China Medical & HealthCare Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 383)

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

UNAUDITED RESULTS OF THE GROUP

The board of directors (the "**Directors**" and the "**Board**", respectively) of China Medical & HealthCare Group Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended	
		30.6.2023	30.6.2022
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**760,951**	736,020
Gross proceeds from sales of investments held for trading		**3,468**	–
Total		**764,419**	736,020
Revenue	*3*		
Goods and services from contracts with customers		**756,462**	732,685
Rental		**4,489**	3,322
Others		**–**	13
		760,951	736,020
Cost of goods and services		**(614,576)**	(618,553)

	NOTES	Six months ended 30.6.2023 HK$'000 (unaudited)	30.6.2022 HK$'000 (unaudited)
Gross profit		**146,375**	117,467
Other gains and losses, and other income	*5*	**4,077**	(2,064)
Selling and distribution costs		**(2,714)**	(310)
Administrative expenses		**(118,416)**	(122,560)
Profit/(loss) from operations		**29,322**	(7,467)
Finance costs	*6*	**(26,520)**	(31,571)
Profit/(loss) before taxation		**2,802**	(39,038)
Income tax expense	*7*	**(2,238)**	(772)
Profit/(loss) for the period	*8*	**564**	(39,810)
Attributable to:			
Owners of the Company		**(1,755)**	(43,902)
Non-controlling interests		**2,319**	4,092
		564	(39,810)
Loss per share	*10*		
			(Restated)
Basic		**HK(0.23) cents**	HK(6.02) cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended	
	30.6.2023	30.6.2022
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit/(loss) for the period	**564**	(39,810)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Net change on debt instruments at fair value through other comprehensive income	**–**	(74)
Exchange differences on translating foreign operations	**(35,265)**	(24,505)
	(35,265)	(24,579)
Items that will not be reclassified to profit or loss:		
Gain on revaluation of leasehold land and buildings included in property, plant and equipment	**33,735**	—
Deferred tax arising from revaluation of leasehold land and buildings included in property, plant and equipment	**(7,858)**	—
	25,877	—
Other comprehensive income for the period, net of tax	**(9,388)**	(24,579)
Total comprehensive income for the period	**(8,824)**	(64,389)
Attributable to:		
Owners of the Company	**(13,477)**	(67,499)
Non-controlling interests	**4,653**	3,110
	(8,824)	(64,389)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTE	30.6.2023 HK$'000 (unaudited)	31.12.2022 HK$'000 (audited)
Non-current assets			
Investment properties		**547,121**	557,089
Property, plant and equipment		**1,472,978**	1,480,940
Right-of-use assets		**122,623**	130,156
Loan receivable		**–**	–
Interests in associates		**–**	–
Financial assets at fair value through profit or loss		**802**	802
Goodwill		**–**	–
Deposits for acquisition of property, plant and equipment		**19,429**	30,114
		2,162,953	2,199,101
Current assets			
Inventories		**34,785**	35,313
Properties under development for sale		**176,819**	185,606
Properties held for sale		**79,711**	91,688
Investments held for trading		**8,007**	12,089
Debtors, deposits and prepayments	*11*	**122,176**	94,654
Pledged bank deposits		**32,310**	24,319
Restricted bank deposits		**279**	714
Bank balances and cash		**822,019**	589,050
		1,276,106	1,033,433

	NOTE	30.6.2023 HK$'000 (unaudited)	31.12.2022 HK$'000 (audited)
Current liabilities			
Creditors, deposits, receipts in advance and accrued charges	*12*	**514,248**	419,705
Deposits received on sales of properties		**–**	1,757
Contract liabilities		**30,507**	40,744
Amount due to an associate		**5,928**	6,178
Borrowings		**487,886**	544,816
Lease liabilities		**5,991**	5,979
Current tax liabilities		**110,701**	111,539
		1,155,261	1,130,718
Net current assets/(liabilities)		**120,845**	(97,285)
Total assets less current liabilities		**2,283,798**	2,101,816
Non-current liabilities			
Other payables		**12,176**	12,689
Contract liabilities		**8,500**	10,276
Borrowings		**268,812**	388,787
Lease liabilities		**36,254**	39,439
Deferred tax liabilities		**78,729**	71,766
		404,471	522,957
Net assets		**1,879,327**	1,578,859
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		**10,860**	7,240
Reserves		**1,839,897**	1,547,702
		1,850,757	1,554,942
Non-controlling interests		**28,570**	23,917
Total equity		**1,879,327**	1,578,859

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. Basis of Preparation

These condensed consolidated financial statements of China Medical & HealthCare Group 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 2022 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 2022.

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences — e.g. leases.

Prior to the adoption of Amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12.

The Group has applied the transitional provisions under paragraphs 98K and 98L of Amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by:

(i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and

(ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Based on the management's assessment, there was immaterial impact on the condensed consolidated statement of financial position as at 1 January 2022, 31 December 2022 and 30 June 2023, because the deferred tax assets and the deferred tax liabilities recognised as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. There was also immaterial impact on the opening accumulated losses as at 1 January 2022 as a result of the change.

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 2023. They do not have a material effect on the Group's condensed consolidated interim financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. Revenue

	Six months ended	
	30.6.2023	30.6.2022
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Hospital fees and charges	**733,887**	705,153
Eldercare related services and sales of nutritions	**18,765**	17,585
Sale of properties	**3,810**	9,947
	756,462	732,685
Revenue from other sources		
Rental income	**4,489**	3,322
Dividend income from listed investments	**—**	13
	4,489	3,335
	760,951	736,020

4. 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 2023, 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 People's Republic of China, except Hong Kong (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.

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 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)	32,329	(19,296)	(4,071)	6,168	(1,424)	(640)	13,066
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							2,802

For the six months ended 30 June 2022

	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	–	–	–	–	–	–	–
Revenue	705,153	27,852	381	2,621	–	13	736,020
Segment profit/(loss)	1,588	(17,055)	(3,152)	(193)	(1,206)	(588)	(20,606)
Unallocated:							
Other gains and losses, and other income							533
Net foreign exchange loss							(6,434)
Central corporate expenses							(12,464)
Finance costs							(67)
Loss before taxation							(39,038)

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.

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 2023

	Healthcare	**Eldercare**	**Property development**	**Property investment**	**Financial services**	**Securities trading and investments**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Segment assets	**1,649,068**	**799,405**	**41,776**	**236,116**	**144**	**8,301**	**2,734,810**
Corporate assets							**704,249**
Consolidated assets							**3,439,059**
Segment liabilities	**1,051,186**	**454,688**	**41,234**	**2,316**	**–**	**–**	**1,549,424**
Corporate liabilities							**10,308**
Consolidated liabilities							**1,559,732**

As at 31 December 2022

	Healthcare	Eldercare	Property development	Property investment	Financial services	Securities trading and investments	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)
Segment assets	1,701,908	824,081	61,679	229,372	–	12,442	2,829,482
Corporate assets							403,052
Consolidated assets							3,232,534
Segment liabilities	1,066,176	539,350	35,513	2,142	2,477	–	1,645,658
Corporate liabilities							8,017
Consolidated liabilities							1,653,675

5. Other Gains and Losses, and Other Income

	Six months ended 30.6.2023 HK$'000 (unaudited)	30.6.2022 HK$'000 (unaudited)
Loss on fair value of investments held for trading	**(614)**	(669)
Fair value changes on investment properties	**6,203**	–
Training and other services	**3,281**	3,081
Impairment loss recognised on trade receivables	**(1,677)**	(177)
Revaluation deficit on property, plant and equipment	**(4,136)**	–
Net foreign exchange loss	**(5,931)**	(11,473)
Provision for properties under development for sale	**(2,652)**	–
Provision for properties held for sale	**(373)**	–
Government subsidies *(Note)*	**88**	4,153
Interest income from:		
– Debt instruments at fair value through other comprehensive income	**–**	111
– Bank deposits	**6,113**	836
Other sundry income	**3,775**	2,074
	4,077	(2,064)

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

6. Finance Costs

The finance costs represent interest as follows:

	Six months ended 30.6.2023 HK$'000 (unaudited)	30.6.2022 HK$'000 (unaudited)
Interest on:		
Bank and other borrowings	**24,780**	29,626
Lease liabilities	**1,740**	1,945
	26,520	31,571

7. Income Tax Expense

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

	Six months ended 30.6.2023 HK$'000 (unaudited)	30.6.2022 HK$'000 (unaudited)
Current tax		
Corporate income tax ("**CIT**") in the PRC	**1,618**	249
Land appreciation tax ("**LAT**") in the PRC	**148**	449
	1,766	698
Deferred tax		
Origination and reversal of temporary differences	**472**	74
	2,238	772

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.

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.

The Company's subsidiaries in the PRC are subject to CIT rate at 25%.

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.

8. Profit/(Loss) for the Period

Profit/(loss) for the period is stated after charging the following:

	Six months ended 30.6.2023 HK$'000 (unaudited)	30.6.2022 HK$'000 (unaudited)
Depreciation of property, plant and equipment	**47,242**	61,764
Depreciation of right-of-use assets	**4,708**	5,355
Cost of inventories sold and properties held for sale recognised as an expense (included in cost of goods and services)	**304,081**	319,748

9. Dividends

The Board of the Company does not recommend any dividend in respect of the six months ended 30 June 2023 and 2022.

10. Loss per Share

The calculation of basic loss per share is based on the loss 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 30.6.2023 HK$'000 (unaudited)	30.6.2022 HK$'000 (unaudited)
Loss		
Loss for the purpose of calculating basic loss per share for the period attributable to owners of the Company	**(1,755)**	(43,902)

	Six months ended 30.6.2023 (unaudited)	30.6.2022 (unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	**758,959,038**	729,406,650

The weighted average number of ordinary shares for the six months ended 30 June 2022 has been adjusted to reflect the effect of the share consolidation in February 2023 on the basis of twenty ordinary shares being consolidated into one ordinary share and the bonus element of the rights issue in June 2023 on the basis of one rights share for every two issued shares of the Company.

No diluted loss per share has been presented as there were no potential dilutive shares outstanding for the six months ended 30 June 2023 and 2022.

11. Debtors, Deposits and Prepayments

	30.6.2023	31.12.2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables		
Debtors from financial services	**876**	876
Debtors from leasing of properties	**1,482**	675
Trade receivables arising from hospital operation and eldercare related services operation	**108,124**	76,452
	110,482	78,003
Less: Allowance for credit losses	**(5,867)**	(5,867)
	104,615	72,136
Deposits with and receivables from the financial institutions	**259**	316
Prepayments, other debtors and deposits	**17,302**	22,202
	122,176	94,654

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:

	30.6.2023	31.12.2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**62,905**	48,115
31 – 60 days	**18,217**	11,806
61 – 90 days	**6,704**	2,557
91 – 365 days	**17,910**	10,120
More than 365 days	**2,388**	3,854
	108,124	76,452

12. Creditors, Deposits, Receipts in Advance and Accrued Charges

	30.6.2023	31.12.2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade payables of hospital operations, of eldercare related services operation and to construction contractors	**149,259**	146,508
Bills payable	**101,673**	13,480
Accrued compensation for late delivery of properties held for sale	**5,587**	5,822
Accrued construction cost for properties under development for sale and properties held for sale	**28,597**	29,802
Construction cost payable for hospital buildings classified as property, plant and equipment	**9,538**	10,345
Deposits and receipts in advance	**78,358**	86,026
Other payables and accrued charges	**141,236**	127,722
	514,248	419,705

Trade payables of hospital operations 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.

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

	30.6.2023	31.12.2022
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**70,420**	68,420
31 – 60 days	**27,671**	34,035
61 – 90 days	**25,311**	19,564
91 – 365 days	**17,446**	16,684
More than one year but not exceeding two years	**2,745**	3,889
More than two years but not exceeding five years	**5,666**	3,916
	149,259	146,508

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

For the six months ended 30 June 2023, the Group recorded a total revenue of HK$764,419,000 (2022: HK$736,020,000) representing an approximately 3.9% increase as compared with the total revenue for the six months ended 30 June 2022 ("**HY2022**") and a loss attributable to shareholders of the Company of HK$1,755,000 (2022: HK$43,902,000) representing an approximately 96.0% decrease as compared with the loss attributable to shareholders of the Company for HY2022. The decrease in loss attributable to shareholders of the Company was mainly due to (i) the increase in revenue from operations of the healthcare division; and (ii) the decrease in cost of medical consumables but were partially off-set by (iii) the increase in cost of pharmaceutical and medicine.

Loss per share (basic) for the six months ended 30 June 2023 was HK0.23 cents (2022 (restated): HK6.02 cents).

The Group's net asset value, attributable to shareholders of the Company, per share as at 30 June 2023 amounted to HK$1.70 (2022 (restated): HK$2.26).

INTERIM DIVIDEND

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

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.

Healthcare Division:

Since December 2022, following the full-lifting of COVID-19 control measures and prevention policies in the People's Republic of China (the "**PRC**"), the Healthcare Division of the Group has been operating under high pressure with numbers of out-patient visits and in-patient admissions of COVID-19-infected patients reaching the peak two weeks after the release of restrictions. The situation continued to mid to late January 2023 with the impact of the epidemics gradually subsided but the operating results of the Division severely affected. On one hand, fever-related outpatient and nucleic acid testing operations were overloaded with a surging of in-patient admissions for the department of internal medicine. On the other hand, general outpatient for emergency services, elective surgery operations and medical check-ups demonstrated a downward trend with in-patient admissions for surgical department dropping sharply. Commencing from March 2023, given that the external restrictive environment has been improved, patients' needs for receiving medical treatments have been fully released, resulting in a resumption of the growing momentum of the hospital business. Despite the market demand having peaked in May 2023, the business volume of the hospitals and the clinic of the Division remained in rising momentum, showing growth in the steady performance.

For the six month ended 30 June 2023, 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$733,887,000 (2022: HK$705,153,000) and an improved profit of HK$32,329,000 (2022: HK$1,588,000) inclusive of a revaluation deficit on property, plant and equipment of HK$4,136,000 (2022: nil). Without interest, tax, depreciation and amortization, the Healthcare Division generated an EBITDA, being earnings before interest, tax, depreciation and amortization, of HK$95,033,000 (2022: HK$84,791,000) for the six months ended 30 June 2023.

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 41 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.

During the period under review:

(i) for scientific research development: NJH completed the presentation of Nanjing Continuing Medical Education Projects for 2023, accumulating 9 reported projects. Its ENT, head and neck surgical team together with its department of anesthesiology, department of medical imaging and operating theatres successfully published 2 science citation index theses concerning the direction of vertigo surgeries on "Frontiers in Neuroscience", with high impact factors. NJH also completed its annual internal projects evaluation with a total of 26 projects, 18 of which them were eventually approved of which 1 was recommended to participate in the project presentation of the Provincial Health Committee; 10 were in the project presentation of the Municipal Health Committee; and 6 were in the project presentation of the District Health Committee;

(ii) for specialty and department development: NJH was approved as the "National Clinical Nutrition Department Establishment Pilot Unit" (國家臨床營養科建設試點單位). Its stroke center was recognized as the municipal unit of stroke treatment center laying a solid foundation for the further establishment of key specialty. NJH was admitted to the government's official hierarchical diagnosis and treatment coordination system, which implemented a divisional contract responsibility system to conduct inspections and technical guidance for 6 community hospitals assisting the basic level of the system to strengthen the diagnosis and treatment capability. NJH was awarded the title of "Nanjing Three-star Enterprise of Collective Negotiation Quality and Efficiency Assessment" (南京市集體協商質效評估三星級企業) reflecting the government authorities' recognition of the outcome of NJH's collective negotiation work to improve quality and efficiency. Its geriatrics department joined the Geriatric Specialist Alliance of Nanjing Drum Tower Hospital (南京鼓樓醫院老年專科聯盟) to become one of its cooperative council units; and

(iii) for marketing and public relation: NJH and Campus Hospital of NUAA (Jiangjun Road) duly entered into a medical consortium cooperation agreement.

Kunming hospital of the Heatlhcare Division ("**KMH**"):

For KMH, another Class III A integrated hospital of the Group located in Kunming City, Yunnan Province, PRC, currently it operates 42 clinical medical & technical departments.

During the period under review:

(i) for scientific research development: Dr. Su Guo Huai (蘇國輝院士) and Professor Fan Junming (樊均明教授) of KMH were recognized as the 3rd session of "Kunming Spring City Industry Mentors" (昆明市春城產業導師). Two talent programs for Dianchi Tourist Resort (1 for key project and 1 for general project) were approved for KMH. KMH organized the project presentation for 2023 "Talent Support Program for Rejuvenating Yunnan Province", and was awarded 3 national, 4 provincial and 7 municipal annual continuing education projects for 2023;

(ii) for specialty and department development: The children's health management center of KMH commenced its clinical service to integrate children's oral cavity and adenoids projects into childcare products through inter-departmental cooperation setting up a specialized examination room which significantly improved customer experience. KMH filed its surgery catalog of levels 3 and 4 to Municipal Health Committee and completed several of restricted diagnosis and treatment technology filing. KMH completed the signing of contract to join the Yunnan Cancer Hospital Gynecology Specialty Alliance. KMH was officially listed as a designated hospital for teeth pit and fissure closure for children of six-year-old in Xishan District, Kunming City;

(iii) for marketing and public relation: KMH entered into a cooperation agreement with Ancheng Insurance and was listed as a designated hospital. Combined with various themed events in Women's Day, Ears Caring Day and World Kidney Day, KMH dispatched doctors from 21 departments including gynecology, general surgery, preventive healthcare, stomatology, cardiovascular medicine, vascular surgery, and oncology to 34 communities around KMH giving 212 volunteer health clinic services, providing more than 8,000 residents with professional medical services, such as disease screening, cervical cancer vaccination, disease consultation, and health education. KMH reached a medical consortium cooperation with Yuanjiang Minzu Hospital (元江民族醫院) and Haikou Xiyi Hospital (海口西儀醫院) and signed a contract for being listed, and reached a cooperation model on two-way referrals, technical assistance and resource sharing; and

(iv) for the development of KMH Phase II: Currently, the development of KMH Phase II has been making good progress. During the period under review, the foundation pit work of the oncology and nuclear medicine centre (腫瘤及核醫學樓) had completed and was well prepared for the pouring of floor concrete; while the rehabilitation building (康復樓) and the integrated inpatient building (綜合住院樓) have commenced their construction of the third anchor cable for their foundation pit support.

Nanjing Cedar Care Polyclinic ("**NCCC**"):

NCCC, 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 asesthetic to patients.

For the period under review, the Healthcare Division achieved an increase in business volume with NJH recorded a total of 495,229 out-patients visits (2022: 1,340,016), 16,203 in-patient admissions (2022: 13,536) and 32,458 body-checks (2022: 24,955), KMH recorded a total of 214,569 out-patients visits (2022: 171,452), 10,725 in-patient admissions (2022: 8,520) and 42,666 body-checks (2022: 42,706) and NCCC recorded a total of 11,588 out-patients visits (2022: nil).

As at 30 June 2023, NJH operated with 394 doctors (2022: 400), 510 nurses (2022: 522) and 1,144 beds (2022: 1,144), KMH operated with 267 doctors (2022: 260), 396 nurses (2022: 389) and 500 beds (2022: 500) and NCCC operated with 18 doctors (2022: nil) and 18 nurses (2022: nil).

Eldercare Division:

For the Eldercare Division of the Group, given the prolonged negative impact of the epidemic has yet to be completely subsided, the revenue of the Division was affected. For the period under review, the Eldercare Division, operated through its wholly-owned subsidiary, Aveo China (Holdings) Limited, recorded a decreased revenue of HK$22,952,000 (2022:

HK$27,852,000) and a loss of HK$19,296,000 (2022: HK$17,055,000) inclusive of a gain on fair value changes of investment properties of HK$1,887,000 (2022: nil) but a provision for properties under development for sale of HK$1,508,000 (2022: nil).

As of 30 June 2023, 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 1 ILU (2022: 1) was recorded as sales in the six months under review with more than 347 residents (2022: 346) 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 (2022: 210) for lease. As at 30 June 2023, the Division leased out 55 SAs (2022: 54).

During the six months under review:

i) for community village operations: during the pandemic in January 2023, all kinds of large-scaled gathering activities were cancelled, certain elderly evacuated from the community and those who stay behind shown weak consuming willingness and as a result, purchase of value-added services such as clubhouse and shuttle decreased, resulting in the unsatisfying overall community income. Since March 2023, large-scaled gathering activities gradually resumed, different associations and schools organize different activities as scheduled and the number of participants bounced back to the normal level with membership fees and value-added services fees gradually increased. The elderly homes stepped out from semi-closed management and resumed normal operation, providing various basic services, with an aim to promote reputation, boost sales and increase occupancy rate; and

ii) for nursing home operation: closed-loop management continued in January 2023 with new admission ceased, auxiliary services including B-scan ultrasonography, radiology and testing as well as rehabilitation services suspended. In February 2023, medical services resumed to a certain extent in view of the easing of the pandemic but closed-loop management were still in place. The clinics suffered great impact and the hospital supplies and catering services provided to our staff both increased the overall expenses. In March 2023, restrictions on nursing hospital were lifted but due to the long-distance travel and difficulties in visiting, numbers of new admission were relatively low. The Division continued to focus on business and channels expansion, strengthen communication with local authorities to promote occupancy rate.

During the six months ended 30 June 2023, SDH recorded a total of 8,915 out-patients visits (2022: 6,305) and 4,597 in-patient admissions (2022: 4,358). As of 30 June 2023, home care services were rendered to nil elders (2022: 41) with nil visits (2022: 2,043) since SDH no longer provides such trial-run services in 2023.

As at 30 June 2023, SDH operated with 19 doctors (2022: 18), 17 nurses (2022: 20) and 100 beds (2022: 100).

As at 30 June 2023, the Division's investment properties portfolio, 100% attributable to the Group, comprising 2 SAs (2022: 2) (two 11-storey buildings with total gross floor area ("**GFA**") of 17,117m^2) and the retail shopping precinct (retail shops with GFA of 1,980m^2 and shopping mall with GFA of 7,354 m^2) with a total value amounted to HK$335,800,000 (2022: HK$379,405,000). The Division's property under development for sale consisted of a residential property in Shanghai, the PRC, amounted to HK$140,000,000 (2022: HK$149,914,000).

Property Development:

For the six months ended 30 June 2023, the Group's property development business recorded a revenue of HK$130,000 (2022: HK$381,000) and a loss of HK$4,071,000 (2022: HK$3,152,000) inclusive of a provision for properties under development for sale of HK$1,144,000 (2022: nil).

As at 30 June 2023, the Division's properties under development for sale amounted to HK$36,819,000 (2022: HK$43,458,000) 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 2023, the Group's investment properties portfolio, for leasing, located in Hong Kong and the PRC recorded a rental income of HK$3,982,000 (2022: HK$2,621,000) and a profit of HK$6,168,000 (2022: loss of HK$193,000) with a gain on fair value changes of investment properties of HK$4,316,000 (2022: nil).

As at 30 June 2023, the Division's investment properties portfolio, 100% attributable to the Group, amounted to HK$211,320,000 (2022: HK$217,987,000).

Securities Trading and Investments:

For the period under review, the Group's activities in securities trading and investments recorded a revenue of HK$3,468,000 (2022: HK$13,000) and a loss of HK$640,000 (2022: HK$588,000). This was mainly due to the loss on fair value of investments held for trading of HK$614,000 (2022: HK$669,000).

As at 30 June 2023, the Group maintained a portfolio of debt instruments at fair value through other comprehensive income of nil (2022: HK$4,608,000) and a portfolio of investments held for trading of HK$8,007,000 (2022: HK$14,122,000).

Investments held for trading:

As at 30 June 2023, 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 2023** *HK$'000*	Carrying value 2022 *HK$'000*	**Realized gain/(loss) 2023** *HK$'000*	**Fair value (loss)/gain 2023** *HK$'000*	**Dividend received 2023** *HK$'000*	**% of carrying value to the Group's total assets 2023** %
Hong Kong	**5,781**	11,863	**(13)**	**(703)**	**—**	**0.17%**
Australia	**1,587**	1,443	**—**	**217**	**—**	**0.05%**
Philippine	**639**	816	**—**	**(115)**	**—**	**0.02%**
Total	**8,007**	14,122	**(13)**	**(601)**	**—**	

As at 30 June 2023, 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 2023** *HK$'000*	Carrying value 2022 *HK$'000*	**Realized gain/(loss) 2023** *HK$'000*	**Fair value gain/(loss) 2023** *HK$'000*	**Dividend received 2023** *HK$'000*	**% of carrying value to the Group's total assets 2023** %
Entertainment and media	**1,265**	1,419	**—**	**55**	**—**	**0.04%**
Financial services and investment	**113**	192	**—**	**(27)**	**—**	**0.00%**
Industrial materials	**260**	5,203	**(13)**	**(6)**	**—**	**0.01%**
Property and construction	**6,369**	7,308	**—**	**(623)**	**—**	**0.19%**
Total	**8,007**	14,122	**(13)**	**(601)**	**—**	

At 30 June 2023, there was no investment held for trading which was significant to the Group (exceeded 5% the total assets of the Group).

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 (2022: nil) and a loss of HK$1,424,000 (2022: HK$1,206,000). As at 30 June 2023, the carrying value of the loan receivable ("**Loan**"), after full impairment provision, is nil (2022: 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 and 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. 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.

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. However, the Group and the Receivers will continue to maintain dialogue with the Borrower Group and the new JPLs (if possible), discuss 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.

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

As at 30 June 2023, the Group's non-current assets of HK$2,162,953,000 (2022: HK$2,214,251,000) consisted of investment properties of HK$547,121,000 (2022: HK$597,392,000), property, plant and equipment of HK$1,472,978,000 (2022: HK$1,464,895,000), right-of-use assets of HK$122,623,000 (2022: HK$140,884,000), financial assets at fair value through profit or loss of HK$802,000 (2022: HK$802,000) and deposits for acquisition of property, plant and equipment of HK$19,429,000 (2022: HK$10,278,000). These non-current assets are principally financed by the Group's shareholders' funds.

As at 30 June 2023, the Group recorded a net current assets of HK$120,845,000 (2022: net current liabilities of HK$172,195,000).

As at 30 June 2023, the total borrowings of the Group amounted to HK$756,698,000 (2022: HK$907,011,000) consisting of secured bank borrowings of HK$111,952,000 (2022: HK$167,992,000), unsecured bank borrowings of HK$346,443,000 (2022: HK$429,147,000), secured other borrowings of HK$14,275,000 (2022: HK$53,965,000) and unsecured term loans of HK$284,028,000 (2022: HK$255,907,000). Among the total borrowings of the Group, HK$487,886,000 (2022: HK$628,717,000) was with maturity of less than one year, HK$263,708,000 (2022: HK$231,632,000) was with maturity more than one year but not exceeding two years and HK$5,104,000 (2022: HK$46,662,000) was with maturity more than two years but not exceeding five years.

As at 30 June 2023, 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 -5.2% (2022: 19.5%). The Group's gearing ratio would be adjusted to -5.6% (2022: 18.3%) with marketable securities inclusive of investments held for trading deducted from the net borrowings.

In January 2023, the Company announced the proposal of (i) the share consolidation on the basis that every twenty (20) issued and unissued existing shares of HK$0.0005 each be consolidated into one consolidated share of HK$0.01 each and (ii) the change the board lot size for trading on the Stock Exchange from 10,000 existing shares to 5,000 consolidated shares subject to and upon the share consolidation becoming effective. As at the date of the announcement, the authorized share capital of the Company was HK$300,000,000 divided into 600,000,000,000 existing shares of par value of HK$0.0005 each, of which 14,480,072,773 existing shares had been issued and were fully paid or credited as fully paid. Upon the completion of the share consolidation, the authorized share capital of the Company would become HK$300,000,000 divided into 30,000,000,000 consolidated shares of par value of HK$0.01 each, of which 724,003,638 consolidated shares would be in issue and fully paid or credited as fully paid. The share consolidation was approved by shareholders at the special general meeting held on 22 February 2023. As such, the share consolidation and the change in board lot size have become effective on 24 February 2023.

In May 2023, the Company proposed to 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 Rights Issue was completed in June 2023 and the net proceeds from the Rights Issue after deducting all relevant expenses was approximately HK$309.3 million. The Company currently intends to apply the net proceeds of approximately HK$309.3 million from the Rights Issue for financing the development of the KMH Phase II as set out in the prospectus.

As at 30 June 2023, details of use of net proceeds from the Rights Issue were as follows:

Intended use	**Net proceeds for the planned use**	**Net proceeds used as at 30 June 2023**	**Remaining balance of the net proceeds un-utilized as at 30 June 2023**
	HK$'000	*HK$'000*	*HK$'000*
KMH Phase II	309,292	—	309,292

The Company expects that the remaining balance of the net proceeds of the Rights Issue will be gradually utilized in the years ending 31 December 2023 to 2025.

During the six months under review, the Company did not repurchase any shares (2022: 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 US Dollar. Because of the short term nature, the Group did not actively hedge risks arising from its Australian Dollar and US 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 2023, the Group's investments held for trading of HK$8,007,000 (2022: HK$14,122,000), buildings (included in property, plant and equipment) of HK$226,700,000 (2022: HK$253,096,000), investment properties of HK$312,735,000 (2022: HK$352,116,000), properties under development for sale of HK$140,000,000 (2022: HK$149,914,000), properties held for sale of nil (2022: HK$4,082,000), pledged bank deposits of HK$32,310,000 (2022: HK$45,665,000) and medical equipment of HK$54,689,000 (2022: HK$68,308,000) were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the Group.

CAPITAL COMMITMENT

As at 30 June 2023, the Group had capital commitment contracted for but not provided relating to the acquisition of property, plant and equipment, and properties under development for sale of HK$263,019,000 (2022: HK$16,332,000) and nil (2022: HK$8,095,000) respectively.

CONTINGENT LIABILITIES

Save as disclosed in this announcement, as at 30 June 2023, the Group is not aware of any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS

Save as disclosed in this announcement, during the six months ended 30 June 2023, 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 announcement, as at 30 June 2023, the Group did not have any plan for material investments or capital assets.

EMPLOYEES

The Group had 2,516 employees as at 30 June 2023 (2022: 2,539). 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.

CORPORATE DEVELOPMENT

References are made to the joint announcements of the Company dated 16 June 2023, 19 June 2023, 7 July 2023 and 21 July 2023 and the announcement of the Company dated 21 June 2023 in relation to, among others, the mandatory conditional cash offer by Yu Ming Investment Management Limited on behalf of Fareast Global Limited (the "**Offeror**") to acquire all the issued shares of the Company (other than those shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

Immediately after the completion of the Rights Issue, the Offeror, being a wholly-owned subsidiary of Tian An China Investments Company Limited, owns 358,717,000 shares of the Company representing approximately 33.03% of the total issued shares capital of the Company. On 16 June 2023, the Offeror made a mandatory conditional cash offer to acquire all the issued shares of the Company (other than those shares already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it) at the offer price of HK$0.89 per share ("**Offer**"). The despatch of the composite document in relation to the Offer was further delayed to 31 August 2023.

PROSPECTS

Healthcare Division:

For the second half of the year, the Division will carry on with its sustainable operating strategies, consolidate its long-term and short-term functions, optimize its business layout, implement cost saving measures in terms of hospital operation, cost control, business indicators and policies relief, with an aim to promote quality and efficiency. In particular:

(i) NJH will review the budgetary attainment of various departments in the first half of the year and communicate with clinical departments regarding upgrade plans for the second half of the year and monitor its implementation. Meanwhile, the Division will follow up with the operation team regarding the supervision and assistance on department development related issues;

(ii) for scientific construction of NJH, traditional advanced departments such as ophthalmology, ENT and dentistry, will be strengthened, promoted and safeguarded its positive operating advantages. Meanwhile, the Division will develop potential departments with business foundation and market needs, and further explore other clinical specialists such as general surgical and urology;

(iii) NJH will seek breakthrough in the high-end medical field, deepen business interaction with the NCCC, continuously enhance medical services and products delivery ability, optimize marketization operating system;

(iv) KMH will leverage on its Class III A status and foundation, fully unleash its leading potential in specialists including cardiology, cardiac surgery, gynecology, orthopedics and medical checks, expand its existing business and develop the subspecialty, attract customers from other regions with the long-lasting effect and extend its service scope. In addition, KMH will explore the blue ocean market segment of the specialists in designated areas and fields based on the regional difference of medical services quality. KMH will also consolidate the mid-high end customer base, attractively layout the discretionary medical and high-end business line;

(v) KMH will focus on the development of KMH Phase II to carry out its mid-long term development, develop new business line in the traditional medical field in a pre-determined direction, upgrade its overall infrastructure, medical technology and scientific research level by ways of technology oriented development; and

(vi) the Division expects to enhance the performance of out-patient clinics for ophthalmology, medical aesthetics and otorhinolaryngology, the three specialties having a relatively high degree of marketization, through investing more resources into these departments to enhance the professional standard of our medical technology level. Besides, the Division will also consolidate the construction of professional marketing teams of various specialties, enlarge market investments and strengthen its cooperation with third-party traffic streaming platforms, as well as attract mid-to-high ended customers through speciality services to boost its popularity and accumulate customer base with an expectation of raising the business revenue at a fast pace.

Eldercare Division:

For the second half of the year, the Division will ensure proper implementation of business strategies in terms of scale, professionalism and branding, in particular:

(i) internal management will be standardized according to national standards, industry standards and local standards including the eldercare service standards and ratings;

(ii) base on the advantages of its medical group, develop a specialized and professional medical group with distinctive characteristics, extend the services of the Tide Health Campus from basic daily care to rehabilitation which require higher standards, develop active daily care and health management; and

(iii) focus on detail management and seek motivational factors based on the business and service quality, with an aim to properly execute cost saving and efficiency promotion measures.

Others:

The Group expects that the global economic and business environment will remain uncertain and continue to weigh on business and consumer confidence. This is due to factors such as geo-political conflicts and tensions, supply chain disruptions, declining world trade, government monetary and fiscal policies tightening, etc. The Group will be cautious and continue to review and adjust its business and investment strategies, and investment portfolio to suit the prevailing challenging economic and investment environment and will seek investment and business opportunities in the PRC, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 2023). In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor, RSM Hong Kong, 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the six months ended 30 June 2023.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the six months ended 30 June 2023.

By Order of the Board
China Medical & HealthCare Group Limited
Chong Sok Un
Deputy Chairman

Hong Kong, 18 August 2023

As at the date of this announcement, the Board comprises:

Executive Directors
Ms. Chong Sok Un (Deputy Chairman), Mr. Kong Muk Yin, Mr. Guo Meibao and Mr. Zhou Haiying

Non-Executive Directors
Mr. Lai Hin Wing Henry Stephen and Mr. Gao Zhaoyuan

Independent Non-Executive Directors
Mr. Zhang Jian, Dr. Xia Xiaoning, Dr. Wong Wing Kuen, Albert and Ms. Yang Lai Sum, Lisa