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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Kaisa Health Group Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 (the “**FY2024**” or the “**Year**”) together with the comparative figures for the corresponding year ended 31 December 2023 (the “**FY2023**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	4	185,357	185,882
Cost of sales		(103,499)	(104,809)
Gross profit		81,858	81,073
Other income, gains and losses, net	5	5,162	6,748
Selling and distribution cost		(47,630)	(49,465)
Administrative expenses		(45,960)	(57,933)
Losses from change in fair value of financial assets at fair value through profit or loss (“FVTPL”)	10	(9,772)	(21,295)
Gains from change in fair value of financial liabilities at FVTPL		–	875
Gains on disposal of subsidiaries	13	–	69,391
Reversal of (impairment loss) recognised on trade receivables, net	11	983	(584)
Impairment loss recognised on other receivables, net	11	(21,893)	(4,117)
Reversal of (impairment loss) recognised on amount due from a former director of the Company		1,827	(773)
Reversal of impairment loss recognised on loan receivable, net		–	2,631
Research and development expenses		(12,477)	(16,835)
Finance costs		(779)	(3,670)

		2024 HK\$'000	2023 HK\$'000
	Notes		
(Loss) profit before income tax	6	(48,681)	6,046
Income tax (expense) credit	7	(1,919)	104
		<u>(50,600)</u>	<u>6,150</u>
Other comprehensive (expense) income including reclassification adjustments			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(14,395)	(9,164)
Reclassification of exchange differences upon disposal of subsidiaries		<u>–</u>	<u>10,357</u>
Other comprehensive (expense) income for the year, net of tax		<u>(14,395)</u>	<u>1,193</u>
Total comprehensive (expense) income for the year		<u><u>(64,995)</u></u>	<u><u>7,343</u></u>
(Loss) profit for the year attributable to:			
– Owners of the Company		(46,355)	7,468
– Non-controlling interests		<u>(4,245)</u>	<u>(1,318)</u>
		<u><u>(50,600)</u></u>	<u><u>6,150</u></u>
Total comprehensive (expense) income for the year attributable to:			
– Owners of the Company		(60,858)	7,074
– Non-controlling interests		<u>(4,137)</u>	<u>269</u>
		<u><u>(64,995)</u></u>	<u><u>7,343</u></u>
(Loss) earnings per share	9		
– Basic and diluted (HK\$ cents)		<u><u>(0.92)</u></u>	<u><u>0.15</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		12,726	16,191
Right-of-use assets		9,268	15,930
Intangible assets		3,073	3,737
Goodwill		20,217	20,217
Financial assets at FVTPL	10	160,261	193,114
Deferred tax assets		–	457
		<u>205,545</u>	<u>249,646</u>
Current assets			
Inventories		13,381	14,236
Trade and other receivables	11	148,177	159,343
Amount due from a former director of the Company		–	6,824
Amounts due from fellow subsidiaries		881	940
Bank balances and cash		149,609	174,078
		<u>312,048</u>	<u>355,421</u>
Current liabilities			
Trade and other payables	12	64,773	74,080
Lease liabilities		4,206	7,817
Amount due to a former related party		–	702
Amounts due to fellow subsidiaries		1,078	1,114
Amount due to ultimate holding company		216	72
Taxation payable		13,755	18,608
		<u>84,028</u>	<u>102,393</u>
Net current assets		<u>228,020</u>	<u>253,028</u>
Total assets less current liabilities		<u>433,565</u>	<u>502,674</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	6,443	10,182
Deferred tax liabilities	631	728
	<u>7,074</u>	<u>10,910</u>
Net assets	<u>426,491</u>	<u>491,764</u>
Capital and reserves		
Share capital	6,303	6,303
Reserves	424,850	485,708
	<u>431,153</u>	<u>492,011</u>
Equity attributable to owners of the Company	(4,662)	(247)
Non-controlling interests		
	<u>426,491</u>	<u>491,764</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Kaisa Health Group Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The ultimate holding company of the Company is Kaisa Group Holdings Ltd., which was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange.

The Company is an investment holding company. The Company and its subsidiaries is mainly engaged in the manufacturing and sale of dental prosthetics and implant instruments and provision of sport rehabilitation services. The Company and its subsidiaries are collectively referred to as the “Group”.

These consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. APPLICATION OF NEW AND AMENDMENT TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“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 consolidated financial statements:

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENT TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendment to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the application of the amendments to HKFRSs is not expected to have material impact on the Group’s consolidated financial statement in the future.

HKFRS 18 Presentation and Disclosure in Financial Statements (“HKFRS 18”)

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements* (“HKAS 1”). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Statement of Cash Flows* (“HKAS 7”). Minor amendments to HKAS 7 and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in the future consolidated financial statements but is not expected to have material impact on the Group’s consolidated financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on regular internal financial information reported to the chief operating decision maker (“CODM”), being directors of the Company.

The Group has identified the following reportable segments:

- (i) Dental Business – manufacturing of and trading in dental products; and
- (ii) Health Care Business – providing service for sport rehabilitation, including postoperative rehabilitation, sports injury rehabilitation, chronic pain, scoliosis, deformity correction, other rehabilitation services and health leisure business.

As described in note 13, during the year ended 31 December 2023, Haoyi Partnership who was mainly engaged in the health leisure business was ceased to be a subsidiary and the Group has reclassified its investment in Haoyi Partnership as a financial asset measured at FVTPL.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

All inter-segment transfers are carried out at arm’s length prices.

(a) Segment revenue and results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group’s CODM, being directors of the Company monitors the revenue, results, assets and liabilities attributable to each reportable segment on the following:

Segment profit and loss represents the profit and loss earned or incurred by each segment without allocation of central administration costs, certain other income, gains and losses, net, reversal of impairment loss recognised and impairment loss recognised on loan and other receivables and amount due from a former director of the Company. This is the information reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets include all assets other than certain prepayments, bank balances and cash held by the respective head offices and deferred tax asset.

Segment liabilities exclude deferred tax liabilities, taxation payable and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results, assets and liabilities (Continued)

(i) Segment revenue and results

Information regarding the Group's reportable segments revenue and results as provided to the directors of the Company for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 31 December 2023 is set out below.

	Dental Business HK\$'000	Health Care Business HK\$'000	Total HK\$'000
Year ended 31 December 2023			
Revenue			
Revenue from external customers	179,441	6,441	185,882
Results			
Segment profit (loss) before depreciation and amortisation	13,152	(23,861)	(10,709)
Depreciation of:			
– Property, plant and equipment	(7,055)	(3,426)	(10,481)
– Right-of-use assets	(3,117)	(3,446)	(6,563)
Amortisation of land use rights	–	(42)	(42)
Amortisation of intangible assets	(354)	(447)	(801)
Segment profit (loss) before income tax	2,626	(31,222)	(28,596)
Impairment loss recognised on trade receivables, net	(584)	–	(584)
Losses from change in fair value of financial assets at FVTPL	–	(21,295)	(21,295)
Gains from change in fair value of financial liabilities at FVTPL	–	875	875
Gains on disposal of subsidiaries	–	69,391	69,391
Segment profit before income tax	2,042	17,749	19,791
Reversal of impairment loss recognised on loan receivable, net			2,631
Impairment loss recognised on amount due from a former director of the Company			(773)
Impairment loss recognised on other receivables			(4,117)
Unallocated income			14
Unallocated expenses			(11,500)
Profit before income tax			6,046

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results, assets and liabilities (Continued)

(i) Segment revenue and results (Continued)

	Dental Business HK\$'000	Health Care Business HK\$'000	Total HK\$'000
Year ended 31 December 2024			
Revenue			
Revenue from external customers	178,981	6,376	185,357
Results			
Segment profit before depreciation and amortisation	19,306	524	19,830
Depreciation of:			
– Property, plant and equipment	(5,759)	(1,909)	(7,668)
– Right-of-use assets	(4,361)	(2,478)	(6,839)
Amortisation of intangible assets	(354)	(313)	(667)
Segment profit (loss) before income tax	8,832	(4,176)	4,656
Reversal of impairment loss recognised on trade receivables, net	983	–	983
Losses from change in fair value of financial assets at FVTPL	–	(9,772)	(9,772)
Segment profit (loss) before income tax	9,815	(13,948)	(4,133)
Reversal of impairment loss recognised on amount due from a former director of the Company			1,827
Impairment loss recognised on other receivable			(21,893)
Unallocated income			173
Unallocated expenses			(24,655)
Loss before income tax			(48,681)

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results, assets and liabilities (Continued)

(ii) Segment assets and liabilities

Information regarding the Group's reportable segments assets and liabilities as provided to the directors of the Company for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 31 December 2023 is set out below.

	Dental Business HK\$'000	Health Care Business HK\$'000	Total HK\$'000
As at 31 December 2023			
Reportable segment assets	<u>325,881</u>	<u>277,580</u>	603,461
Deferred tax assets			457
Unallocated assets			<u>1,149</u>
Total assets			<u>605,067</u>
Reportable segment liabilities	<u>(66,117)</u>	<u>(25,681)</u>	(91,798)
Deferred tax liabilities			(728)
Taxation payable			(18,608)
Unallocated liabilities			<u>(2,169)</u>
Total liabilities			<u>(113,303)</u>
As at 31 December 2024			
Reportable segment assets	<u>304,044</u>	<u>211,758</u>	515,802
Unallocated assets			<u>1,791</u>
Total assets			<u>517,593</u>
Reportable segment liabilities	<u>(56,837)</u>	<u>(17,858)</u>	(74,695)
Deferred tax liabilities			(631)
Taxation payable			(13,755)
Unallocated liabilities			<u>(2,021)</u>
Total liabilities			<u>(91,102)</u>

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment revenue and results, assets and liabilities (Continued)

(ii) *Segment assets and liabilities (Continued)*

During the year ended 31 December 2024, capital expenditure incurred by Dental business segment and Health Care business segment amounted to approximately HK\$6,943,000 (2023: approximately HK\$8,487,000) and approximately HK\$495,000 (2023: approximately HK\$10,681,000), respectively.

Other than the above, no other information regarding the Group's reportable revenue and results and reportable segments assets and liabilities as provided to the directors of the Company for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 31 December 2023.

(b) Geographical information

The Group's operations are mainly situated in the People's Republic of China (the "PRC") (excluding Hong Kong). Over 90% of the Group's revenue from external customers are located in the PRC (excluding Hong Kong).

The following table provides an analysis of the Group's non-current assets by geographical location of assets.

	Non-current assets	
	2024	2023
	HK\$'000	HK\$'000
PRC (excluding Hong Kong)	22,679	33,118
Others	22,605	22,957
	<u>45,284</u>	<u>56,075</u>

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

(c) Information about major customers

The Group has no customer with whom transaction exceeded 10% of the Group's total revenue during the years ended 31 December 2024 and 31 December 2023.

4. REVENUE

Revenue represents the amount received and receivable for goods sold and services provided by the Group to outside customers, less discounts, returns and value added tax or other sales taxes.

During the years ended 31 December 2024 and 31 December 2023, the Group's operating activities are attributable to two operating segments focusing on the operation of:

- Manufacturing and sale of dental prosthetics and implant instruments (i.e. "Dental business"); and
- Provision of sport rehabilitation services, including postoperative rehabilitation, sports injury rehabilitation, chronic pain, scoliosis, deformity correction, other rehabilitation services and health leisure services (i.e. "Health Care business")

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

(i) *The Group derives revenue from the transfer of goods and services by categorise of major product lines and business*

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers</i>		
Dental Business		
Manufacturing and sales of dental prosthetics and implant instruments	178,981	179,441
Health Care Business		
Provision of sport rehabilitation services and health leisure services	6,376	6,441
	<u>185,357</u>	<u>185,882</u>

4. REVENUE (CONTINUED)

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

(ii) *The Group derives revenue from the transfer of goods and services by timing of revenue recognition*

	2024 HK\$'000	2023 HK\$'000
<i>Revenue from contracts with customers</i>		
– At a point in time:		
Dental Business		
Manufacturing and sales of dental prosthetics and implant instruments	178,981	179,441
Health Care Business		
Provision of sport rehabilitation services and health leisure services	6,376	6,441
	<u>185,357</u>	<u>185,882</u>

(iii) *The Group derives revenue from the transfer of goods and services by geographical markets*

Information about the Group derives revenue from the transfer of goods and services by geographical markets is set out in note 3.

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Bank interest income	1,315	2,521
Interest income on loan receivable	–	555
Dividend income from a limited partnership	1,197	154
Losses on disposal of property, plant and equipment	(15)	(441)
Government subsidies (note below)	926	2,279
Gain on deregistration of subsidiaries	202	8
Gain on termination of leases	287	–
Exchange gains and losses, net	349	110
Others	901	1,562
	<u>5,162</u>	<u>6,748</u>

Note: The Group has subsidies receipts or receivables from a provincial government in the PRC for its research and development activities. There were no unfulfilled conditions and other contingencies attaching to government subsidy that has been recognised.

6. (LOSS) PROFIT BEFORE INCOME TAX

(Loss) profit before income tax has been arrived at after charging (crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Staff cost, including directors' remuneration		
– Staff salaries and allowances	102,774	105,833
– Performance bonus	6,892	6,000
– Equity-settled share-based payment expenses	–	875
– Contributions to defined contribution retirement schemes	4,123	6,897
	<u>113,789</u>	<u>119,605</u>
(Reversal of) impairment loss recognised on, net		
– Trade receivables	(983)	584
– Other receivables	21,893	4,117
– Amount due from a former director of the Company	(1,827)	773
– Loan receivable	–	(2,631)
	<u>19,083</u>	<u>2,843</u>
Depreciation and amortisation on:		
– Intangible assets (included in cost of sales)	667	801
– Land use rights	–	42
– Property, plant and equipment	7,668	10,481
– Right-of-use assets	6,839	6,563
	<u>15,174</u>	<u>17,887</u>
Others:		
Auditor's remuneration	1,200	1,270
Cost of sales	103,499	104,809
Short-term leases with lease term less than 12 months	2,300	1,040
Research and development expenses	12,477	16,835
Losses on disposal of property, plant and equipment	15	441
	<u>15</u>	<u>441</u>

7. INCOME TAX EXPENSE (CREDIT)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	<u>1,559</u>	<u>186</u>
	1,559	186
Deferred tax expense	<u>360</u>	<u>(290)</u>
	<u><u>1,919</u></u>	<u><u>(104)</u></u>

Overseas income tax

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands (“BVI”), the Group is not subject to any income tax under these jurisdictions for both years.

Hong Kong Profit Tax

Under the Hong Kong two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the years ended 31 December 2024 and 31 December 2023.

PRC Enterprise Income Tax

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 the year.

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 26 December 2024 and was registered with the local tax authority to be eligible to a concessionary tax rate of 15% for three years from 2024 to 2026.

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 year (“Super Deduction”). A subsidiary is eligible to such Super Deduction in ascertaining its tax assessable profit for the years ended 31 December 2024 and 31 December 2023.

7. INCOME TAX EXPENSE (CREDIT) (CONTINUED)

Income tax expense (credit) for the year is reconciled to (loss) profit before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
(Loss) profit before income tax	<u>(48,681)</u>	<u>6,046</u>
Tax charge at applicable tax rate at 25%	(12,170)	1,512
Tax effect of income not taxable for tax purpose	(1,682)	(34,455)
Tax effect of expenses not deductible for tax purpose	10,559	27,505
Tax effect of Super Deduction on research and development expenses	(2,864)	(4,040)
Tax effect of temporary difference not recognised	–	(57)
Tax effect of tax losses not recognised	<u>8,076</u>	<u>9,431</u>
Income tax expense (credit) for the year	<u>1,919</u>	<u>(104)</u>

8. DIVIDENDS

No dividends were paid, declared or proposed for the years ended 31 December 2024 and 31 December 2023, nor has any dividend been proposed since the end of the reporting periods.

9. (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:

	2024 HK\$'000	2023 HK\$'000
(Loss) profit for the year attributable to owners of the Company	<u>(46,355)</u>	<u>7,468</u>

Number of shares

	2024 (number of shares '000)	2023
Weighted average number of ordinary shares in issue during the year	<u>5,042,139</u>	<u>5,042,139</u>

The diluted (loss) earnings per share for the years ended 31 December 2024 and 31 December 2023 and 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 years ended 31 December 2024 and 31 December 2023.

10. FINANCIAL ASSETS AT FVTPL

		2024	2023
	Notes	HK\$'000	HK\$'000
Investment in financial assets at FVTPL:			
<i>Limited partnership interests</i>			
– Zhuhai Partnership	(a)	116,919	144,025
– Haoyi Partnership	(b)	43,342	49,089
		<u>160,261</u>	<u>193,114</u>

The directors of the Company consider that neither the Group has the practical ability to direct the relevant activities of two limited partnership entities unilaterally nor has the power to exercise significant influence over these limited partnership entities and further, the Company intends to hold these investments for long term strategic purposes and thus, these two limited partnership entities are accounted for as financial assets at FVTPL.

Notes:

(a) Zhuhai Partnership

5.51% equity interest in 珠海金鎰銘股權投資基金合夥企業(有限合夥) (Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.), “Zhuhai Partnership”) was owned by 深圳達逸臻科技有限公司 (Shenzhen Dayizhen Technology Co., Ltd., “Shenzhen Dayizhen”) which was 100% owned by 深圳盈都科技有限公司 (Shenzhen Yingdou Technology Co., Ltd., “Shenzhen Yingdou”). Zhuhai Partnership has investment focuses in equity and equity related securities in the information technology, high-quality medical and health industries. Pursuant to the applicable PRC laws and regulations, investments in medical or healthcare businesses should be subjected to a sino-foreign joint venture structure, with the Chinese party holding not less than 30% equity interests in it.

On 20 July 2021, 21 July 2021 and 31 August 2021, the Group and Shenzhen Yingdou entered into three transfer agreements respectively. Pursuant to these agreements, Shenzhen Yingdou had transferred of an aggregate of 5.51% limited partnership interest in Zhuhai Partnership to the Group, at a consideration of RMB180,000,000 (equivalent to HK\$220,410,000) through certain contractual arrangements.

As the Group is regarded as a foreign investor, the Group and Shenzhen Yingdou have entered into certain contractual arrangements (the “Contractual Arrangements”) to execute the transfer.

10. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Notes: (Continued)

(a) Zhuhai Partnership (Continued)

Under the Contractual Arrangements, the cooperation agreements and the variable interest entity agreements (including the exclusive consulting and service provision agreement, the exclusive option agreement, the power of attorney, the equity pledge agreement and the loan agreement) have been entered into by the Group, Shenzhen Yingdou and Shenzhen Dayizhen, a special purpose vehicle established by Shenzhen Yingdou, which enable the Group to:

- exercise effective financial and operational control over Shenzhen Dayizhen;
- exercise equity holder's voting right of Shenzhen Dayizhen;
- receive substantially all of the economic interest returns generated by Shenzhen Dayizhen in consideration for the business support, technical and consulting services provided by the Group;
- obtain an irrevocable and exclusive right to purchase all or part of equity interest in and/or assets of Shenzhen Dayizhen from its owner at a minimum purchase price permitted under the PRC laws and regulations;
- obtain a pledge over the entire equity interest of Shenzhen Dayizhen from its owner as collateral security for all of Shenzhen Dayizhen's payments due to the Group and to secure performance of Shenzhen Dayizhen's obligations under the Contractual Arrangements.

The details of the Contractual Arrangements were set out in the Company's announcements dated 31 January 2022 and 3 March 2022 respectively.

Though the Group does not have any equity interest in Shenzhen Dayizhen. However, as a result of the Contractual Arrangements, the directors of the Company consider that the Group has power over Shenzhen Dayizhen and has rights to variable returns from its involvement with Shenzhen Dayizhen and has the ability to affect those returns through its power over Shenzhen Dayizhen. After assessment, the directors concluded that the terms of the Contractual Arrangements have in substance to enable the Group has control over Shenzhen Dayizhen as a result of the Contractual Arrangements and other measures and accordingly, the Company regards Shenzhen Dayizhen as a consolidated structured entity of the Group under HKFRSs. The Group has consolidated the financial information of Shenzhen Dayizhen in the Group's consolidated financial statements since year 2021.

10. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Notes: (Continued)

(a) Zhuhai Partnership (Continued)

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Shenzhen Dayizhen and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Shenzhen Dayizhen. In the opinion of the directors of the Company, based on the advice of its legal counsel, the Contractual Arrangements are in compliance with the existing PRC laws and regulations are valid, binding and legally enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects.

(b) Haoyi Partnership

As at 31 December 2024, the Group has equity interests in a limited partnership, namely 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. Details of the disposal of subsidiaries have been disclosed in note 13 to the consolidated financial statements.

For the details of the Disposal, please refer to the announcements date 4 May 2023.

Fair value measurement of financial assets at FVTPL

The Group has engaged an independent professional qualified valuer, Hong Kong Appraisal Advisory Limited to perform the fair value valuation all of its financial assets at FVTPL as at the end of the reporting date.

In determining the fair value of the financial assets at FVTPL, the management of the Company discussed with the independent valuer regarding to the appropriateness of valuation techniques and inputs and assumptions for fair value measurements selected by the valuer. The fair value measurement requires the use of unobservable inputs and are within Level 3 of the fair value hierarchy.

10. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Details of the movements of the Group's financial assets at FVTPL are set out below:

	2024 HK\$'000	2023 HK\$'000
As at 1 January	193,114	200,280
Recognition of financial assets at FVTPL upon the Disposal (note 13)	–	45,901
Changes in investment cost without changes in ownership interest	(17,690)	(26,501)
Change in fair value recognised in profit or loss	(9,772)	(21,295)
Exchange realignment	(5,391)	(5,271)
As at 31 December	160,261	193,114

11. TRADE AND OTHER RECEIVABLES

	Notes	2024 HK\$'000	2023 HK\$'000 (Restated)
Trade receivables	(a)	112,573	103,306
Less: Impairments		(1,372)	(2,413)
		111,201	100,893
Other receivable relating to for acquisition of land use right	(b)	21,202	21,924
Other receivables		39,981	40,708
Prepayments		3,014	1,837
Other deposits		1,771	1,798
Other receivables, prepayments and deposits		65,968	66,267
Less: Impairments		(28,992)	(7,817)
		36,976	58,450
		148,177	159,343

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

(a) Trade receivables

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

	2024 HK\$'000	2023 HK\$'000
0 – 90 days	57,282	42,457
91 – 180 days	27,105	10,850
181 – 365 days	20,003	10,126
Over 1 year	6,811	37,460
	<u>111,201</u>	<u>100,893</u>

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.

The movements in the impairment of trade receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
Trade receivables		
As at 1 January	2,413	2,048
Recognised during the year	1,098	1,595
Reversed during the year	(2,081)	(1,011)
Exchange realignment	(58)	(219)
	<u>1,372</u>	<u>2,413</u>
As at 31 December	<u>1,372</u>	<u>2,413</u>

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) Other receivables, prepayments and deposits

Included in the Group's other receivables, prepayments and deposits, an amount of HK\$21,202,000 (2023: HK\$21,924,000) 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, 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 during the year ended 31 December 2023 which expected by the management to be fully refunded to the Group in 2024. However, the counterparty did not settle the amount in 2024 and up to the date when the consolidated financial statement are authorised for issue through the years and the amount of RMB20,000,000 was fully impaired during the current year.

The movements in the impairment of other receivables are as follows:

	2024 HK\$'000	2023 HK\$'000
Other receivables		
As at 1 January	7,817	3,959
Recognised during the year	21,893	4,117
Exchange realignment	(718)	(259)
	<u>28,992</u>	<u>7,817</u>
As at 31 December	<u>28,992</u>	<u>7,817</u>

(c) Others

The directors of the Company 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.

12. TRADE AND OTHER PAYABLES

		2024	2023
	Notes	HK\$'000	HK\$'000
Trade payables	(a)	5,552	26,773
Receipts in advance		25,058	388
Other payables	(b)	20,688	31,179
Accrued charges	(c)	10,485	13,204
Contract liabilities	(d)	2,990	2,536
		<u>64,773</u>	<u>74,080</u>

Notes:

(a) Trade payables

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

	2024	2023
	HK\$'000	HK\$'000
0 – 90 days	5,179	24,154
91 – 180 days	295	1,086
Over 180 days	78	1,533
	<u>5,552</u>	<u>26,773</u>

The average credit period on purchases of goods is 90 days (2023: 90 days).

(b) Other payables

The amounts mainly include value added tax and other tax payables in the PRC.

(c) Accrued charges

The amounts mainly include accrued staff salaries and allowances, contributions to defined contribution retirement schemes and consultancy fees for dental and health care projects.

12. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (Continued)

(d) Contract liabilities

The amounts represent prepayments received from medical services under the Health Care Business segment. When the Group receives a prepayment 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.

The movements in the contract liabilities are as follows:

	<i>HK\$'000</i>
As at 1 January 2024	2,536
Additions	6,772
Revenue recognised for the year	<u>(6,318)</u>
As at 31 December 2024	<u><u>2,990</u></u>

(e) Others

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.

13. DISPOSAL OF SUBSIDIARIES

On 4 May 2023, an indirect wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party (the “Purchaser”), being the Purchaser to dispose certain of its equity interests in Haoyi Partnership and Guanghao (i.e. the “Disposal Group”) at the cash consideration of RMB100,000 (equivalent to approximately HK\$110,000) (the “Disposal”). The Purchaser agreed to undertake the obligations arising from the other financial liabilities. Upon the Disposal, the Group ceased to be the general partner of Haoyi Partnership which has the power to direct the relevant activities of Haoyi Partnership and its subsidiaries, resulting from the Group losing control over the Disposal Group.

The Disposal was completed on 12 June 2023. The Group’s remaining effective interest to the Disposal Group has been reclassified as financial assets at FVTPL.

For the details of the Disposal, please refer to the announcement dated 4 May 2023.

The net liabilities of the Disposal Group as at the date of the Disposal were as follow:

	<i>HK\$’000</i>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	2,670
Right of use assets	5,425
Land use rights	3,610
Properties under development	135,193
Inventories	152
Other receivables	1,663
Bank balances and cash	783
Other payables	(59,934)
Other financial liabilities	(102,377)
Lease liabilities	(13,819)
Amounts due to subsidiaries of the Group	(5,060)
Amounts due to fellow subsidiaries of the Group	(293)
Amount due to a non-controlling shareholder of Disposal Group	(14,932)
	<u>(46,919)</u>
Net liabilities disposed of	<u>(46,919)</u>
Gain on Disposal of the Disposal Group:	
Consideration received	110
Reclassification of financial assets at FVTPL	45,901
Net liabilities disposed of	46,919
Non-controlling interests	(13,182)
Reclassification of cumulative translation reserve upon Disposal of Disposal Group	(10,357)
	<u>69,391</u>
Gain on Disposal	<u>69,391</u>
Net cash outflow arising on the Disposal:	
Cash consideration	110
Less: Bank balances and cash	(783)
	<u>(673)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

During the Year, the Group recorded revenue of approximately HK\$185.4 million (2023: approximately HK\$185.9 million), representing a slight decrease of 0.3% when compared with FY2023. The loss attributable to the owners of the Company for the Year was approximately HK\$46.4 million (2023: profit of approximately HK\$7.5 million). Basic loss per share for the Year were HK0.92 cents per share (2023: basic earnings per share of HK0.15 cents).

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the Year (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\$179.0 million as of 31 December 2024, representing a decrease of approximately HK\$0.4 million compared to a revenue of approximately HK\$179.4 million for FY2023. The decrease was attributable to the decrease in selling price of products due to the impact of the national procurement policy.

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模擬銼), 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 at 31 December 2024, research and development expense of approximately HK\$12.5 million (2023: approximately HK\$16.8 million). The continuous investment in research and development reflects the management’s determination and vision to invest in the future technologies in the dental business. On the other hand, as at 31 December 2024 government grants amounted to approximately HK\$0.9 million (2023: approximately HK\$2.3 million).

Health Care Business

Rehabilitation Business

In 2024, Shenzhen became one of the first 12 national “Model Cities (Districts) for National Fitness” in China. The government further promoted national fitness and integration of sports and hygiene, and the sports and rehabilitation market further grew steadily. Under the influence of this favourable policy, more social capitals were optimistic about the sports and rehabilitation industry and entered the market to compete. In 2024, internal operational adjustments was carried out in the Hejia Sports Rehabilitation Clinic to further promote cost reduction and efficiency enhancement, and achieved significant business growth in 2024.

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

For the Year, the revenue of the Group amounted to approximately HK\$185.4 million, representing a slight decrease of approximately HK\$0.5 million or 0.3% as compared with approximately HK\$185.9 million for FY2023. The decrease was mainly attributable to the decline in the average selling price of products.

Gross Profit and Gross Profit Margin

Gross profit for the Year amounted to HK\$81.9 million (2023: HK\$81.1 million). An increase in the gross profit of the Group of approximately HK\$0.8 million or 1.0% was mainly due to the increase in the gross profit for the health care business. The gross profit for the dental business has decreased from approximately HK\$84.5 million to approximately HK\$81.7 million for a total of approximately HK\$2.8 million. Gross profit margin for the Year increased to 44.2% (2023: 43.6%). The increase in the gross profit margin of approximately 0.6% compared with FY2023 was mainly attributable to the decrease in the cost of sales due to the improved production and management efficiency during the Year.

Selling and Distribution Costs

Selling and distribution costs represented the management’s effort to enhance the level of marketing activities. The selling and distribution costs decreased by approximately HK\$1.9 million or 3.8% from approximately HK\$49.5 million for the FY2023 to approximately HK\$47.6 million for the FY2024. The decrease in selling and distribution costs was in line with the decrease in sales.

Administrative Expenses

The administrative expenses decreased by approximately HK\$11.9 million or 20.6% from approximately HK\$57.9 million for the FY2023 to approximately HK\$46.0 million for the FY2024. The decrease in administrative expenses was mainly due to lower general administrative costs for reduced operational projects and the decrease in professional service fees.

Impairment loss recognised on other receivables

The impairment loss recognised on other receivables increased by approximately HK\$17.8 million or 434.1% from approximately HK\$4.1 million for the FY2023 to approximately HK\$21.9 million for the FY2024. The increase in impairment loss recognised on other receivables was mainly due to an impairment loss recognised on a deposit paid of approximately HK\$21.2 million for an acquisition of land use rights. The acquisition was terminated during the FY2023 and the counterparty did not refund the amount in 2024 and up to the date of this announcement and the uncollected amount was fully impaired during the Year.

Research and Development Expenses

The Research and development (the “R&D”) expenses decreased by approximately 25.6% from approximately HK\$16.8 million for the FY2023 to approximately HK\$12.5 million for the FY2024. The decrease was mainly due to the reduction in number of R&D headcount. The Group spent its investments in research and development to enhance the competitiveness, production capacity, popularity of its products in the future while reducing labour costs. At the same time the Group would also apply for a deduction or exemption of PRC Enterprise Income Tax and grants and subsidies from the government in accordance with the requirements of the state. The related R&D projects include 3D engraving machines, 3D printers, 3D scanners and the development of an invisible orthodontic software.

Income Tax Expenses

Income tax expenses increased by approximately HK\$2.0 million from income tax credit of approximately HK\$0.1 million for FY2023 to approximately HK\$1.9 million for the FY2024. The change was mainly due to an increase in the taxable income of the dental business for the Year.

Loan Receivable

The Group had no loan receivable as at 31 December 2024 and 2023.

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.

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 31 December 2024, the fair value of financial assets at fair value through profit or loss was approximately HK\$160.3 million (2023: approximately HK\$193.1 million), representing approximately 31% of the total assets of the Group. The decrease in the financial assets at fair value through profit or loss of approximately 17.0% compared with 31 December 2023 was mainly due to the decline in the valuation of underlying equity and equity related securities invested by Zhuhai Partnership and Haoyi Partnership. The fair value loss on these financial assets at fair value through profit or loss was approximately HK\$9.8 million during the Year (2023: approximately HK\$21.3 million).

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 31 December 2024:

Investee	Principal businesses of the underlying investments	Interest held as at 31 December 2024	Cost of investment as at 31 December 2024 <i>HK\$ million</i>	Fair value as at 31 December 2024 <i>HK\$ million</i>	Percentage of fair value relative to total assets	Fair value profit/(loss) during FY2024 <i>HK\$ million</i>
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	167.1	117.0	22.6%	(2.9)
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	48.7	43.3	8.4%	(6.9)
Total				<u>160.3</u>		<u>(9.8)</u>

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 Year. There was no plan authorised by the Board for other material investments or additional capital assets as at the date of this report.

* For identification purpose only

Bank Balances and Cash

The Group had a solid cash position for the Year under review, with bank balances and cash amounting to approximately HK\$149.6 million as at 31 December 2024 (2023: approximately HK\$174.1 million).

Capital Expenditure and Capital Commitments

During the Year, the Group invested approximately HK\$7.0 million (2023: approximately HK\$19.2 million) mainly on the purchase of equipment. As at 31 December 2024, the Group had no capital expenditure commitment (2023: Nil).

Contingent Liabilities

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

Charge on Assets

There was no charge on assets of the Group as at 31 December 2024 and 2023.

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 Year 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 31 December 2024 amounted to approximately HK\$431.2 million (2023: approximately HK\$492.0 million).

As at 31 December 2024, the net current assets of the Group amounted to approximately HK\$228.0 million (2023: HK\$253.0 million). The current and quick ratio were 3.71 and 3.55 respectively (2023: 3.47 and 3.33 respectively).

As at 31 December 2024, indebtedness of the Group including an amount due to ultimate holding company of approximately HK\$0.2 million (31 December 2023: approximately HK\$0.1 million) 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 31 December 2024 and 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 31 December 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 two major systems.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Company occurred since 31 December 2024 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

The Group employed approximately 861 employees in total as at 31 December 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.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including treasury shares which the Company did not hold) during the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing of Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the Year.

The Company has also established written guidelines on terms no less exacting 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 Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Year, the Company has complied with the code provisions set out in Part 2 of the Corporate Governance Code (the “**Code**”) as contained in Appendix C1 to the Listing Rules except for the following deviations:

Code Provision D.2.5 of the Code stipulated that the issuer should have an internal audit function. The Group has engaged an independent international audit firm to conduct internal control review annually and does not have an internal audit function.

The Company periodically reviews its corporate governance practices to ensure that they comply with the statutory and regulatory standards and align with the latest developments.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Liu Yanwen, chairman of the Audit Committee, Dr. Lyu Aiping and Ms. Li Zhiying.

The Audit Committee has reviewed and discussed with management and the external auditors on matters regarding internal control, systems of risk management, the accounting standards and practices adopted by the Group and the Group’s annual results for the Year.

SCOPE OF WORK OF SFAI (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, SFAI (HK) CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SFAI (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SFAI (HK) CPA Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company's website (<http://www.kaisahealth.com>) and the website of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>). The 2024 annual report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and Hong Kong Exchanges and Clearing Limited in due course in accordance with the Listing Rules.

By order of the Board
Kaisa Health Group Holdings Limited
Kwok Ying Shing
Chairman and executive Director

Hong Kong, 24 March 2025

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