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天 安 卓 健 有 限 公 司

TIAN AN MEDICARE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

INSIDE INFORMATION

CHANGE IN ACCOUNTING POLICY

This announcement is made by the board (the “**Board**”) of directors of Tian An Medicare Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

CHANGE IN ACCOUNTING POLICY

On 9 July 2024, the Board has approved the change in accounting policy (the “**Change in Accounting Policy**”) for the measurement method after initial recognition of 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 from the revaluation model to the cost model effective from 1 January 2024.

Land and Buildings held by the Group

The Land and Buildings are used by the Group for its healthcare and eldercare operations, and for its office purposes and are not expected to be disposed of by the Group in its ordinary and usual course of businesses.

Details of the Change in Accounting Policy

Prior to the Change in Accounting Policy, the Group adopted the revaluation model to measure the carrying amount of its Land and Buildings. An independent qualified professional valuer who holds a recognized and relevant professional qualification, was engaged to appraise the fair value of the Land and Buildings by which they were carried in

the Group's consolidated financial statements at the revalued amount, being the fair value at the date of valuation, less accumulated depreciation. The changes in the revalued amount of the Land and Buildings at each reporting date, together with the related deferred tax impact, were dealt with as movements in the properties revaluation reserve arising from an after-tax change in the revalued amount of the Land and Buildings.

After the Change in Accounting Policy, the Group adopts the cost model to measure the carrying amount of the Land and Buildings by which they are stated at cost less accumulated depreciation and any impairment losses.

Reasons for the Change in Accounting Policy

In accordance with Hong Kong Accounting Standard 16, an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to the same class of property, plant and equipment. The Group accounted for its Land and Buildings using the revaluation model in previous years.

Having reviewed the Group's accounting policy, the Board believes that the Change in Accounting Policy will (i) align the accounting policy of the Group with those of its holding companies, thus reducing the relevant administrative costs; (ii) align the accounting policy of the Group with industry practice and enhance comparability of financial information with other companies in the same industry as the cost model is commonly used by companies listed on the Stock Exchange to measure the self-use leasehold land and buildings held by them; (iii) more accurately reflect the Group's operational performance for the period; and (iv) not require periodic valuation of the Lands and Buildings, thus reducing the relevant valuation expenses. In light of the above reasons, the Board approved the Change in Accounting Policy.

ESTIMATED IMPACT OF THE CHANGE IN ACCOUNTING POLICY

The Change in Accounting Policy involves a change in the measurement of the Group's Land and Buildings and requires the Company to make retrospective adjustments to the historical consolidated financial statements of the Group.

Based on its preliminary review on the relevant unaudited consolidated management accounts of the Group and information currently available, it is expected the following retrospective adjustments are to be made for the year ended 31 December 2023 and for the six months ended 30 June 2023:

- (i) decrease in total assets as at 31 December 2023 and 30 June 2023 by approximately HK\$81.2 million and HK\$102.5 million respectively, mainly due to the decrease in the carrying amount of Land and Buildings;

- (ii) decrease in net assets as at 31 December 2023 and 30 June 2023 by approximately HK\$38.8 million and HK\$52.5 million respectively, mainly due to the decrease in the carrying amount of Land and Buildings and the related deferred tax liabilities;
- (iii) increase in the consolidated net profit for the year ended 31 December 2023 and the six months ended 30 June 2023 by approximately HK\$5.4 million and HK\$4.0 million respectively, mainly due to the decrease in depreciation charge on Land and Buildings; and
- (iv) increase/decrease in the earnings/loss per share for the year ended 31 December 2023 and the six months ended 30 June 2023 by HK0.37 cents and HK0.40 cents respectively.

The Change in Accounting Policy has no effect to the Group's revenue and cash flows for all the previous periods.

OPINION OF THE AUDIT COMMITTEE

The audit committee of the Company is of the view that the Change in Accounting Policy will enable the Group to reflect its financial conditions and the value of the Land and Buildings in an objective and fair manner and is in compliance with Hong Kong Accounting Standard 16. Therefore, it has agreed to the Change in Accounting Policy by the Group.

With approval of the Board, the accounting policy of the measurement of Land and Buildings of the Group from the revaluation model to the cost model will be changed effective from 1 January 2024.

This announcement is only based on the preliminary review on the relevant unaudited consolidated management accounts of the Group and information currently available, which have not been audited or reviewed by the auditor, and therefore is subject to adjustments where necessary.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 9 July 2024

As at the date of this announcement, the Board comprises Mr. Kong Muk Yin, Mr. Guo Meibao and Mr. Zhou Haiying being Executive Directors; Mr. Lee Seng Hui (Chairman), Mr. Mark Wong Tai Chun and Mr. Gao Zhaoyuan being Non-Executive Directors; and Mr. Zhang Jian, Dr. Xia Xiaoning, Dr. Wong Wing Kuen, Albert and Ms. Yang Lai Sum, Lisa being Independent Non-Executive Directors.