restated)	Eldercare HK\$'000 (restated)	Property development HK\$'000 (audited)	Property investment HK\$'000 (restated)	Financial services HK\$'000 (audited)	Securities trading and investments HK\$'000 (audited)	Consolidated HK\$'000 (restated)
Segment assets	1,865,838	687,982	47,346	211,476	133	6,922	2,819,697
Corporate assets							<u>716,556</u>
Consolidated assets							<u>3,536,253</u>
Segment liabilities	1,019,296	587,150	47,535	1,834	1,867	-	1,657,682
Corporate liabilities							<u>6,926</u>
Consolidated liabilities							<u>1,664,608</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. OTHER GAINS AND LOSSES, AND OTHER INCOME

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss on fair value of investments held for trading	(326)	(614)
(Loss)/gain on fair value of investment properties	(11,797)	6,203
Training and other services	2,545	3,281
Written-off of trade receivables	(3,624)	–
Impairment loss under expected credit loss ("ECL") model	(2,486)	(1,677)
Impairment on property, plant and equipment	(1,368)	(4,136)
Net foreign exchange loss	(2,933)	(5,931)
Provision for properties under development for sale	(8,126)	(2,652)
Provision for properties held for sale	(1,249)	(373)
Government subsidies (<i>Note</i>)	68	88
Interest income from bank deposits	16,739	6,113
Other sundry income	3,814	3,775
	(8,743)	4,077

Note: The government subsidies mainly represent the subsidies on costs incurred for operation in the PRC with no special and unfulfilled conditions attached.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. FINANCE COSTS

The finance costs represent interest as follows:

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on:		
Bank and other borrowings	16,616	24,780
Lease liabilities	1,537	1,740
	18,153	26,520
Less: interest capitalised	(2,446)	–
	15,707	26,520

8. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax		
Corporate income tax ("CIT") in the PRC	17,004	1,618
Land appreciation tax ("LAT") in the PRC	–	148
Deferred tax	17,004	1,766
Origination and reversal of temporary differences	–	472
	17,004	2,238

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. INCOME TAX EXPENSES (*Continued*)

The Company's subsidiaries in the PRC are subject to CIT rate at 25%. The tax charge in respect of the current period represents CIT in the PRC which is calculated at the prevailing tax rate on the taxable income of the subsidiaries in the PRC.

According to the PRC CIT law, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China 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, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowings costs and all property development expenditures.

Under the Two-tiered Profits Tax Rates Regime, the first HK\$2,000,000 of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the Two-tiered Profits Tax Rates Regime will continue to be taxed at a rate of 16.5%.

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements since the group entities have either sufficient tax losses brought forward to set off against current period's assessable profits or no assessable profits arising in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. PROFIT FOR THE PERIOD

Profit for the period is stated after charging the following:

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (restated)
Depreciation of property, plant and equipment	45,512	43,202
Depreciation of right-of-use assets	4,292	4,708
Cost of inventories sold and properties held for sale recognised as an expense (included in cost of goods and services)	<u>318,606</u>	<u>304,081</u>

10. DIVIDENDS

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividend recognised as distribution during the period:		
Final dividend of HK1 cent (2023: Nil) per ordinary share in respect of 2023 (2023: in respect of 2022)	<u>10,860</u>	<u>—</u>

The Board of the Company does not recommend any interim dividend in respect of the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period:

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(restated)
<hr/>		
Profit		
Profit for the purpose of calculating basic earnings per share for the period attributable to owners of the Company	21,659	1,310
	<hr/>	<hr/>
	Six months ended	
	30.6.2024	30.6.2023
	(unaudited)	(unaudited)
<hr/>		

Number of shares

Weighted average number of ordinary shares for the purposes of calculating basic earnings per share

1,086,005,457	758,959,038
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No diluted earnings per share has been presented as there were no potential dilutive shares outstanding for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, additions to the Group's property, plant and equipment amounted to HK\$74,133,000 (2023: HK\$60,957,000) and properties held for sale with a carrying amount of nil (2023: HK\$3,962,000) were transferred to property, plant and equipment upon the change in use as staff quarters.

As at 30 June 2024, the Group's investment properties were revalued by Norton Appraisals Holdings Limited ("Norton Appraisals"), being an independent qualified professional valuer not related to the Group. Loss on fair value of investment properties of HK\$11,797,000 (2023: gain of HK\$6,203,000) was recognised in the profit or loss for the six months ended 30 June 2024. Impairment loss on property, plant and equipment of HK\$1,368,000 (2023: HK\$4,136,000) was recognised in the profit or loss for the six months ended 30 June 2024.

13. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30.6.2024	31.12.2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
<hr/>		
Trade receivables:		
Trade receivables arising from hospital operation and eldercare related services operation	132,329	92,105
Debtors from financial services	876	876
	133,205	92,981
Less: Allowance for credit losses	(11,981)	(9,495)
	121,224	83,486
<hr/>		
Deposits, prepayments and other receivables:		
Prepayments, other debtors and deposits	44,853	39,822
Deposits with and receivables from the financial institutions	252	262
	45,105	40,084

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

The customers of hospital operation and eldercare related services operation are either settled by cash, credit card or local governments' social insurance schemes. For credit card payment, the banks usually pay the Group 7 days after the trade date. Payments under local governments' social insurance schemes are normally settled by the local social insurance bureau or similar government departments, which are responsible for the reimbursement of medical expenses for patients who are covered by the local governments' social insurance schemes, 90 days from the invoice date.

The following is an aging analysis of trade receivables arising from hospital operation and eldercare related services operation denominated in Renminbi ("RMB") and presented based on the invoice date which approximates the date of revenue recognition:

	30.6.2024	31.12.2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 – 30 days	73,545	55,621
31 – 60 days	18,603	12,366
61 – 90 days	8,541	2,460
91 – 365 days	14,917	18,217
More than 365 days	16,723	3,441
	132,329	92,105

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

14. LOAN RECEIVABLE

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Fixed-rate loan	95,215	95,215
Less: Allowance for credit losses	<u>(95,215)</u>	<u>(95,215)</u>
	<u>—</u>	<u>—</u>

The balance represents a secured loan by a subsidiary of the Company (the "Subsidiary") as lender, to an independent third party corporate borrower, the shares of which were listed on the Stock Exchange (the "Borrower"). The loan is secured by (i) a debenture created by the chargor, a wholly owned subsidiary of the Borrower (the "Chargor") in favour of the Subsidiary by way of a first fixed and floating charge over all the undertaking, property and assets of the Chargor; (ii) a share mortgage in favour of the Subsidiary by way of a first fixed mortgage of the 75% of the entire issued share capital of the Chargor; (iii) an additional deed of assignment of shareholder's loan owed by another non-wholly-owned subsidiary of the Borrower and held by the Borrower; and (iv) a deed of assignment of shareholder's loan owed by Chargor and held by the Borrower.

As at 30 June 2024, based on the assessment of the directors of the Company, the loan receivable is not expected to be settled within the next 12 months and therefore classified as non-current asset.

As at 30 June 2024 and 31 December 2023, the directors of the Company considered that the estimated cash flow of the loan receivable and/or the realisation of the relevant collaterals was expected to be zero due to the adverse development of value of collaterals (inclusive of the anticipated receipts of the shareholder's loan held by the Borrower that are assigned to the Group) and the loan receivable was fully impaired.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. TRADE PAYABLES, DEPOSITS, RECEIPTS IN ADVANCE AND ACCRUED CHARGES

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Trade payables of hospital operation, of eldercare related services operation and to construction contractors	125,683	162,798
Deposits, receipt in advance and accrued charges:		
Bills payable	32,967	64,725
Accrued compensation for late delivery of properties held for sale	5,861	5,861
Accrued construction costs for properties under development for sale and properties held for sale	30,669	30,677
Construction cost payable for hospital buildings classified as property, plant and equipment	95,870	126,713
Deposits and receipts in advance	63,905	64,267
Other payables and accrued charges (<i>Note</i>)	186,521	193,158
	415,793	485,401

Note: Among the balance, HK\$10,860,000 represented the dividend payable as at 30 June 2024 (31 December 2023: nil).

Trade payables of hospital operation and eldercare related services operation principally comprise amounts outstanding for trade purchases. Trade payables to construction contractors comprise construction costs for property development and other projects. The normal credit period taken for these trade payables is 30–90 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. TRADE PAYABLES, DEPOSITS, RECEIPTS IN ADVANCE AND ACCRUED CHARGES *(Continued)*

The following is an aging analysis of trade payables of hospital operation, of eldercare related services operation and to construction contractors denominated in RMB and presented based on the invoice date:

	30.6.2024	31.12.2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 – 30 days	60,123	84,168
31 – 60 days	30,539	32,773
61 – 90 days	13,892	15,794
91 – 365 days	11,564	21,711
More than one year but not exceeding two years	3,420	1,452
More than two years but not exceeding five years	6,145	6,900
	<u>125,683</u>	<u>162,798</u>

The following is an aging analysis of bills payable denominated in RMB and presented based on the invoice date:

	30.6.2024	31.12.2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
61 – 90 days	10,989	–
91 – 365 days	21,978	64,725
	<u>32,967</u>	<u>64,725</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. BORROWINGS

The following table provides an analysis of the borrowings:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Bank borrowings, secured	62,516	82,930
Bank borrowings, unsecured	366,923	355,692
Term loans, unsecured	374,725	321,428
	804,164	760,050

The carrying amounts of the Group's bank and other borrowings are repayable as follows:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Within one year	278,046	312,561
More than one year but not exceeding two years	94,563	122,587
More than two years but not exceeding five years	431,555	324,902
	804,164	760,050
Less: Amount due for settlement within 12 months (shown under current liabilities)	(278,046)	(312,561)
Amount due for settlement after 12 months	526,118	447,489

During the current period, the Group obtained new borrowings amounting to HK\$125,791,000 (six months ended 30 June 2023: HK\$155,314,000) and repaid borrowings amounting to HK\$81,677,000 (six months ended 30 June 2023: HK\$274,015,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

17. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and movements thereon during the current period:

	Revaluation of leasehold land and buildings HK\$'000	Withholding tax in respect of undistributed earnings of PRC subsidiaries HK\$'000	Fair value adjustment on business combination HK\$'000	Total HK\$'000
As at 31 December 2023 (audited)	42,444	1,396	27,554	71,394
Effect on change in accounting policy (Note 3)	(42,444)	-	-	(42,444)
As at 31 December 2023 (restated), 1 January 2024 and as at 30 June 2024 (unaudited)	-	1,396	27,554	28,950

18. SHARE CAPITAL

	Nominal value per share	Number of ordinary shares	Carrying value HK\$'000
Authorised:			
At 31 December 2023 (audited) and 30 June 2024 (unaudited)	HK\$0.01	30,000,000,000	300,000
Issued and fully paid:			
At 31 December 2023 (audited) and 30 June 2024 (unaudited)	HK\$0.01	1,086,005,457	10,860

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. SHARE CAPITAL (Continued)

Notes:

- (a) On 16 June 2023, the Company issued 362,001,819 ordinary shares of HK\$0.01 each by way of rights on the basis of one rights share for every two issued shares of the Company at subscription price of HK\$0.88 per rights share (the "Rights Issue"). The net proceeds after deducting all relevant professional fees and related expenses of HK\$9,270,000 were HK\$309,292,000 and are intended for financing the development of the phase II of Kunming hospital.
- (b) On 21 May 2024, an amount of HK\$2,600,000,000 standing to the credit of the share premium account of the Company was reduced and used to offset the entire debit amount in the Company's accumulated losses account and that the balance credit arising therefrom was transferred to the contributed surplus account of the Company.

19. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to banks and a securities broker house to secure credit facilities granted to the Group:

	30.6.2024	31.12.2023
	HK\$'000	HK\$'000
	(unaudited)	(restated)
Investments held for trading	6,298	6,624
Buildings (included in property, plant and equipment)	148,986	155,380
Investment properties	314,176	315,494
Properties under development for sale	135,000	141,147
Pledged bank deposits	5,495	32,984
Medical equipment (included in property, plant and equipment)	15,912	18,220
	625,867	669,849

20. CAPITAL COMMITMENTS

	30.6.2024	31.12.2023
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Capital expenditure contracted for at the end of reporting period but not yet incurred:		
– Property, plant and equipment	180,234	262,346

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS

The Group had following transactions and balances with its related parties:

(a) Transactions with related parties

	Six months ended	
	30.6.2024	30.6.2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The ultimate holding company (2023: a related company (Note 2)) of the Company, Allied Group Limited ("AGL") and its subsidiaries		
– Short-term lease expenses charged to the Group	1,526	–
– Interest expense on borrowings charged to the Group	–	151
– Interest expense on lease liabilities charged to the Group	–	2
The intermediate holding company (2023: a related company (Note 2)) of the Company, Tian An China Investments Company Limited ("TACI") and its subsidiaries		
– Interest expense on borrowings charged to the Group	8,221	230
A related company		
– Legal and professional services fee charged to the Group (Note 1)	–	101

Notes:

- The related company is a partnership of which a former non-executive director of the Company is a partner and is considered as a related party of the Group.
- These related companies have significant influence over the Company after the completion of the Rights Issue.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
The ultimate holding company of the Company, AGL and its subsidiaries		
– Deposits, prepayments and other receivables	745	745
The intermediate holding company of the Company, TACI and its subsidiaries		
– Deposits, prepayments and other receivables	156	86
– Term loans, unsecured (included in borrowings)	374,725	321,428
– Accrued charges (included in deposits, receipt in advance and accrued charges)	401	436

(c) Compensation of key management personnel

The remuneration of directors of the Company, who are also the key management of the Group during the period is as follows:

	Six months ended	
	30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
Salaries and other short-term employee benefits	2,273	3,186
Retirement benefits costs	82	300
	2,355	3,486

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Compensation of key management personnel *(Continued)*

The remuneration of directors of the Company is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

22. FAIR VALUE MEASUREMENTS

Except as disclosed below, management of the Group considers that the carrying amounts of the financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair values:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS (Continued)

Disclosure of valuation techniques and inputs used in recurring fair value measurements:

Financial assets in the condensed consolidation statement of financial position	Fair value as at 30 June 2024	Fair value as at 31 December 2023	Fair value hierarchy	Valuation techniques and key inputs
1) Investments in listed equity securities classified as investments held for trading	Listed equity securities: – Hong Kong HK\$4,579,000 – Overseas HK\$1,719,000	Listed equity securities: – Hong Kong HK\$4,949,000 – Overseas HK\$1,675,000	Level 1	Quoted bid prices in active markets
2) Club debentures classified as financial assets at fair value through profit or loss	Assets – HK\$2,151,000	Assets – HK\$2,151,000	Level 2	Quoted prices in a market for identical assets
3) Investment properties	HK\$534,123,000	HK\$545,920,000	Level 3	Investment approach/direct comparison approach

Reconciliation of investment properties measured at fair value based on level 3

	Six months ended 30.6.2024 HK\$'000 (unaudited)	30.6.2023 HK\$'000 (unaudited)
At 1 January	545,920	557,089
Decrease in fair value recognised in profit or loss	(11,797)	6,203
Exchange differences	–	(16,171)
As at 31 June 2024	534,123	547,121

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS *(Continued)*

Valuation processes

The Group measures its investment properties at fair value as at 30 June 2024 and 31 December 2023. The investment properties were revalued by Norton Appraisals.

The Group's management is responsible for the review of the valuations performed by Norton Appraisals for financial reporting purposes and reports directly to the Board of Directors of the Company. Discussions of valuation processes and results are held between management and Norton Appraisals at least once a year, in line with the Group's reporting date.

At each financial period end/year end, management of the Group:

- Verifies all major inputs to the independent valuation reports
- Assesses property valuation movements when compared to the prior year valuation reports
- Holds discussions with Norton Appraisals

Valuation techniques

The fair values of investment properties were derived from:

- (i) investment approach, the market value of these properties are the aggregate of its term value, which is calculated by capitalised the existing rent for its unexpired term of the contractual tenancy and its reversionary value, which derives from the capitalised current market rent arise from lease renewal or new letting or from the disposal based on the current market price; or
- (ii) direct comparison approach, assuming these properties are capable of being sold in their existing states and on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant markets.

All of the fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. FAIR VALUE MEASUREMENTS (Continued)

Valuation techniques (Continued)

Information about recurring fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values for investment properties and key unobservable inputs used in the valuation models:

	Fair value HK\$'000	Valuation techniques	Unobservable inputs	Range/weighted average of significant inputs	Effect on fair value for increase of inputs
As at 30 June 2024					
Industrial property units located in Hong Kong	180,100	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square feet	3.00%–3.4% HK\$14.68–HK\$16.74 per square feet	Decrease Increase
Land in Hong Kong	14,800	Direct comparison approach	Market unit rate	HK\$220–HK\$320 per square feet	Increase
Residential property units located in the PRC	3,890	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square feet	4.25%–4.75% RMB14–RMB22 per square meter	Decrease Increase
Commercial and residential property units located in the PRC	335,333	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square meter	4.00%–4.25% RMB18–RMB52 per square meter	Decrease Increase
	<u>534,123</u>				

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

	Fair value HK\$'000	Valuation techniques	Unobservable inputs	Range/weighted average of significant inputs	Effect on fair value for increase of inputs
As at 31 December 2023					
Industrial property units located in Hong Kong	188,100	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square feet	2.70%–3.30% HK\$14.99–HK\$16.37 per square feet	Decrease Increase
Land in Hong Kong	15,800	Direct comparison approach	Market unit rate	HK\$230–HK\$340 per square feet	Increase
Residential property units located in the PRC	4,020	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square feet	4.63% RMB15–RMB23 per square meter	Decrease Increase
Commercial and residential property units located in the PRC	338,000	Investment approach	(i) Capitalisation rate (ii) Monthly market rent per square meter	4.00%–4.25% RMB27–RMB55 per square meter	Decrease Increase
	<u>545,920</u>				

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

23. LITIGATION

On 30 July 2024, Tongren Healthcare Industry Group Company Limited* (同仁醫療產業集團有限公司) (“Tongren Healthcare”), an indirect wholly-owned subsidiary of the Company, received a writ of summons dated 25 July 2024 inclusive of a statement of claim (民事起訴狀) from the Henan Province Jiaozuo City Intermediate People’s Court (河南省焦作市中級人民法院) of the PRC regarding the claims by Jiaozuo Investment Group Company Limited* (焦作市投資集團有限公司) (the “Claimant”) against, amongst others, Tongren Healthcare (the “Litigation”). The Claimant is claiming against Tongren Healthcare and others to be jointly and severally liable to the Claimant for compensation of an amount of approximately RMB143 million. The Company, after seeking PRC legal advice, is of the view that the Litigation has no merits and hence no material impact on the operations and financial position of the Group.

* For identification purpose only

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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TO THE BOARD OF DIRECTORS OF TIAN AN MEDICARE LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 4 to 48 which comprise the condensed consolidated statement of financial position of Tian An Medicare Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and notes to the interim condensed consolidated financial statements, including material accounting policy information (the “interim condensed consolidated financial statements”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with Hong Kong Financial Reporting Standards. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other matter

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 were reviewed by another auditor who expressed an unmodified conclusion on 18 August 2023.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

BDO Limited

Certified Public Accountants

Lee Alfred

Practising Certificate no. P04960

Hong Kong, 2 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 June 2024, the Group recorded a total revenue of HK\$821,529,000 (2023: HK\$764,419,000) representing an approximately 7.47% increase as compared with the total revenue for the six months ended 30 June 2023 (“HY2023”) and a profit attributable to owners of the Company of HK\$21,659,000 (2023 (restated): HK1,310,000) representing an approximately 15.5 times increase as compared with the profit attributable to owners of the Company for HY2023. This was mainly due to (i) the increase in revenue from operations of the Healthcare Division following the relaxation of epidemic preventive measures and the resumption of economic and social activities in the Peoples’ Republic of China (the “PRC”); (ii) the decrease in cost of medical consumables; (iii) the increase in interest income from bank deposits; and (iv) the decrease in finance costs of borrowings in the PRC but were partially off-set by (v) the increase in cost of pharmaceutical and medicine; (vi) the loss on fair value of investment properties; and (vii) the increase in provision for properties under development for sale.

Earnings per share (basic) for the six months ended 30 June 2024 was HK1.99 cents (2023 (restated): HK0.17 cents).

The Group’s net asset value per share, attributable to the shareholders of the Company (the “Shareholders”), as at 30 June 2024 amounted to HK\$1.67 (31 December 2023 (restated): HK\$1.67).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2023: nil) for the six months ended 30 June 2024. However, it was resolved to reassess the potential dividend payment at year end which would obviously take into consideration the overall market conditions, sustainability and the financial performance of the Group.

REVIEW OF OPERATIONS

The Group’s principal businesses are investment in and management and operation of healthcare and hospital businesses, eldercare businesses, trading of medical equipment and related supplies, property investment and development, securities trading and investments, provision of financial services and strategic investment.

REVIEW OF OPERATIONS *(Continued)*

Healthcare Division:

In the first quarter of 2024, market demand for healthcare services rose following the relaxation of epidemic preventive measures and the resumption of economic and social activities in the PRC which led to a strong performance of the Healthcare Division. However, since the second quarter of 2024, the macro-economic environment declined with consumption demand weakened. Meanwhile, with the more in-depth implementation of Diagnosis Related Groups (DRGs) payment reform, in-patients bed-days of the hospitals decreased across the medical industry.

For the six month ended 30 June 2024, the Healthcare Division, operated through its wholly-owned subsidiary, Tongren Healthcare Industry Group Company Limited (同仁醫療產業集團有限公司), achieved an increased revenue of HK\$800,390,000 (2023: HK\$733,887,000) and an improved profit of HK\$82,250,000 (2023 (restated): HK\$34,638,000). Without interest, tax, depreciation and amortization, the Healthcare Division generated an EBITDA, being earnings before interest, tax, depreciation and amortization, of HK\$137,731,000 (2023: HK\$95,033,000) for the six months ended 30 June 2024.

Nanjing hospital of the Healthcare Division (“NJH”):

For NJH, a Class III B integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, the PRC and the Division’s flagship hospital, currently it operates 43 clinical medical & technical departments including 1 national key clinical specialty (otorhinolaryngology (“ENT”), head and neck surgery), 1 provincial key clinical specialty (ENT, head and neck surgery), 6 municipal key medical specialties (ENT, head and neck surgery, ophthalmology, neurology, medical imaging, anesthesiology and clinical laboratory), as well as the approved Nanjing Tongren’s ENT Hospital, Nanjing Tongren Internet Hospital and Nanjing Tongren Children’s Hospital.

REVIEW OF OPERATIONS *(Continued)*

Healthcare Division: *(Continued)*

Nanjing hospital of the Healthcare Division (“NJH”): (Continued)

During the period under review:

- i) For scientific research development:

NJH convened the Jinling Jiulonghu New Invasive Treatment Technology Forum and Siemens DSA Launch Ceremony.

NJH also hosted the 10th Session of the Cardiovascular Disease Division of the Jiangsu Medical Association and the 15th Jinling Heart Failure Programme.

Additionally, NJH organized 10 project presentations for the Municipal Health Committee and 2 municipal new technology presentations, and recommended 5 project presentations to the National Nature Science Foundation of China, including ENT (He Shuangba and Meng Wei), nuclear medicine (Guo Wanhua), neurology (Xu Xiaohui), and stomatology (Zhou Qiyue).

Furthermore, NJH recommended one of the Top 100 Outstanding Academic Dissertations in Natural Science of Jiangsu in 2024 (ENT: Meng Wei).

Lastly, Peng Jing from the general surgery department was appointed as an off-campus tutor for postgraduate students of Southeast University as part of the Off-campus Tutor for Postgraduate Students of Southeast University Project 2024.

REVIEW OF OPERATIONS *(Continued)*

Healthcare Division: *(Continued)*

Nanjing hospital of the Healthcare Division (“NJH”): (Continued)

ii) For specialty and department development:

NJH’s cardiothoracic surgery department recruited Professor Xue Tao, the Director of the Thoracic Surgery Division of the Jiangsu Medical Association from Zhongda Hospital. Professor Xue specializes in minimally invasive surgery and comprehensive treatment of benign and malignant thoracic tumors, particularly minimally invasive surgery for pulmonary nodule, lung cancer and other lung diseases, and is currently one of the best in this field in the province.

The cardiology department also recruited Professor Lu Xinzhen, a cardiology expert from the provincial people’s hospital and tutor for doctoral students. Professor Lu specializes in the treatment and clinical research of cardiomyopathy and heart failure.

Furthermore, 10 of the hospital’s specialties applied for key clinical specialty status in Nanjing, including nursing, pediatrics, orthopedics, emergency medicine, stomatology, endocrinology, general surgery, cardiology, neurology (under review), ophthalmology (under review), and radiology (under review).

Doctors from the otorhinolaryngology department were awarded the second class prize of the Skill Challenge on Newborn Hearing Screening in Nanjing.

Lastly, NJH’s myopia prevention and control center was recognized as a National Demonstration Center for Safe Contact Lens Treatment Project, one of the only 16 such centers in the country.

iii) For marketing and public relation:

NJH entered into medical consortium cooperation agreements with Jiangning Prison, Jingyue Hospital in Jiangning, Nanjing and Liangshan People’s Hospital and other organizations to conduct volunteer clinic services, technical support, and joint development and planning of specialties.

Kunming hospital of the Healthcare Division (“KMH”):

For KMH, another Class III A integrated hospital of the Group located in Kunming City, Yunnan Province, PRC, currently it operates 44 clinical medical & technical departments.

REVIEW OF OPERATIONS *(Continued)*

Healthcare Division: *(Continued)*

Kunming hospital of the Healthcare Division (“KMH”): (Continued)

During the period under review:

- i) For scientific research development:

KMH convened the Founding Ceremony of the 3rd Session of the Private Hospital Division of the Yunnan Hospital Association and the Private Hospital High Quality Development Forum, serving as the chairman. This event was attended by the Yunnan Health Committee, the Provincial Medical Evaluation Center, the Chinese Hospital Association, and representatives from 103 private hospitals across the province. Lectures and discussions were held on establishing a tiered system for private hospitals, which were well received by the participants.

KMH held the launch ceremony for the expert team of Song Cangsang (Kunming First People’s Hospital). This expert team will provide regular guidance and support to KMH’s pharmaceutical service regulation and pharmacy administration, aimed at improving the professional skills and service standards of KMH’s pharmaceutical staff.

KMH continued to organize municipal medical education projects and applied for 12 new projects, covering areas such as cardiology, nephrology, chiropractic, ENT, stomatology, radiology, clinical laboratory, education, and 3 projects in the nursing department.

Tang Bin, the associate dean, and Qiao Di, the Deputy Chief Physician of its respiratory medicine department, were graded as “outstanding” in the Medical Technology Talent Project of Kunming and recognized as “Municipal Renowned Experts”.

REVIEW OF OPERATIONS *(Continued)*

Healthcare Division: *(Continued)*

Kunming hospital of the Healthcare Division (“KMH”): (Continued)

ii) For specialty and department development:

Firstly, KMH completed the restricted technology filing for laryngoscopy, level 3 neurovascular interventional surgery, and level 3 peripheral vascular interventional surgery, allowing KMH to perform these advanced medical procedures.

Additionally, KMH’s emergency medicine department was recognized as the “Healthy Kunming · Best Physician” Best Department (Team) in the Chinese Doctors’ Day 2023 and the 6th “Healthy Kunming · Best Physician” voting campaign. This prestigious award highlights the excellence and outstanding performance of KMH’s emergency medicine team.

Furthermore, KMH formed an expert team led by Li Shiting from Xinhua Hospital, which is affiliated with the School of Medicine of Shanghai Jiaotong University. Through regular academic sharing, technical guidance, and other collaborative activities, this partnership has raised the overall strength of KMH’s neurosurgery department and facilitated talent cultivation and specialty development within the department.

iii) For marketing and public relation:

KMH’s cardiology department, neurosurgery department, general surgery department, and other departments organized numerous volunteer clinic services, vaccination activities, ward visits and inspections, as well as scientific education initiatives. These community outreach programs demonstrate KMH’s commitment to providing comprehensive healthcare services and educating the public on important health-related topics.

Furthermore, KMH has continuously promoted the successful completion of complex surgeries by various departments, such as tumor removal by the urology department, microvascular decompression by the neurosurgery department, and thrombolysis by the neurology department. By highlighting these real-world cases, KMH has effectively showcased the technical proficiency and expertise of its specialized medical teams, further solidifying its reputation as a leading healthcare provider in the region.

REVIEW OF OPERATIONS *(Continued)*

Healthcare Division: *(Continued)*

Kunming hospital of the Healthcare Division (“KMH”): (Continued)

iv) For the development of KMH Phase II:

KMH’s development in 2024 included the construction of several new buildings as part of its ongoing expansion plans. This included an integrated in-patient building, an oncology and nuclear medical building, and a rehabilitation medical building, with a total approved construction area of approximately 66,021 m².

During the period under review, KMH had completed the main structural works for these new buildings. Furthermore, KMH had begun the preparation work for the tendering and selection process for the internal decoration of the KMH Phase II.

Nanjing Cedar Care Polyclinic (“NCCPC”):

For NCCPC, the high-end integrated clinic situated at the prime commercial building in central business district of Hexi, Nanjing, commenced operation in October 2022, offers a wide range of healthcare services, such as general practice, ophthalmology, ENT, stomatology and medical aesthetic adolescence height management to patients.

During the period under review, the overall business of the high-end medical industry was affected by the sluggish economy and lower consumption sentiment. Although there was an increase in revenue of NCCPC, the operating environment remained challenging. NCCPC actively adjusted its operation in response to the market environment with the main focus on improving ophthalmology, aesthetic medicine and stomatology, three of the disciplines with high level of marketization, and raising its professional medical technology. Meanwhile, using adolescence height management as an entry point, the out-patient department generated traffic for all other disciplines.

For the period under review, the Healthcare Division achieved an increase in business volume with NJH recorded a total of 555,941 out-patients visits (2023: 495,229), 19,500 in-patient admissions (2023: 16,203) and 24,559 body-checks (2023: 32,458), KMH recorded a total of 231,071 out-patients visits (2023: 214,569), 10,719 in-patient admissions (2023: 10,725) and 35,812 body-checks (2023: 42,666) and NCCPC recorded a total of 15,368 out-patients visits (2023: 11,588).

As at 30 June 2024, NJH operated with 415 doctors (31 December 2023: 414), 532 nurses (31 December 2023: 552) and 1,144 beds (31 December 2023: 1,144), KMH operated with 265 doctors (31 December 2023: 269), 392 nurses (31 December 2023: 390) and 500 beds (31 December 2023: 500) and NCCPC operated with 70 doctors (31 December 2023: 66) and 9 nurses (31 December 2023: 21).

REVIEW OF OPERATIONS *(Continued)*

Eldercare Division:

During the period under review, the real estate sales ceased to be the main driving force of the growth of the Division's results. For community village operation, with the increase in supply in the proximity and intensified competition within the industry, the Division saw the decline in number of members and thus the revenue of the Division was affected. It is the Division's strategy of maintaining stable operations of the elderly homes, elderly departments and nursing hospitals while streamlining its operation and improving the operational efficiency.

For the six months ended 30 June 2024, the Eldercare Division, operated through its wholly-owned subsidiary, Aveo China (Holdings) Limited, recorded a decreased revenue of HK\$18,942,000 (2023: HK\$22,952,000) and a loss of HK\$25,735,000 (2023 (restated): HK\$17,969,000) inclusive of a loss on fair value of investment properties of HK\$2,667,000 (2023: gain of HK\$1,887,000) and a provision for properties under development for sale of HK\$6,147,000 (2023: HK\$1,508,000).

As of 30 June 2024, Tide Health Campus (天地健康城) of the Eldercare Division located in Zhu Jia Jiao County, Qingpu District, Shanghai, the PRC, a retirement community village that integrates community eldercare, institutional eldercare, home eldercare and eldercare nursing hospital (Shanghai Deyi Hospital, "SDH"), sold 857 Independent Living Units ("ILU"s) out of a total inventory of 868 ILUs and among which nil ILU (2023: 1) was recorded as sales in the six months under review with more than 347 residents (2023: 347) moved into the retirement community village. In addition, the Division's serviced apartments ("SA(s)") consist of two 11-storey buildings with the construction and renovation of the first building and the second building completed in November 2016 and May 2020 respectively, offering a total of 210 SAs (31 December 2023: 210) for lease. As at 30 June 2024, the Division leased out 71 SAs (31 December 2023: 70).

During the six months under review:

- i) For eldercare community operation:

The operating company of the Division adjusted its organizational structure, optimized its staff, and streamlined various standard operating procedures (SOPs). The campus community, including clubs, schools, and other business segments, implemented daily membership services, organized birthday parties, health checks, sports events, and outbound body checks. The operating company further improved its Behavior Identity (BI) training for employees to provide more human-oriented services to members and residents.

The elderly homes on the campus focused on meeting the emotional and health needs of residents through regular medicine dispensing, tea parties, and DIY (Do-It-Yourself) activities.

REVIEW OF OPERATIONS *(Continued)*

Eldercare Division: *(Continued)*

i) (Continued)

In late May 2024, Shanghai Tide Healthcare Management Co., Ltd. officially took over the property management service of the entire Tide Health Campus. It began building its property management service system and undertook acceptance and inspection of the campus's civil engineering, fire safety, electricity, elevator, water supply and sewage, and building intelligent systems. It also assumed responsibility for on-site maintenance and repair.

ii) For eldercare nursing hospital operation:

The nursing hospital (SDH) of the Division improved its operating efficiency and expanded the diagnosis services offered to its inpatients. This was done in an effort to enhance the overall healthcare services and increase the revenue of the department.

Additionally, the operating company streamlined and facilitated its Chinese medicine departments to boost their business volume. It has also strengthened its marketing efforts and improved the service experience for its patients. This was achieved by formulating service improvement plans, which has helped attract more patients to the hospital.

During the six months ended 30 June 2024, SDH recorded a total of 9,421 out-patients visits (2023: 8,915) and 4,119 in-patient admissions (2023: 4,597). As at 30 June 2024, SDH operated with 21 doctors (31 December 2023: 21), 14 nurses (31 December 2023: 16) and 100 beds (31 December 2023: 100).

As at 30 June 2024, the Division's investment properties portfolio, 100% attributable to the Group, comprising 2 SAs (31 December 2023: 2) (two 11-storey buildings with total gross floor area ("GFA") of 17,117 m²) and the retail shopping precinct (retail shops with GFA of 1,980 m² and shopping mall with GFA of 7,354 m²) with a total carrying value amounted to HK\$335,333,000 (31 December 2023: HK\$338,000,000). The Division's property under development for sale consisted of a residential property in Shanghai, the PRC, amounted to HK\$135,000,000 (31 December 2023: HK\$141,147,000).

REVIEW OF OPERATIONS *(Continued)*

Property Development:

For the six months ended 30 June 2024, the Group's property development business recorded a revenue of nil (2023: HK\$130,000) and a loss of HK\$4,210,000 (2023: HK\$4,071,000) inclusive of a provision for properties under development for sale of HK\$1,979,000 (2023: HK\$1,144,000).

As at 30 June 2024, the Division's properties under development for sale amounted to HK\$34,847,000 (31 December 2023: HK\$36,826,000) consisted of a parcel of commercial land in Lianyungang and an office premise in Guangzhou, the PRC.

Property Investments:

For the six months ended 30 June 2024, the Group's investment properties portfolio, for leasing, located in Hong Kong and the PRC recorded a rental income of HK\$2,197,000 (2023: HK\$3,982,000) and a loss of HK\$6,096,000 (2023 (restated): profit of HK\$6,572,000) with a loss on fair value of investment properties of HK\$9,130,000 (2023: gain of HK\$4,316,000).

As at 30 June 2024, the Division's investment properties portfolio, 100% attributable to the Group, amounted to HK\$198,790,000 (31 December 2023: HK\$207,920,000).

Securities Trading and Investments:

For the period under review, the Group's activities in securities trading and investments recorded a revenue of nil (2023: HK\$3,468,000) and a loss of HK\$363,000 (2023: HK\$640,000). This was mainly due to the loss on fair value of investments held for trading of HK\$326,000 (2023: HK\$614,000).

As at 30 June 2024, the Group maintained a portfolio of investments held for trading of HK\$6,298,000 (31 December 2023: HK\$6,624,000).

REVIEW OF OPERATIONS (Continued)

Securities Trading and Investments: (Continued)

Investments held for trading:

As at 30 June 2024, the Group's investments held for trading consisted of securities listed in different geographic locations and their respective performance were as follows:

Geographic Location	Carrying value	Carrying value	Realized	Fair value	Dividend	% of
	30.6.2024	31.12.2023	gain/(loss)	(loss)/gain	received	carrying value
	HK\$'000	HK\$'000	30.6.2024	30.6.2024	30.6.2024	to the Group's
			HK\$'000	HK\$'000	HK\$'000	total assets
						30.6.2024
						%
Hong Kong	4,579	4,949	-	(370)	-	0.13%
Australia	1,278	1,236	-	42	-	0.04%
Philippines	441	439	-	2	-	0.01%
Total	<u>6,298</u>	<u>6,624</u>	<u>-</u>	<u>(326)</u>	<u>-</u>	

As at 30 June 2024, the Group's investments held for trading consisted of investments in different category of companies and their respective performance were as follows:

Principal Business	Carrying value	Carrying value	Realized	Fair value	Dividend	% of
	30.6.2024	31.12.2023	gain/(loss)	(loss)/gain	received	carrying value
	HK\$'000	HK\$'000	30.6.2024	30.6.2024	30.6.2024	to the Group's
			HK\$'000	HK\$'000	HK\$'000	total assets
						30.6.2024
						%
Entertainment and media	627	737	-	(110)	-	0.02%
Financial services and investment	106	70	-	36	-	0.00%
Industrial materials	261	267	-	(6)	-	0.01%
Property and construction	5,304	5,550	-	(246)	-	0.15%
Total	<u>6,298</u>	<u>6,624</u>	<u>-</u>	<u>(326)</u>	<u>-</u>	

At 30 June 2024, there was no investment held for trading which was significant to the Group (exceeded 5% the total assets of the Group).

REVIEW OF OPERATIONS (Continued)

Securities Trading and Investments: (Continued)

Investments held for trading: (Continued)

The Group considers that the performance of the Group's investment portfolio in listed securities is generally affected by economic, political and financial market environments, globally and regionally, and is susceptible to the volatility of the financial markets.

Money Lending:

For the period under review, the Group's money lending business recorded no interest income (2023: nil) and a loss of HK\$18,000 (2023: HK\$1,424,000). As at 30 June 2024, the carrying value of the loan receivable ("Loan"), after full impairment provision, is nil (31 December 2023: nil).

References are made to the Company's announcements dated 10 September 2018 and 26 September 2019 respectively, the paragraph headed "Money Lending" on pages 26 to 27 of the announcement of the final results for the eighteen months ended 31 December 2019 dated 30 March 2020, the announcements dated 28 April 2020, 6 May 2020 and 19 May 2020 respectively, the paragraph headed "Money Lending" on pages 21 to 24 of the announcement of the interim results for the six months ended 30 June 2020 dated 27 August 2020, the announcements dated 29 October 2020 and 10 November 2020 respectively, the paragraph headed "Money Lending" on pages 23 to 27 of the announcement of the annual results for the year ended 31 December 2020 dated 30 March 2021, the announcement dated 20 April 2021 and the paragraph headed "Money Lending" on pages 22 to 23 of the announcement of the interim results for the six months ended 30 June 2021 dated 26 August 2021, the paragraph headed "Money Lending" on pages 25 to 26 of the announcement of the annual results for the year ended 31 December 2021 dated 29 March 2022, the paragraph headed "Money Lending" on page 23 of the announcement of the interim results for the six months ended 30 June 2022 dated 25 August 2022, the paragraph headed "Money Lending" on page 24 of the announcement of the annual results for the year ended 31 December 2022 dated 28 March 2023, the paragraph headed "Money Lending" on page 23 of the announcement of the interim results for the six months ended 30 June 2023 dated 18 August 2023 and the paragraph headed "Money Lending" on pages 26 to 28 of the announcement of the annual results for the year ended 31 December 2023 dated 15 March 2024. Capitalized terms used in this paragraph headed "Money Lending" shall have the same meanings as those defined in the aforesaid announcements unless the context requires otherwise.

REVIEW OF OPERATIONS *(Continued)*

Money Lending: *(Continued)*

In view of the prevailing development and based on information available at the material time, the Group made a prudent full impairment loss allowance on the Loan in 2021. The Group and the Receivers will continue to explore and negotiate with potential investors, regularly monitor the progress of settlement, enforcement and/or realization of security assets, reassess the value of securities (based on the information currently available to the Group from time to time) and shall take all appropriate actions as and when appropriate.

Business Model and Customer Profile:

The Group provides secured and unsecured term loans to its customers under its financial services segment. Money lending activities diversifies the income stream and business risks of the Group, and generates a stable return with the Group's available financial resources on hand from time to time. The Group mainly financed its money lending business by its internal resources and/or borrowings.

The Group does not set a specific target for the industry, business or level of annual revenue to corporate customers. The customers of the Group's money lending business were referred to the Group through its corporate or business networks.

Risk Management Policies:

The Group adopts a thorough credit assessment and approval process, and will assess and approve each loan transaction on a case-by-case basis. The account & finance department of the Group is responsible for conducting a background check on the prospective customer in compliance with the applicable laws and regulations, reviewing the background, financial position and strength of such customer and/or the guarantor (if any), and enquiring the prospective customer about the purpose of the loan and the expected source of funds for loan repayment. To support its analysis, the Group will obtain corporate documents, financial statements and search reports of the customer and/or the guarantor (if any), and thereafter, assess the credit risk of the loan and negotiate the terms thereof after considering (i) the background and financial position of the customer and/or the guarantor (if any), including net asset value and gearing ratio; and (ii) the value of the securities, if any. Each loan transaction will be approved by either the Board, if such transaction is material or by the executive committee of the Board. The account & finance department monitors the loan and interest repayment regularly and reviews the annual financial statements of the borrowers and guarantors (if any). It would promptly report to the management of the Group for any delay or default in repayment upon maturity, who would then formulate plans for loan collection, including but not limited to requesting for additional securities or initiating legal actions.

REVIEW OF OPERATIONS *(Continued)*

Money Lending: *(Continued)*

Loan Impairment Policies:

The Group adopts ECL allowances according to the requirements of HKFRS 9 issued by the HKICPA. Accordingly, it shall review the recoverable amount of each loan at the end of each reporting period to ensure that adequate impairment losses are made. The Group applies a general approach on loan receivables to assess for the ECLs. Assessment is based on the Group's historical credit loss experience, adjusted for factors that are specific to the borrower. In order to measure the ECLs of loan receivables, the Group will apply a credit rating for each of its borrowers by reference to each borrower's past default records, current past due exposure, an analysis of its current financial position, likelihood or risk of a default, an assessment on any significant increase in credit risk, and fair value of collaterals (if any), and adjust for forward-looking information that is available without undue cost or effort, such as the current and forecasted global economy and the general economic conditions of the industry in which the borrower operates. 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 any significant increase in credit risk before the loan amount becomes past due.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

As at 30 June 2024, the Group's non-current assets of HK\$2,175,673,000 (31 December 2023 (restated): HK\$2,175,485,000) consisted of investment properties of HK\$534,123,000 (31 December 2023: HK\$545,920,000), property, plant and equipment of HK\$1,509,937,000 (31 December 2023 (restated): HK\$1,483,444,000), right-of-use assets of HK\$117,442,000 (31 December 2023: HK\$120,572,000), financial assets at fair value through profit or loss of HK\$2,151,000 (31 December 2023: HK\$2,151,000) and prepayments for acquisition of property, plant and equipment of HK\$12,020,000 (31 December 2023: HK\$23,398,000). These non-current assets are principally financed by the Group's shareholders' funds.

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURE TO FLUCTUATION IN EXCHANGE RATES *(Continued)*

As at 30 June 2024, the total borrowings of the Group amounted to HK\$804,164,000 (31 December 2023: HK\$760,050,000) consisting of secured bank borrowings of HK\$62,516,000 (31 December 2023: HK\$82,930,000), unsecured bank borrowings of HK\$366,923,000 (31 December 2023: HK\$355,692,000) and unsecured term loans of HK\$374,725,000 (31 December 2023: HK\$321,428,000). Among the total borrowings of the Group, HK\$278,046,000 (31 December 2023: HK\$312,561,000) was with maturity of less than one year, HK\$94,563,000 (31 December 2023: HK\$122,587,000) was with maturity more than one year but not exceeding two years and HK\$431,555,000 (31 December 2023: HK\$324,902,000) was with maturity more than two years but not exceeding five years.

As at 30 June 2024, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was -2.4% (31 December 2023 (restated): -8.7%). The Group's gearing ratio would be adjusted to -2.7% (31 December 2023 (restated): -9.1%) with marketable securities inclusive of investments held for trading deducted from the net borrowings.

In May 2024, the Company completed the reduction of the amount of HK\$2,600,000,000 standing to the credit of the share premium account of the Company and the offset of the entire debit amount in the Company's accumulated losses account as at the effective date and the transfer of the balance credit arising therefrom of approximately HK\$327,046,000 to the contributed surplus account of the Company.

In June 2023, the Company completed the issue 362,001,819 rights shares by way of the rights issue, on the basis of one rights share for every two shares held by the qualifying shareholders of the Company on the record date at the subscription price of HK\$0.88 per rights share ("Rights Issue") to raise approximately HK\$318.6 million before expenses. The market price on 5 May 2023 on which the terms of the subscription were fixed was HK\$1.04 per share.

As at 30 June 2024, details of use of net proceeds from the Rights Issue were as follows:

Intended use	Net proceeds for the planned use HK\$'000	Net proceeds used as at 30 June 2024 HK\$'000	Remaining balance of the net proceeds un-utilized as at 30 June 2024 HK\$'000
KMH Phase II	309,292	–	309,292

FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE, EXPOSURE TO FLUCTUATION IN EXCHANGE RATES (Continued)

During the six months under review, the Company did not repurchase any shares (2023: nil) in the capital of the Company.

During the six months under review, the Group's assets, liabilities and transactions were mainly denominated in Hong Kong Dollar, Renminbi, Australian Dollar and United States Dollar. Because of the short-term nature, the Group did not actively hedge risks arising from its Australian Dollar and United States Dollar denominated assets and transactions. As the substantial portion of the Group's assets and operations are located in the PRC and its transactions, related working capital and borrowings are primarily denominated in Renminbi and Hong Kong Dollars, the Group will closely monitor its foreign exchange exposure in this regard and will actively consider hedging the currency exposure should the need arise.

CHARGE ON GROUP ASSETS

As at 30 June 2024, the Group's investments held for trading of HK\$6,298,000 (31 December 2023: HK\$6,624,000), buildings (included in property, plant and equipment) of HK\$148,986,000 (31 December 2023 (restated): HK\$155,380,000), investment properties of HK\$314,176,000 (31 December 2023: HK\$315,494,000), properties under development for sale of HK\$135,000,000 (31 December 2023: HK\$141,147,000), pledged bank deposits of HK\$5,495,000 (31 December 2023: HK\$32,984,000) and medical equipment (included in property, plant and equipment) of HK\$15,912,000 (31 December 2023: HK\$18,220,000) were pledged to banks and a securities broker house to secure credit facilities granted to the Group.

CAPITAL COMMITMENT

As at 30 June 2024, the Group had capital commitment contracted for but not provided relating to the acquisition of property, plant and equipment of HK\$180,234,000 (31 December 2023: HK\$262,346,000).

CONTINGENT LIABILITIES

Save as disclosed in this report, as at 30 June 2024, the Group is not aware of any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS

Save as disclosed in this report, during the six months ended 30 June 2024, the Group did not hold any other significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures.

Save as disclosed in this report, as at 30 June 2024, the Group did not have any plan for material investments or capital assets.

EMPLOYEES

The Group had 2,587 employees as at 30 June 2024 (31 December 2023: 2,599). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS

Healthcare Division:

Going forward, the Group plans to strengthen its procedural management through comprehensive budget management, and implement in-depth refinement in medical quality, cost, and service models. This is aimed at improving the overall operating efficiency and offsetting the impact of the external environment.

In terms of business development, the two hospitals will consolidate their business foundations. With a technology-centric mindset, they will introduce industry experts, especially from the general medicine and general surgery fields, to facilitate the significant optimization of the professional quality of the medical team. This will prepare the hospitals for the high-quality development of specialties and specialist disease centers (such as the endoscope center and tumor department), as well as the improvement of traditional weak specialties (such as the cardiothoracic surgery department and the endocrinology department).

PROSPECTS (Continued)

Healthcare Division: (Continued)

Regarding high-end medical services, the NCCPC and the international department, child healthcare center, and aesthetic medicine center of the two hospitals are the focus of diverse business development and the key for medical diversity and sustainability. These business units will cooperate with renowned experts within and outside the province, and allocate high-quality medical resources based on the medical and healthcare demands of high-end customers and their families for both physical and mental health in their entire treatment process.

In the second half of 2024, the Division will pursue multiple fronts based on the general principle of "Cost Reduction, Energy-Saving, Development and Efficiency Enhancement," ensuring the sound financial condition and sustainable operations of all its divisions.

Meanwhile, the hospital will develop relevant projects based on the high-end medical development plan for KMH Phase II. KMH will actively seek and acquire various high-quality resources in the market. It will also obtain the required certifications for its product development, making preparations for the successful development of KMH Phase II.

Eldercare Division:

In the second half of 2024, the Eldercare Division has several major plans as follows:

In the area of community operations, the Division will leverage its expertise in health management and eldercare to create an intelligent healthcare big data platform and medical healthcare supply chain. This will enable the Division to enhance its business model and service system. Utilizing the resources of the broader Healthcare Division, the community operations team will explore new healthcare-focused joint business models. Additionally, the Division plans to expand into areas such as elderly universities, elderly community centers, and ancillary equipment rental, with the goal of cultivating potential new customers.

PROSPECTS (Continued)

Eldercare Division: (Continued)

For its property management services, the Division will establish a robust operational and service system. By the end of the year or the beginning of the next, the Division intends to introduce an International Organization of Standardization (ISO) quality system to facilitate the standardization of its management services. The Division will also strengthen its patrol and safety education efforts, as well as increase the number of inspections, in order to reduce safety concerns.

In the nursing hospital operation, the Division has a two-pronged approach. Firstly, it will continuously strengthen its marketing efforts. This will involve actively enhancing its channel construction, adopting commission policies aligned with market conditions to attract and introduce more patients. The Division will also ramp up its local marketing initiatives, particularly in Zhu Jia Jiao, Shanghai, by distributing promotional items to nearby communities and offering voluntary clinical services, in order to boost the nursing hospital's reputation. With the support of the broader Healthcare Division, the nursing hospital will streamline its evaluation, care, rehabilitation, and other relevant business procedures for dementia patients, actively creating unique characteristics. Secondly, the Division will strengthen its operational analysis and improve efficiency. This will include adjusting and stabilizing its physician team, as well as actively recruiting experienced personnel for the in-patient department. The Division will also engage in comprehensive medical activities involving the internal medicine, rehabilitation, and Chinese medicine departments to raise the overall operating efficiency of the nursing hospital.

Others:

Given the prevailing difficult operating environment under the headwinds of real estate slump, geopolitical and trade tensions, economic weakness and lackluster consumption, the Group plans to adopt a cautious approach. The Group will closely review and adjust its business and investment strategies, as well as its overall investment portfolio, to better suit the challenging economic and investment landscape and to enhance value and return for the Shareholders.

DIRECTOR'S INTERESTS

As at 30 June 2024, the interests of a director of the Company (the "Director") and his/her associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Name of companies	Number of shares and underlying shares interested	Approximate % of the total number of issued shares	Nature of interests
Lee Seng Hui ("Mr. Lee")	the Company (Note 2)	556,097,010 (Note 1)	51.20%	Other interests
	Allied Group Limited ("AGL") (Note 3)	2,635,105,180 (Note 1)	74.99%	Personal interests (held as beneficial owner) in 458,420 shares and other interests in 2,634,646,760 shares
	Tian An China Investments Company Limited ("TACI") (Note 4)	834,809,096 (Note 1)	56.94%	Other interests
	Asiasec Properties Limited ("ASL") (Note 5)	930,376,898 (Note 1)	74.98%	Other interests
	Sun Hung Kai & Co. Limited ("SHK") (Note 6)	1,444,479,575 (Note 1)	73.50%	Other interests

DIRECTOR'S INTERESTS (Continued)

Notes:

1. Mr. Lee together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee's personal interests) and was therefore deemed to have interests in the shares in which AGL was interested.
2. Mr. Lee, by virtue of his interests in AGL, was deemed to be interested in the shares of the Company in which AGL was interested via TACI.
3. As at 30 June 2024, AGL was the holding company of TACI and the ultimate holding company of the Company and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
4. As at 30 June 2024, TACI was the holding company of the Company and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
5. As at 30 June 2024, ASL was a non wholly-owned subsidiary of TACI, and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
6. As at 30 June 2024, SHK was a non wholly-owned subsidiary of AGL and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
7. All interests stated above represent long positions.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or 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 under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 of the Listing Rules.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares, underlying shares or debentures of the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

To the best of Directors' knowledge, as at 30 June 2024, the following shareholders of the Company (the "Shareholders") had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Long positions in the shares of the Company

Name of Shareholders	Capacity		Number of ordinary shares held	Approximate percentage of shareholding
Mr. Lee Seng Hui	Held by controlled corporation	(Note 1)	556,097,010	51.20%
Ms. Lee Su Hwei	Held by controlled corporation	(Note 1)	556,097,010	51.20%
Mr. Lee Seng Huang	Held by controlled corporation	(Note 1)	556,097,010	51.20%
Allied Group Limited ("AGL")	Held by controlled corporation	(Note 1)	556,097,010	51.20%
Tian An China Investments Company Limited ("TACI")	Held by controlled corporation	(Note 1)	556,097,010	51.20%
Tsinghua Tongfang Co., Ltd. ("THTF")	Held by controlled corporation	(Note 2)	200,000,000	18.42%
Resuccess Investments Limited ("Resuccess")	Held by controlled corporation	(Note 2)	200,000,000	18.42%
Cool Clouds Limited ("Cool Clouds")	Beneficial owner	(Note 2)	200,000,000	18.42%
China Minsheng Investment Group Corp., Ltd. 中國民生投資股份有限公司 ("CMI")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
CMIG Asia Asset Management Co., Ltd. 中民投亞洲資產管理有限公司 ("CMIG")	Held by controlled corporation	(Note 3)	100,000,000	9.21%

INTERESTS OF SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (*Continued*)

Long positions in the shares of the Company (*Continued*)

Name of Shareholders	Capacity		Number of ordinary shares held	Approximate percentage of shareholding
CMI Financial Holding Corporation ("CMIF")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
CMIG International Capital Limited 中民投國際資本有限公司 ("中民投國際資本")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
CM International Capital Limited ("CMIC")	Held by controlled corporation	(Note 3)	100,000,000	9.21%
Victor Beauty Investments Limited ("Victor Beauty")	Beneficial owner	(Note 3)	100,000,000	9.21%
Ms. Chong Sok Un ("Ms. Chong")	Held by controlled corporation	(Note 4)	97,514,540	8.98%
China Spirit Limited ("China Spirit")	Held by controlled corporation	(Note 4)	97,514,540	8.98%
Vigor Online Offshore Limited ("Vigor")	Beneficial owner	(Note 4)	97,514,540	8.98%

Notes:

The percentage of shareholding is calculated on the basis of the Company's issued share capital of 1,086,005,457 shares as at 30 June 2024.

1. Fareast Global Limited, a wholly-owned subsidiary of TACI, owned 556,097,010 ordinary shares of the Company and TACI was owned as to approximately 56.94% by China Elite Holdings Limited which was in turn wholly-owned by AGL via its subsidiaries.

Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.99% of the total number of issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and was therefore deemed to have an interest in the shares in which AGL was interested.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Long positions in the shares of the Company (Continued)

Notes: (Continued)

2. Cool Clouds, a wholly-owned subsidiary of Resuccess, owned 200,000,000 ordinary shares of the Company. THTF was the sole shareholder of Resuccess as at 30 June 2024. Accordingly, Resuccess and THTF were deemed to have interests in 200,000,000 ordinary shares of the Company in which Cool Clouds was interested.
3. Victor Beauty, a wholly-owned subsidiary of CMIC, owned 100,000,000 ordinary shares of the Company. CMIC was a wholly-owned subsidiary of 中民投國際資本 which in turn was a wholly-owned subsidiary of CMI held directly as to 22.6% interests and indirectly as to 77.4% interests through CMIF and CMIG. CMIF was a wholly-owned subsidiary of CMIG, which in turn was a wholly-owned subsidiary of CMI. Accordingly, CMIC, 中民投國際資本, CMIF, CMIG and CMI were deemed to have interests in 100,000,000 ordinary shares of the Company.
4. Vigor, a wholly-owned subsidiary of China Spirit, owned 97,514,540 ordinary shares of the Company. Ms. Chong maintained 100% beneficial interests in China Spirit. Accordingly, Ms. Chong was deemed to be interested in 97,514,540 ordinary shares of the Company in which Vigor was interested.

Save as disclosed above, as at 30 June 2024, there were no other parties who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has applied the principles of, and complied with, the applicable code provisions set out in the section headed “Part 2 — Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code under Appendix C1 of the Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have fully complied with the required standard as set out in the Model Code throughout the period under review.

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information on Directors is as follows:

Experience including other directorships held in the last three years in listed public companies

Dr. Wong Wing Kuen, Albert was an independent non-executive director of Dexin China Holdings Company Limited (“Dexin China”, a company listed on the main board of the Stock Exchange, stock code: 2019) between 11 January 2019 up to 11 June 2024 immediately before the winding up order was granted by the High Court of The Hong Kong Special Administrative Region against Dexin China.

Save as disclosed above, upon specific enquiry made by the Company and following confirmations from Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(Continued)*

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company (the “Management”) the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report (including unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024). In carrying out this review, the Audit Committee has relied on a review conducted by the Group’s external auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA as well as reports obtained from the Management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the six months ended 30 June 2024.

By Order of the Board
Tian An Medicare Limited
Kong Muk Yin
Executive Director

Hong Kong, 2 August 2024