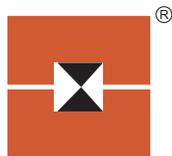


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**Kaisa Health Group Holdings Limited**  
**佳兆業健康集團控股有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 876)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	3	<b>88,516</b>	92,590
Cost of sales		<b>(50,664)</b>	(54,030)
<b>Gross profit</b>		<b>37,852</b>	38,560
Other income, gains and losses		<b>2,571</b>	21,475
Selling and distribution costs		<b>(23,920)</b>	(23,818)
Administrative expenses		<b>(19,631)</b>	(25,350)
Loss from change in fair value of financial assets at fair value through profit or loss		<b>(12,028)</b>	(28,306)
Gain from change in fair value of financial liabilities at fair value through profit or loss		—	875
Gain on disposal of subsidiaries		—	67,861
Reversal of impairment loss on trade receivables, net		<b>990</b>	204
Reversal of impairment loss on amount due from a former director of the Company		<b>539</b>	81
Other expenses		<b>(8,584)</b>	(8,522)
Finance costs		<b>(409)</b>	(3,022)

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(Loss)/Profit before income tax</b>	4	<b>(22,620)</b>	40,038
Income tax expense	5	<b>(1,644)</b>	(1,262)
<b>(Loss)/Profit for the period</b>		<b>(24,264)</b>	38,776
<b>Other comprehensive expense</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(9,981)</b>	(18,907)
Reclassification of exchange differences upon deregistration of subsidiary		<b>(2)</b>	—
Reclassification of exchange differences upon disposal of subsidiaries		<b>—</b>	(4,811)
Other comprehensive expense for the period		<b>(9,983)</b>	(23,718)
<b>Total comprehensive (expense)/income for the period</b>		<b>(34,247)</b>	15,058
<b>(Loss)/Profit for the period attributable to:</b>			
— Owners of the Company		<b>(24,264)</b>	40,001
— Non-controlling interest		<b>—</b>	(1,225)
		<b>(24,264)</b>	38,776
<b>Total comprehensive (expense)/income for the period attributable to:</b>			
— Owners of the Company		<b>(34,261)</b>	14,689
— Non-controlling interests		<b>14</b>	369
		<b>(34,247)</b>	15,058
		<b>HK cents</b>	<b>HK cents</b>
<b>(Loss)/Earnings per share</b>	7		
<b>Basic and diluted</b>		<b>(0.48)</b>	0.79

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2024*

		30 June 2024 (Unaudited) <i>HK\$'000</i>	31 December 2023 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		13,563	16,191
Right-of-use assets		12,266	15,930
Intangible assets		3,370	3,737
Goodwill		20,217	20,217
Financial assets at fair value through profit or loss (“ <b>Financial assets at FVTPL</b> ”)	8	172,148	193,114
Deferred tax assets		322	457
		<b>221,886</b>	249,646
<b>Current assets</b>			
Inventories		13,404	14,236
Trade and other receivables	9	179,185	159,343
Amount due from a former director of the Company	10	5,135	6,824
Amounts due from fellow subsidiaries		889	940
Bank balances and cash		147,221	174,078
		<b>345,834</b>	355,421
<b>Current liabilities</b>			
Trade and other payables	11	78,668	74,782
Lease liabilities		6,753	7,817
Amounts due to fellow subsidiaries		1,088	1,114
Amount due to a holding company		144	72
Taxation payable		15,788	18,608
		<b>102,441</b>	102,393
<b>Net current assets</b>		<b>243,393</b>	253,028
<b>Total assets less current liabilities</b>		<b>465,279</b>	502,674

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
<b>Non-current liabilities</b>		
Lease liabilities	7,361	10,182
Deferred tax liabilities	679	728
	<u>8,040</u>	<u>10,910</u>
<b>Net assets</b>	<u><u>457,239</u></u>	<u><u>491,764</u></u>
<b>Equity</b>		
Share capital	6,303	6,303
Reserves	451,447	485,708
	<u>457,750</u>	<u>492,011</u>
<b>Equity attributable to owners of the Company</b>	<u>457,750</u>	<u>492,011</u>
<b>Non-controlling interests</b>	<u>(511)</u>	<u>(247)</u>
<b>Total equity</b>	<u><u>457,239</u></u>	<u><u>491,764</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

*For the six months ended 30 June 2024*

## 1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

### 1.1 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

### 1.2 Principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Except for the application of amended Hong Kong Financial Reporting Standards (“HKFRSs”) as described in note 2 and the adoption of new accounting policies noted below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

## 2. APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated interim financial statements:

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendment to HKAS 1	Non-current Liabilities with covenants
Amendment to HKFRS 16	Lease Liability in a sale and leaseback

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable for goods sold and services provided by the Group to outside customers, less discounts and sales tax.

For the six months ended 30 June 2024, the Group's operating activities are attributable to two operating segments focusing on the operation of (i) manufacturing of and trading in the dental business (“**Dental business**”); and (ii) providing service for sport rehabilitation, including postoperative rehabilitation, sport injury rehabilitation, chronic pain, scoliosis, deformity correction and other rehabilitation services (“**Health care business**”).

#### 3.1 Segment revenue and results

For the six months ended 30 June 2024 (Unaudited)

	<b>Dental business HK\$'000</b>	<b>Health care business HK\$'000</b>	<b>Total HK\$'000</b>
<b>REVENUE</b>			
Revenue from external customers	<u>85,888</u>	<u>2,628</u>	<u>88,516</u>
<b>RESULTS</b>			
Segment profit before depreciation and amortisation	1,894	1,589	3,483
Depreciation			
— Property, plant and equipment	(3,026)	(1,030)	(4,056)
— Right-of-use assets	(1,677)	(1,645)	(3,322)
Amortisation of intangible assets	<u>(177)</u>	<u>(166)</u>	<u>(343)</u>
Segment operating loss	(2,986)	(1,252)	(4,238)
Reversal of impairment loss on trade receivables	990	—	990
Loss from change in fair value of financial assets at FVTPL	<u>—</u>	<u>(12,028)</u>	<u>(12,028)</u>
Segment loss before income tax	(1,996)	(13,280)	(15,276)
Reversal of impairment loss on amount due from a former director of the Company			539
Unallocated income			13
Unallocated expenses			<u>(7,896)</u>
Loss before income tax			<u><u>(22,620)</u></u>

For the six months ended 30 June 2023 (Unaudited)

	Dental business <i>HK\$'000</i>	Health care business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>			
Revenue from external customers	88,765	3,825	92,590
<b>RESULTS</b>			
Segment profit before depreciation and amortisation	13,143	3,212	16,355
Depreciation			
— Property, plant and equipment	(4,626)	(2,458)	(7,084)
— Right-of-use assets	(1,537)	(1,799)	(3,336)
Amortisation of land use rights	—	(42)	(42)
Amortisation of intangible assets	(177)	(261)	(438)
Segment operating profit/(loss)	6,803	(1,348)	5,455
Reversal of impairment loss on trade receivables	204	—	204
Loss from change in fair value of financial assets at FVTPL	—	(28,306)	(28,306)
Gain from change in fair value of financial liabilities at fair value through profit or loss	—	875	875
Gain on disposal of subsidiaries	—	67,861	67,861
Segment profit before income tax	7,007	39,082	46,089
Reversal of impairment loss on amount due from a former director of the Company			81
Unallocated income			6
Unallocated expenses			(6,138)
Profit before income tax			<u>40,038</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned/incurred by each segment without allocation of central administration costs, other income, gains and losses and reversal of impairment loss on amount due from a former director of the Company. This is the information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

**3.2 Segment assets and liabilities**  
**As at 30 June 2024 (Unaudited)**

	<b>Dental business HK\$'000</b>	<b>Health care business HK\$'000</b>	<b>Total HK\$'000</b>
Reportable segment assets	301,334	243,671	545,005
Deferred tax assets			322
Unallocated assets			<u>22,393</u>
Total assets			<u><u>567,720</u></u>
Reportable segment liabilities	(72,068)	(21,060)	(93,128)
Taxation payable			(15,788)
Deferred tax liabilities			(679)
Unallocated liabilities			<u>(886)</u>
Total liabilities			<u><u>(110,481)</u></u>

**As at 31 December 2023 (Audited)**

	<b>Dental business HK\$'000</b>	<b>Health care business HK\$'000</b>	<b>Total HK\$'000</b>
Reportable segment assets	325,881	277,580	603,461
Deferred tax assets			457
Unallocated assets			<u>1,149</u>
Total assets			<u><u>605,067</u></u>
Reportable segment liabilities	(66,117)	(25,681)	(91,798)
Taxation payable			(18,608)
Deferred tax liabilities			(728)
Unallocated liabilities			<u>(2,169)</u>
Total liabilities			<u><u>(113,303)</u></u>

### 3.3 Geographical information

The Group's operations are mainly situated in Hong Kong and the People's Republic of China (the "PRC") (excluding Hong Kong). The following table provides an analysis of the Group's revenue by the location of business operation and the Group's non-current assets by geographical location of assets.

	Revenue from external customers		Non-current assets	
	Six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
PRC (excluding Hong Kong)	88,394	92,256	26,646	33,118
Others	122	334	22,770	22,957
	<u>88,516</u>	<u>92,590</u>	<u>49,416</u>	<u>56,075</u>

*Note:* Non-current assets include goodwill, property, plant and equipment, right-of-use assets and intangible assets.

### 3.4 Information about major customers

No individual customer contributing over 10% of the Group's total revenue during the corresponding periods.

#### 4. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2024	2023
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
(Loss)/Profit before income tax has been arrived at after charging/(crediting):		
Amortisation of intangible assets	343	438
Amortisation of land use rights	—	42
Depreciation:		
— Property, plant and equipment	4,056	7,084
— Right-of-use assets	3,322	3,336
Lease charges:		
— Short-term leases	1,646	359
Research and development expenses (included in other expenses)	8,584	8,522
Finance charges on lease liabilities	409	843
Interest income (included in other income, gains and losses):		
— Bank deposits	(1,090)	(630)
— Loan receivable	—	(365)
Dividend income (included in other income, gains and losses)	(666)	(80)
Net foreign exchange gain (included in other income, gains and losses)	(153)	(728)
	<u>          </u>	<u>          </u>

## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	<u>1,558</u>	<u>1,290</u>
	<b>1,558</b>	1,290
Deferred tax expense/(credit)	<u>86</u>	<u>(28)</u>
	<b>1,644</b>	1,262

No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the six months ended 30 June 2024 and 2023.

The provision for PRC Enterprise Income Tax (“EIT”) is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. A subsidiary of the Group was accredited as a “High and New Technology Enterprise” in the PRC with effect from 9 November 2018, and was registered with the local tax authority to be eligible to a concessionary tax rate of 15% for three tax years from 2021 to 2023.

According to a policy promulgated by the State Tax Bureau of the PRC, effective from September 2019 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining taxable profits for that period (“Super Deduction”). A subsidiary is eligible to such Super Deduction in ascertaining its tax assessable profit for the six months ended 30 June 2024 and 2023.

## 6. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2024 and 2023, nor has any dividend been proposed since the end of the reporting periods.

## 7. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/Profit for the period attributable to owners of the Company	<u>(24,264)</u>	<u>40,001</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue during the period	<u>5,042,139,374</u>	<u>5,042,139,374</u>

The diluted earnings per share for the six months ended 30 June 2024 and 2023 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares.

Therefore, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share for the six months ended 30 June 2024 and 2023.

## 8. FINANCIAL ASSETS AT FVTPL

	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current: Limited partnership interest	<u>172,148</u>	<u>193,114</u>

Details of movement is set out below:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
As at 1 January	<b>193,114</b>	200,280
Recognition of financial assets at FVTPL upon disposal of subsidiaries ( <i>note (b)</i> )	—	45,901
Change in fair value recognised in profit or loss	<b>(12,028)</b>	(21,295)
Addition	<b>1,147</b>	581
Return on investment	<b>(6,041)</b>	(27,082)
Exchange realignment	<b>(4,044)</b>	(5,271)
	<hr/> <b>172,148</b> <hr/>	<hr/> 193,114 <hr/>
As at 30 June/31 December	<b>172,148</b>	193,114

*Notes:*

As at 30 June 2024, the Group has the following Financial assets at FVTPL:

- (a) The Group has equity interests in a limited partnership of which its business is focusing on investing in equity and equity related securities in the information technology, high-quality medical and health industries. As at 30 June 2024, the carrying amount of such investment was approximately HK\$124,039,000 (31 December 2023: approximately HK\$144,025,000). A fair value loss of approximately HK\$10,681,000 (30 June 2023: approximately HK\$28,306,000) has been recognised during six ended 30 June 2024. The fair value measurement is classified as level 3. There is no changes in the valuation methodologies in arriving at the fair value.
- (b) As at 30 June 2024, the Group has equity interests in a limited partnership, namely Haoyi Healthcare Service (Shenzhen) Partnership (Limited Partnership)\* (浩易康養服務(深圳)合夥企業(有限合夥)) (“**Haoyi**”) of which its business is focusing on Health care business in the PRC. During the year ended 31 December 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose some of its equity interests in Haoyi, of which the disposal was completed during the year ended 31 December 2023. Upon the completion of the disposal, the Group has become just a limited partner in investment in Haoyi with no control, joint control or significant influence over the relevant activities of Haoyi and its subsidiaries. The purchaser who has been appointed as the general partner of the limited partnership has the power to direct the relevant activities of Haoyi and its subsidiaries. In addition, since there is no representative on the board of directors or equivalent governing body of the investee, the Group has not participated in operating and financing activities. Accordingly, Haoyi and its subsidiaries ceased to be the subsidiaries of the Group after the disposal and have been classified as financial assets at FVTPL.

As at 30 June 2024, the carrying amount of such investment was approximately HK\$48,110,000 (31 December 2023: approximately HK\$49,086,000). A fair value loss of approximately HK\$1,347,000 has been recognised during six ended 30 June 2024. The fair value measurement is classified as level 3. There is no changes in the valuation methodologies in arriving at the fair value.

\* *For identification purpose only*

## 9. TRADE AND OTHER RECEIVABLES

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>122,778</b>	103,306
Less: Expected credit losses (“ECL”) allowance	<b>(1,376)</b>	(2,413)
	<b>121,402</b>	100,893
Other receivables, prepayments and deposits ( <i>note (ii)</i> )	<b>65,411</b>	66,267
Less: ECL allowance	<b>(7,628)</b>	(7,817)
	<b>57,783</b>	58,450
	<b>179,185</b>	159,343

*Note:*

- (i) The amount represented deposits paid for an acquisition of land use rights pursuant to the Original Cooperation Agreement and the Supplementary Cooperation Agreement entered into by the Group and Shanghai Jiayu Health Services Co., Ltd.\* (上海佳煦健康服務有限公司), (“**Shanghai Jiayu**”). Pursuant to the Original Cooperation Agreement and Supplementary Cooperation Agreement, the Group is committed to contribute RMB167,000,000 (equivalent to approximately HK\$201,000,000) which comprises contribution of RMB120,000,000 (equivalent to approximately HK\$144,000,000) to be the registered capital to Shanghai Jiading Health Services Co., Ltd.\* (上海嘉定健康服務有限公司), and shareholder’s loan of RMB47,000,000 (equivalent to approximately HK\$57,000,000) to engage in a project for rural revitalization, construction and development in the Fuhu Village. The Original Cooperation Agreement and the Supplementary Cooperation Agreement were terminated in 2023 and the deposits previously paid by the Group will be fully refund to the Group in 2024.
- (ii) The amounts mainly included deposits paid, prepayments to suppliers and VAT tax receivables and refundable deposit for acquisition of land use rights as described in note (i) above.

The directors of the Group consider that the fair values of trade and other receivables which are expected to be recorded within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

\* *For identification purpose only*

The following is an aged analysis of trade receivables, presented based on invoice date approximates to revenue recognition date, net of ECL allowance, at the end of the reporting period:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
0 – 90 days	<b>36,264</b>	42,457
91 – 180 days	<b>29,347</b>	10,850
181 – 365 days	<b>37,406</b>	10,126
Over 1 year	<b>18,385</b>	37,460
	<b>121,402</b>	100,893

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days after issuance, except for certain well-established customers, where the terms are extended to 360 days.

#### **10. AMOUNT DUE FROM A FORMER DIRECTOR OF THE COMPANY**

The amount is unsecured, interest-free and repayable on demand.

The amount is due from a former director, Mr. Wu Tianyu (“Mr. Wu”, the executive director of the Company in 2023 and retired on 14 June 2024), and the maximum amount outstanding during the six months ended 30 June 2024 is HK\$6,423,000 (31 December 2023: HK\$8,651,000).

During the six months ended 30 June 2024, having considered the repayment from the former director of the company has been reducing in recent years, the Group considered that the credit quality have not been further deteriorated significantly. As at 30 June 2024, a cumulative allowance of approximately HK\$1,288,000 (31 December 2023: HK\$1,827,000) was recognised. Accordingly a reversal of impairment loss of approximately HK\$539,000 (30 June 2023: impairment loss of approximately HK\$81,000) was recognised.

## 11. TRADE AND OTHER PAYABLES

	<b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 December 2023 (Audited) HK\$'000
Trade payables	<b>10,318</b>	26,773
Receipts in advance	<b>28,533</b>	388
Other payables ( <i>note (a)</i> )	<b>27,314</b>	31,179
Accrued charges ( <i>note (a)</i> )	<b>10,325</b>	13,204
Contract liabilities ( <i>note (b)</i> )	<b>2,178</b>	2,536
Amount due to a related party ( <i>note (c)</i> )	–	702
	<b>78,668</b>	74,782

### Notes:

- (a) Other payables mainly include value added tax and other tax payables in the PRC, and accrued charges mainly include accrued staff salaries and allowances, contributions to defined contribution retirement schemes and consultancy fees for dental and health care projects.
- (b) Contract liabilities represents deposits received from medical services under the health care business segment. When the Group receives a deposit before the commencement of medical services, this will give rise to a contract liability at the inception of a contract until the revenue recognised on the service could cover the amount of the deposit. The contract liabilities represent receipts in advance for the medical services and are expected to be recognised as revenue within one year.
- (c) It represent the amount due to Ms. Jiang Sisi (“Ms. Jiang”, the spouse of Mr. Wu). The amount is unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	<b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 December 2023 (Audited) HK\$'000
0 – 90 days	<b>6,246</b>	24,154
91 – 180 days	<b>2,258</b>	1,086
Over 180 days	<b>1,814</b>	1,533
	<b>10,318</b>	26,773

The average credit period on purchases of goods is 90 days (31 December 2023: 90 days). All amounts are short-term and hence the carrying values of the Group’s trade and other payables are considered to be a reasonable approximation of fair value.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Highlights

For the six months ended 30 June 2024 (the “**Period**”), the Company and its subsidiaries (together the “**Group**”) recorded revenue of approximately HK\$88.5 million, representing a decrease of approximately 4.4% from approximately HK\$92.6 million for the corresponding period in 2023, with an increased gross profit margin of approximately 42.8% (for the six months ended 30 June 2023: approximately 41.6%). The loss attributable to the owners of the Company was approximately HK\$24 million compared to profit attributable to the owners of the Company of approximately HK\$40 million for the corresponding period in 2023. Basic and diluted loss per share for the Period were 0.48 HK cents per share and 0.48 HK cents per share, respectively; and the basic and diluted earnings per share for the corresponding period in 2023 were 0.79 HK cents per share and 0.79 HK cents per share respectively.

### Interim Dividend

The board of Directors (the “**Board**”) did not recommend the payment of an interim dividend for the Period (six months ended 30 June 2023: Nil).

### Business Review

#### *Dental Business*

The Group has engaged in the dental business, including the sales (both overseas and domestic) and production of dental prosthetics, including crowns and bridges, removable full and partial dentures, implants and full-cast restorations. The high-tech digital dental aesthetic brand developed and promoted by the Group integrated the philosophy of minimally invasive aesthetic dental prosthetic restoration and cutting-edge 3D printing technology with international recognition, promoted invisible dental brace, cosmetic dentistry and teeth whitening and veneer, providing efficient one-stop dental prosthetic restoration solutions. Revenue from the Dental Business was approximately HK\$85.9 million as of 30 June 2024, representing a decrease of approximately HK\$2.9 million compared to a revenue of approximately HK\$88.8 million for the six months ended 30 June 2023.

The Group always adheres to the dental aesthetics and prosthetics restoration philosophy of “using minimally invasive surgery with no harm to teeth” in its research and development, in order to relieve the pain patients suffer during the treatment and improve their appearance. A series of digital dental prosthetic products including Mega Veneer (美加貼面) XS, Mega 3D Simulation Zirconium (美加3D模擬銛), Mega YiQi Clear Aligner (美加易齊透明矯正器) and removable prosthetic devices launched under the “Mega” brand in 2019 gained wide recognition among foreign technicians and dentists.

Investment in research and know-hows is always a focus in the Group's business. As of 30 June 2024, research and development expense amounted to approximately HK\$8.6 million (for the six months ended 30 June 2023: approximately HK\$8.5 million), reflecting the management's determination and vision to invest in the future technologies in the dental business. On the other hand, as of 30 June 2024, government grants and the other income of training and consultation in relation to research and development technologies amounted to approximately HK\$0.7 million (for the six months ended 30 June 2023: approximately HK\$0.8 million).

The Group has continued to expand its team at the Sino-US Implant R&D Centre. The change of registration application for implants of more sizes has entered the final stage of approval by the National Medical Products Administration (NMPA) and is expected to obtain marketing approval in the second half of 2024. The results performance for implants operation has been under pressure during the first half of 2024 due to the significant drop in centralised procurement prices and intense competition in the industry. However, there was a significant increase in the number of clinical institutions using the implants, and during the first half of the year, the Group's implants were used in more dental chain groups in Shandong and Shanghai.

### ***Health Care Business***

#### ***Rehabilitation Business***

In the first half of 2024, there were significant changes in the medical services market, with the Shenzhen Municipal Government actively guiding primary community health service centres to launch Chinese medicine rehabilitation projects. The large general hospitals, such as the University of Hong Kong – Shenzhen Hospital and Peking University Shenzhen Hospital, directly entered the sports rehabilitation business. In the face of numerous competitors and a high degree of market homogenization, Kaisa's Rehabilitation Clinic projects have implemented cost reduction and efficiency improvement measures according to its own circumstances. The Group has returned to the orthopaedic post-surgical rehabilitation business and insisted on capturing market share with its technology. The Group has undergone marketing transformations in accordance with market changes, established a membership system, deepen its operation in private domains, launched comprehensive marketing campaigns on Xiaohongshu and Wechat Channels, built a marketing plan for the Hejia (和佳) Sports Rehabilitation brand, and strive to win the market through brand reputation.

## **Operating Results and Financial Review**

### ***Revenue***

The revenue for the Period amounted to approximately HK\$88.5 million (six months ended 30 June 2023: approximately HK\$92.6 million). The decrease was mainly due to the decrease in the average selling price of dental products due to the impact of the PRC government's policy (centralised procurement prices) include, among others, setting price ceilings for dental products sold in the country.

### ***Gross Profit and Gross Profit Margin***

Gross profit for the Period amounted to approximately HK\$37.9 million (six months ended 30 June 2023: approximately HK\$38.6 million). Gross profit margin for the Period was approximately 42.8% (six months ended 30 June 2023: approximately 41.6%). The gross profit margin increased mainly due to improved production efficiency during the period.

### ***Financial assets at fair value through profit or loss***

#### ***Zhuhai Partnership***

On 20 July 2021, 21 July 2021 and 31 August 2021, 和晟健康科技(海口)有限公司 (Hesheng Health Technologies (Haikou) Co., Ltd.\*) (formerly known as 佳兆業健康科技(海口)有限公司 (Kaisa Health Technologies (Haikou) Co., Ltd.\*)), an indirect wholly owned subsidiary of the Company which engaged in investment holding business and 深圳盈都科技有限公司 (Shenzhen Yingdou Technology Co., Ltd.)\* entered into the transfer agreements in relation to the transfer of an aggregate of 165,289,256.2 units, representing 5.51% limited partnership interests, in 珠海金鑑銘股權投資基金合夥企業 (有限合夥)(Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.))\* (the “Zhuhai Partnership”) at an investment cost of RMB180,000,000 through certain contractual arrangements. The Zhuhai Partnership investment focuses on investing in equity and equity related securities in the information technology, high-quality medical and health industries. Further details were set out in the Company's announcements dated 31 January 2022 and 3 March 2022.

\* For identification purpose only

## Haoyi Partnership

On 4 May 2023, the Group entered into a sale and purchase agreement to dispose of its 0.1% equity interest for each in Haoyi Healthcare Services (Shenzhen) Partnership (Limited Partnership)\* (浩易康養服務(深圳)合夥企業(有限合夥)) (“Haoyi Partnership”) and Guanghao Health Consulting Services (Zhuhai) Co., Ltd.\* (光浩健康諮詢服務(珠海市)有限公司 (“Guanghao”)) at the cash consideration of RMB100,000 (equivalent to approximately HK\$110,000). Upon completion of the transaction on 12 June 2023, the Group ceased to be the general partner of the Haoyi Partnership which has the power to direct the relevant activities of the Haoyi Partnership and its subsidiaries, resulting from the Group losing control over the Haoyi Partnership and its subsidiaries. The Group remains 99.9% limited partnership interests in Haoyi Partnership which holds 99.9% equity interest in Guanghao. The Haoyi Partnership invested in the Zhuhai Shili Lianjiang Projects through Guanghao and its subsidiaries. The Group’s remaining limited partnership interests to the Haoyi Partnership and its subsidiaries have been classified as financial assets at FVTPL. Further details were set out in the Company’s announcement dated 4 May 2023.

As at 30 June 2024, the fair value of financial assets at fair value through profit or loss was approximately HK\$172.1 million, representing approximately 30.3% of the total assets of the Group. The fair value loss on these financial assets at fair value through profit or loss was approximately HK\$12 million during the six months ended 30 June 2024.

The following table summarizes the information regarding the Group’s significant investments classified as financial assets at fair value through profit or loss as at 30 June 2024:

Investee	Principal businesses of the underlying investments	Interest held as at 30 June 2024	Cost or investment as at 30 June 2024 HK\$ million	Fair value as at 30 June 2024 HK\$ million	Percentage of fair value relative to total assets	Fair value profit/(loss) during the six months ended 30 June 2024 HK\$ million
Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.)* (珠海金鑑銘股權投資基金合夥企業(有限合夥))	Equity and equity related securities in the information technology, high-quality medical and health industries	5.51% limited partnership interests	209.5	124.0	21.8%	(10.7)
Haoyi Healthcare Services (Shenzhen) Partnership (Limited Partnership)* (浩易康養服務(深圳)合夥企業(有限合夥))	Zhuhai Shili Lianjiang Projects	99.9% limited partnership interests	47.6	48.1	8.5%	(1.3)
Total				<u>172.1</u>		<u>(12.0)</u>

\* For identification purpose only

The management will quarterly review the performance of partnership investments to determine the investment approach.

### ***Significant Investments, Material Acquisitions and Disposals***

Save as disclosed in this announcement, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

### ***Bank Balance and Cash***

The Group had a solid cash position for the Period under review, with bank balances and cash amounting to approximately HK\$147.2 million as at 30 June 2024 (31 December 2023: approximately HK\$174.1 million).

### ***Capital Expenditure and Capital Commitments***

During the Period, the Group invested approximately HK\$2.1 million (six months ended 30 June 2023: approximately HK\$9.9 million), mainly on production equipment. As at 30 June 2024, the Group had no capital expenditure commitment (31 December 2023: Nil).

### ***Contingent Liabilities***

The Group had no contingent liabilities as at 30 June 2024 (31 December 2023: Nil).

### ***Charge on the Group's Assets***

As at 30 June 2024, there was no pledge of assets of the Group for banking facilities (31 December 2023: Nil).

### ***Treasury Policy***

The Group's sales were principally denominated in Renminbi and US dollars, while purchases were transacted mainly in US dollars and Renminbi. The currencies held under cash and cash equivalents were mainly US dollars, Renminbi and Hong Kong dollars.

The fluctuation of Hong Kong dollars and other currencies did not materially affect the costs and operations of the Group for the Period and the Directors do not foresee significant risk in exchange rate fluctuation currently. The Group has not entered into any financial instruments for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

### ***Liquidity, Capital Structure and Financial Resources***

Equity attributable to owners of the Company as at 30 June 2024 amounted to approximately HK\$457.8 million (31 December 2023: approximately HK\$492 million).

As at 30 June 2024, the net current assets of the Group amounted to approximately HK\$243.4 million (31 December 2023: approximately HK\$253 million). The current and quick ratio was 3.38 and 3.25 respectively (31 December 2023: 3.47 and 3.33 respectively).

As at 30 June 2024, indebtedness of the Group including an amount due to Ms. Jiang Sisi (“**Ms. Jiang**”, the spouse of Mr. Wu Tianyu, a former executive Director of the Company) of approximately HK\$685,000 (31 December 2023: approximately HK\$702,000), amount due to a holding company of approximately HK\$144,000 (31 December 2023: HK\$72,000) and amounts due to fellow subsidiaries of approximately HK\$1.1 million (31 December 2023: approximately HK\$1.1 million) which are unsecured, interest-free and repayable on demand.

As at 30 June 2024 and 31 December 2023, no gearing ratio was calculated as there was no net debt (defined as other financial liabilities less cash and cash equivalents) by the Group.

The number of issued ordinary shares (the “**Shares**”) of the Company was 5,042,139,374 as at 30 June 2024 (31 December 2023: 5,042,139,374 Shares).

Taking the above figures into account, the management is confident that the Group is financially strong and has adequate resources to settle its outstanding debts, to finance its daily operational expenditures and also the cash requirements for the Group’s future acquisition and expansion.

### **Prospect**

The Group is principally engaged in the Dental Business and Health Care Business, and has a business strategy to further diversify its business so as to further enhance shareholder value. In order to build the brand “Mega” and “BIOTANIUM®”, the Group has been oriented towards advanced technologies and integrated quality medical devices in China and overseas to become a high-end dental prosthetics instrument supplier. The Group has put efforts in exploring a medical appliance system with the oral business as its up-stream and down-stream industry chain and a medical service system integrating medical care and health care, developing a closed-loop ecosystem with the coordination of these three major systems.

## ***Dental Business***

The Group considers that the increase in the consumption level in the PRC builds the base for the rapid growth in China's dental market. On this basis, through the education promoted by the overseas vendors and dentists, the populace's heightening awareness of oral hygiene provides the endogenous power for maintaining the speedy growth in the dental market. Currently, China's dental market has been rapidly developing, hence the trend of increasing dental consumption will not change, and is expected to gradually extend from the eastern coastal regions to cities in central and western part of the PRC and the overall dental market probably will continue its rapidly increasing trend for a long time in the future. It is projected that with the increase of consumption power in the PRC, regardless of whether it is in terms of the dentist proportion, consultation rate and the permeability rate of high-end dental business or the current market scale, the oral market in China has the development potential to increase over tenfold.

The Group has formulated a number of growth strategies in the dental business, including enlarging its sales network in the PRC and foreign markets (such as the US), expanding its production capacity in the PRC and developing high-end new denture prosthetics products with beauty attributes, actively participating in relevant nationwide exhibitions, and increasing its bidding of public hospitals, in order to partner with large-scale chained private clinics, providing better services such as on-site technician services for clinics.

Apart from the organic growth and sales network integration and consolidation for the dental business, the Group will also actively seek investment and collaboration opportunities in high-tech dental related areas so as to enhance cross-selling opportunities and to provide better returns of investment for the shareholders of the Company.

The Group continued to improve the production process of Basic Dental and increase capacity utilisation, actively participating in global dental exhibitions, expanding distribution networks, and with the prospect of obtaining more product approvals in the second half of 2024, the implant business is expected to achieve significant growth.

## ***Health Care Business***

### ***Rehabilitation Business***

The rehabilitation industry is influenced by favourable national policies and continues to attract capital, leading to increasingly fierce competition within the industry. In 2024, the Group's rehabilitation project will focus on refining rehabilitation products, enhancing product strength and service standards, deepening its branding in the private domains, extending the lifespan of its members, and further exploring opportunities for regional expansion, with a view to providing better medical services to society.

## **Important Event after Reporting Period**

No important event affecting the Company occurred since 30 June 2024 and up to the date of this announcement.

### **Employees and Remuneration Policy**

The Group employed approximately 890 employees in total as at 30 June 2024 (31 December 2023: approximately 893) in Hong Kong, the PRC and USA. The Group implemented its remuneration policy, bonus and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness.

In addition, the Group had also adopted a share option scheme as a long term incentive to the Directors and eligible employees. The emolument policy for the Directors and senior management of the Group is set up by the remuneration committee (the “**Remuneration Committee**”) of the Board, having regard to the Group’s performance, individual performance and comparable market conditions.

### **Compliance with the 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**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ dealings in the Company’s securities. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024.

The Company has also established written guidelines on no less exacting terms than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of inside information of the Company or its securities. No incidence of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2024.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### **Compliance with the Corporate Governance Code**

During the six months ended 30 June 2024, the Company has complied with all relevant code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

## **Change in Composition of the Board**

The changes in information of the Directors since the date of the Company's 2023 annual report are set out below:

1. Mr. Wu Tianyu has retired and not offered for re-election as an executive Director and ceased to be a member of the Remuneration Committee and a co-vice chairman of the board of director of the Company at the annual general meeting of the Company held on 14 June 2024 (the “**2024 AGM**”); and
2. Mr. Zhang Huagang has retired and not offered for re-election as an executive Director at the 2024 AGM.
3. Mr. Kwok Ying Shing, an executive Director and chairman of the Board, has been appointed as a member of the Remuneration Committee with effect from the conclusion of the 2024 AGM.

## **Review of Financial Information**

The audit committee of the Company (the “**Audit Committee**”) comprise three independent non-executive Directors (“**INEDs**”), namely Dr. Liu Yanwen (chairman of the Audit Committee), Dr. Lyu Aiping and Ms. Li Zhiying. The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024.

## **Publication of 2024 Interim Results and Interim Report**

This interim results announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.kaisahealth.com](http://www.kaisahealth.com)). The interim report of the Company for the Period, containing all the information required by Appendix D2 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the same websites in due course in the manner as required by the Listing Rules.

By order of the Board  
**Kaisa Health Group Holdings Limited**  
**Kwok Ying Shing**  
*Chairman*

Hong Kong, 27 August 2024

*As at the date of this announcement, the Board comprises Mr. Kwok Ying Shing (Chairman) and Mr. Luo Jun as executive Directors; and Dr. Liu Yanwen, Dr. Lyu Aiping and Ms. Li Zhiying as independent non-executive Directors.*