THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tian An China Investments Company Limited, you should at once hand this circular to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

天安中國投資有限公司
TIAN AN CHINA INVESTMENTS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 28)

MAJOR TRANSACTION IN RELATION TO THE CMH SUBSCRIPTION, THE CMH ACQUISITION AND THE CMH OFFER

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 6 to 14 of this circular.

This circular is despatched to the Shareholders for information purpose only, and written Shareholders’ approvals have been obtained in lieu of holding a general meeting of the Company pursuant to the Listing Rules.

18th August, 2023

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"AGL"	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 373)
"ASL"	Asiasec Properties Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 271)
"ASL Group"	ASL and its subsidiaries
"Board"	the board of the directors of the Company
"Boost"	Boost Investments Limited, a company incorporated in Hong Kong with limited liability, and indirectly wholly-owned by the ASL Group since 5th July, 2023
"Cashplus"	Cashplus Management Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by Lee and Lee Trust, being a discretionary trust (Mr. Lee and his siblings are the trustees)
"China Elite"	China Elite Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being the registered holder of 817,957,096 Shares as at the Latest Practicable Date and a wholly-owned subsidiary of AGL
"CMH"	China Medical & HealthCare Group Limited, a company incorporated in Bermuda with limited liability, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 383)

"CMH Acquisition"	(i) the acquisition of 115,000 ex-rights CMH Shares at HK$0.87 per CMH Share by Fareast Global on 29th May, 2023 through on-market transactions conducted on the Stock Exchange; and (ii) the acquisition of 28,743,480 and 52,560,000 nil-paid CMH Rights Shares at HK$0.01 each by Fareast Global on 31st May, 2023 and 1st June, 2023 respectively through on-market transactions conducted on the Stock Exchange
"CMH Group"	CMH and its subsidiaries
"CMH Independent Shareholder(s)"	CMH Shareholders other than the Offeror and parties acting in concert with it (excluding Mr. Deng Yaodong)
"CMH Offer"	the mandatory conditional cash offer to be made by Yu Ming for and on behalf of the Offeror to acquire all of the CMH Offer Shares at the CMH Offer Price in accordance with the Takeovers Code
"CMH Offer Price"	HK$0.89 per CMH Offer Share payable by the Offeror to a CMH Independent Shareholder accepting the CMH Offer
"CMH Offer Share(s)"	all issued CMH Share(s) (other than those already owned and/or to be acquired by the Offeror and the parties acting in concert with it (excluding Mr. Deng Yaodong))
"CMH Rights Issue"	the issue by way of rights on the basis of one (1) CMH Rights Share for every two (2) CMH Shares in issue on the record date (i.e. 23rd May, 2023) at the CMH Subscription Price pursuant to the Prospectus Documents
"CMH Rights Share(s)"	362,001,819 CMH Shares issued under the CMH Rights Issue
"CMH Share(s)"	ordinary share(s) with par value of HK$0.01 each in the share capital of CMH
"CMH Shareholder(s)"	holder(s) of the CMH Share(s)

"CMH Subscription"	the application to subscribe for a total of 302,741,720 CMH Rights Shares at the CMH Subscription Price by the Offeror, comprising (i) 46,438,240 CMH Rights Shares by provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 175,000,000 CMH Rights Shares by excess application
"CMH Subscription Price"	HK$0.88 per CMH Rights Share
"Company"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 28)
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group upon completion of the Transactions and the sale and purchase agreement related to acquisition of Boost by the ASL Group
"Facilities"	unsecured six-month term loan facilities of up to HK$440 million and HK$300 million granted by Mr. Lee and Cashplus respectively to the Offeror pursuant to the Facility Agreements for the exclusive purpose of settlement of the consideration for the CMH Offer Shares by the Offeror under the CMH Offer
"Facility Agreements"	the facility agreement dated 7th June, 2023 entered into between Mr. Lee as lender and the Offeror as borrower in respect of the facility in the amount of up to HK$440 million and the facility agreement dated 7th June, 2023 entered into between Cashplus as lender and the Offeror as borrower in respect of the facility in the amount of up to HK$300 million
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

"Joint Announcement"	the announcement dated 16th June, 2023 (as supplemented by the clarification announcement dated 19th June, 2023) jointly published by Fareast Global, the Company, AGL and CMH
"Latest Practicable Date"	15th August, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Mr. Lee"	Mr. Lee Seng Hui, the chairman of the Board and a non-executive Director
"Offer Period"	the period commencing from 16th June, 2023 and ending on the date of the close of the CMH Offer
"Offeror" or "Fareast Global"	Fareast Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Percentage Ratio(s)"	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
"PRC"	the People's Republic of China which, for the purpose of this circular, shall exclude Hong Kong and Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus of CMH dated 24th May, 2023 relating to the CMH Rights Issue
"Prospectus Documents"	(i) the Prospectus; (ii) the provisional allotment letter(s) issued to the Qualifying CMH Shareholders in connection with the CMH Rights Issue; and (iii) the form(s) of application for use by the Qualifying CMH Shareholders who wish to apply for excess CMH Rights Shares

"Qualifying CMH Shareholders"	the CMH Shareholders whose names appeared on the register of members of CMH at the close of business on the record date (i.e. 23rd May, 2023)
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Transactions"	the CMH Subscription, the CMH Acquisition and the CMH Offer
"Yu Ming"	Yu Ming Investment Management Limited, a corporation licensed under the SFO to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), being the financial adviser to the Offeror in respect of the CMH Offer
"%"	per cent.

In this circular, (i) the terms "close associate(s)", "connected person(s)", "subsidiary(ies)" and "substantial shareholder(s)" have the meanings given to such terms in the Listing Rules, unless the context otherwise requires; and (ii) the English translation of the Chinese name of the relevant entity marked "" is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*

天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

Executive Directors:
Song Zengbin *(Deputy Chairman)*
Patrick Lee Seng Wei *(Managing Director)*
Edwin Lo King Yau
Tao Tsan Sang

Non-Executive Directors:
Lee Seng Hui *(Chairman)*
Moses Cheng Mo Chi

Independent Non-Executive Directors:
Francis J. Chang Chu Fai
Jiang Guofang
Jin Hui Zhi
Ngai Wah Sang
Lisa Yang Lai Sum

Registered Office:
22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

18th August, 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE CMH SUBSCRIPTION,
THE CMH ACQUISITION AND THE CMH OFFER**

INTRODUCTION

Reference is made to the Joint Announcement. The purpose of this circular is to provide you with, among other things, further information on the Transactions and of CMH Group.

SUBSCRIPTION OF CMH RIGHTS SHARES AND ACQUISITION OF CMH SHARES

Subsequent to the announcement made by CMH on 5th May, 2023 on the CMH Rights Issue, the Offeror made an application to subscribe for a total of 302,741,720 CMH Rights Shares at the CMH Subscription Price under the CMH Rights Issue, comprising (i) 46,438,240 CMH Rights Shares by provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 175,000,000 CMH Rights Shares by excess application.

Pursuant to the results of the CMH Rights Issue, on 16th June, 2023, a total of 265,725,519 CMH Rights Shares were allotted and issued to the Offeror, comprising (i) 46,438,240 CMH Rights Shares from provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 137,983,799 CMH Rights Shares from excess application.

The total consideration for the aggregate of 265,725,519 CMH Rights Shares allotted and issued to the Offeror is approximately HK$233.84 million and was satisfied by cash and funded by internal resources of the Offeror.

As disclosed in the Prospectus, the CMH Subscription Price was determined by CMH with reference to (i) the average closing price of the CMH Shares quoted on the Stock Exchange of approximately HK$1.05 for the three months up to and including 5th May, 2023, being the last trading day of the CMH Shares before the release of the announcement of CMH on the CMH Rights Issue ("**Last Trading Day**"); (ii) the highest and lowest closing price of the CMH Shares quoted on the Stock Exchange of HK$1.26 and HK$0.85 respectively for the three months up to and including the Last Trading Day; (iii) the current market conditions; (iv) the latest business performance and financial position of the CMH Group; and (v) the funding and capital needs of the CMH Group.

Immediately after the CMH Acquisition (details of which are elaborated below) and prior to completion of the CMH Rights Issue, the Offeror and parties acting in concert with it owned 136,164,481 CMH Shares, representing approximately 18.81% of the total issued share capital of CMH prior to the issue of 362,001,819 CMH Rights Shares under the CMH Rights Issue.

Immediately following completion of the CMH Rights Issue, the Offeror and parties acting in concert with it own 420,056,500 CMH Shares, representing approximately 38.68% of the total issued share capital of CMH as enlarged by the issue of 362,001,819 CMH Rights Shares. Accordingly, the Offeror is required to make a mandatory conditional cash offer pursuant to Rule 26.1 of the Takeovers Code for all the issued CMH Offer Shares. Further details of the CMH Offer were disclosed in the Joint Announcement.

Yu Ming, on behalf of the Offeror, will make the CMH Offer to acquire all the CMH Offer Shares in compliance with the Takeovers Code on the basis set out below:

For every CMH Offer Share . . . . **HK$0.89 in cash**

The CMH Offer Price of HK$0.89 per CMH Offer Share is equivalent to the total of (i) the CMH Subscription Price of HK$0.88 per CMH Rights Share paid by the Offeror under the CMH Rights Issue; and (ii) the consideration of HK$0.01 paid by the Offeror for the acquisition of the nil-paid rights of each CMH Rights Share.

Condition of the CMH Offer

The CMH Offer is conditional upon the Offeror having received valid acceptances of the CMH Offer Shares which, together with the CMH Shares already acquired and/or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of CMH.

As at the Latest Practicable Date, the condition of the CMH Offer has not been fulfilled.

CMH Offer Consideration

In the event that the CMH Offer is accepted in full by the CMH Independent Shareholders, the aggregate amount payable by the Offeror under the CMH Offer will be HK$598,710,971.73.

The consideration of the CMH Offer was based on the CMH Offer Price, which represents a discount of approximately 37.76% to the audited consolidated net asset value attributable to CMH Shareholders of approximately HK$1.43 per CMH Share (based on the audited consolidated net asset value of CMH attributable to CMH Shareholders of approximately HK$1,554,942,000 as at 31st December, 2022 and 1,086,005,457 CMH Shares in issue as at the Latest Practicable Date). Based on the above, the Directors consider the consideration of the CMH Offer is fair and reasonable.

The Offeror intends to finance the CMH Offer by the Facilities granted by Mr. Lee and Cashplus to the Offeror pursuant to the Facility Agreements.

THE CMH ACQUISITION

On 29th May, 2023, Fareast Global acquired 115,000 ex-rights CMH Shares at HK$0.87 per CMH Share through on-market transactions conducted on the Stock Exchange for a consideration of HK$100,050.

On 31st May, 2023 and 1st June, 2023, Fareast Global acquired 28,743,480 and 52,560,000 nil-paid CMH Rights Shares at HK$0.01 each respectively through on-market transactions conducted on the Stock Exchange for an aggregate consideration of HK$813,034.80.

The consideration of the CMH Acquisition was determined by reference to the prevailing trading prices of the ex-rights CMH Shares and the nil-paid CMH Rights Shares on the Stock Exchange at the time of the CMH Acquisition, and have been fully settled in cash from the Offeror's internal resources.

As the CMH Acquisition was conducted through on-market transactions on the Stock Exchange, the Company did not know the identities of the sellers before the transactions were completed. However, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Directors believe that the counterparty(ies) and its/their ultimate beneficial owner(s) in the CMH Acquisition is/are third parties independent of the Company and its connected persons.

INFORMATION ON THE CMH GROUP

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

Set out below is the summary of financial information of the CMH Group for the two years ended 31st December, 2021 and 2022 as extracted from the annual report of CMH for the year ended 31st December, 2022:

	Year ended 31st December,	
	2022	**2021**
	HK$'000	*HK$'000*
	Audited	Audited
Total Revenue	1,437,863	1,465,679
(Loss) before taxation	(117,169)	(110,468)
(Loss) for the year	(119,145)	(127,270)

	As at 31st December,	
	2022	**2021**
	HK$'000	*HK$'000*
	Audited	Audited
Total assets	3,232,534	3,489,538
Net assets	1,578,859	1,717,256

Should the Offeror have received valid acceptances of the CMH Offer Shares which, together with the CMH Shares already acquired and/or agreed to be acquired by the Offeror resulting in the Offeror holding more than 50% of the voting rights of CMH, CMH shall become an indirect non wholly-owned subsidiary of the Company and its financial results shall be consolidated into the Group's financial statements. The shareholding of the Company, via Fareast Global, in CMH will be confirmed at the close of the CMH Offer and disclosed by the Company by way of announcement as and when appropriate.

FINANCIAL IMPACT OF THE TRANSACTIONS ON THE COMPANY

As at the Latest Practicable Date, CMH is classified as equity instruments at fair value through other comprehensive income of the Company. If the CMH Offer becomes unconditional and upon completion of the Transactions, CMH will become a subsidiary of the Company.

Assets and liabilities

As illustrated in the unaudited pro forma financial information of the Enlarged Group in Appendix III of this circular, assuming completion of the Transactions and the full acceptance of the CMH Offer by all CMH Independent Shareholders take place on 31st December, 2022, (i) the net assets of the Enlarged Group as at 31st December, 2022 shall become approximately HK$28,694,020,000 on a pro forma basis; (ii) the total assets of the Enlarged Group as at 31st

December, 2022 shall become approximately HK$53,014,845,000 on a pro forma basis; and (iii) the total liabilities of the Enlarged Group as at 31st December, 2022 shall become approximately HK$24,320,825,000 on a pro forma basis.

Earnings

For the year ended 31st December, 2022, the Group recorded a profit of approximately HK$1,551,386,000. Assuming completion of the Transactions and the full acceptance of the CMH Offer by all CMH Independent Shareholders take place on 31st December, 2022, a gain on bargain purchase approximately of HK$857,369,000 will be recognised in profit and loss of the Group on a pro forma basis. After considering the impact on the recognition of the estimated expenditures in related to the Transactions amounting to approximately HK$5,000,000, the unaudited net profit of the Enlarged Group for the year ended 31st December, 2022 will become approximately HK$2,403,755,000.

INFORMATION ON THE COMPANY AND THE OFFEROR

The Company

The Company is a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

The Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. The principal business activity of the Offeror is investment holding.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The principal business activity of the Company is investment holding. The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

As disclosed in the Prospectus, the CMH Group's healthcare division (the "**Healthcare Division**") has two integrated hospitals and one clinic in operation, namely the Nanjing hospital ("**NJH**"), Kunming hospital ("**KMH**") and Cedar Care Polyclinic in Nanjing ("**NCCC**"). NJH is a Class III B integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, the PRC and operates 41 clinical medical and technical departments. KMH is another Class III A integrated hospital of the CMH Group located in Kunming City, Yunnan Province, the PRC and operates 42 clinical medical and technical departments. NCCC, the high-end integrated clinic situated at the prime commercial building in central business district of Hexi, Nanjing, Jiangsu Province, the PRC, commenced operation in October 2022 and offers a wide range of healthcare services, such as general practice, ophthalmology, otorhinolaryngology, stomatology and medical aesthetic.

The net proceeds from the CMH Rights Issue will be used to finance the development of phase II of KMH. The development of the phase II of KMH will not only expand the scale of the existing basic medical functions, but also diversify the provision of medical services to other areas with the development of nuclear medical treatment and tumor centre. The expansion plan will enhance the operating capacity of KMH so as to facilitate the CMH Group in capturing the growing market demand and bring positive impact on the performance of the healthcare segment of the CMH Group. The CMH Group aimed to develop KMH as one of the most competitive private, integrated hospitals in the southwestern part of the PRC.

The operating environment of the CMH Group for the year ended 31st December, 2022 has been adversely impacted by (i) the partial lockdown and social restriction arising from the resurgence of the COVID-19 pandemic in the PRC, which negatively affected the number of patients visiting hospitals from neighboring cities and/or who suffer from less acute sickness; (ii) the consequential epidemic preventive measures, which increased the operating costs of the Healthcare Division of the CMH Group; and (iii) the impacts from the reform of the national healthcare policies and medical insurance policies in particular the relevant medical insurance payment and settlement policies. Under such challenging operating conditions, the CMH Group's Healthcare Division (being the major revenue contributor of the CMH Group) achieved a revenue of HK$1,382,134,000 (2021: HK$1,372,032,000) and a reduced profit of HK$12,828,000 (2021: HK$59,573,000) inclusive of increase in impairment loss under expected credit losses model of trade receivables of HK$34,493,000 (2021: reversal of impairment loss of HK$9,182,000) for the year ended 31st December, 2022. Without interest, tax, depreciation and amortisation, the Healthcare Division generated an EBITDA, being earnings before interest, tax, depreciation and amortisation, of HK$143,774,000 (2021: HK$195,569,000) for the year ended 31st December, 2022.

Notwithstanding the above challenges, according to World Health Organisation, the population over 60 years old in the PRC is projected to reach 28% by 2040 due to longer life expectancy and declining fertility rates. In addition to aging population, China's economic growth and expanding basic health insurance contributes to the expansion of the healthcare market in the PRC, which is conducive to the operating environment of CMH in the long run, and the increase in demand of healthcare services due to the above factors is beneficial to the long-term growth of CMH.

In view of the above (in particular the development of phase II of KMH), the Board has been increasingly convinced of the long-term prospects and growth of the CMH Group, and the benefits of taking control of CMH through the Transactions. The Board considers that the Transactions represent an opportunity for the Company to increase its shareholding interest in CMH (through the Offeror) at a reasonable price, whereby the CMH Offer Price represents a 37.76% discount to the net asset value attributable to the CMH Shareholders per CMH Share as at 31st December, 2022, and therefore the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios(s) of the CMH Subscription, whether on a stand-alone basis or when aggregated with the CMH Acquisition, exceeds 5% but is less than 25%, the CMH Subscription and the CMH Acquisition constitute a discloseable transaction for the Company and is subject to the notification and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Furthermore, the Transactions are subject to aggregation pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable Percentage Ratios in respect of the Transactions exceeds 25% but is less than 100%, the Transactions constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting for approving the resolution(s) in respect of the Transactions.

The Company has received an irrevocable and unconditional approval in writing for the Transactions from each of China Elite (a wholly-owned subsidiary of AGL) and AGL, holding an aggregate of 817,957,096 Shares as at the Latest Practicable Date (representing approximately

55.79% of the total number of issued shares in the Company as at the Latest Practicable Date). As at the Latest Practicable Date, China Elite held 817,957,096 Shares and AGL, via its interest in China Elite, was deemed to be interested in the same number of Shares that China Elite was interested in. Accordingly, in accordance with Rule 14.44 of the Listing Rules, the Shareholders' approval requirement in respect of the Transactions under Chapter 14 of the Listing Rules has been satisfied in lieu of a general meeting of the Company.

The Directors consider that the terms of the Transactions are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend to vote in favour of the resolution(s) if the Company was to convene a general meeting for the approval of the Transactions.

The CMH Offer is conditional. Accordingly, the CMH Offer may or may not become unconditional. The Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
Tian An China Investments Company Limited
Tao Tsan Sang
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this circular the information for the last three financial years ended 31st December, 2022 with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year or period for the Group. The financial information of the Group is disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tiananchina.com):

- Annual report of the Company for the year ended 31st December, 2022 published on 21st April, 2023 (pages 101 to 283):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042101002.pdf

- Annual report of the Company for the year ended 31st December, 2021 published on 21st April, 2022 (pages 93 to 279):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042101285.pdf

- Annual report of the Company for the year ended 31st December, 2020 published on 15th April, 2021 (pages 96 to 279):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500849.pdf

2. INDEBTEDNESS

As at the close of business on 30th June, 2023, being the latest practicable date for the purpose of ascertaining the indebtedness of the Enlarged Group prior to the printing of this circular, the Enlarged Group had total outstanding borrowings of approximately HK$9,871 million comprising:

(i) Secured bank loans of approximately HK$4,932 million of the Group; unsecured bank loans of approximately HK$656 million of the Group; other unsecured loans of approximately HK$565 million of the Group; unsecured loans from joint ventures of approximately HK$1,864 million of the Group; and unsecured loans from associates of approximately HK$40 million of the Group. Approximately HK$4,249 million of bank and other borrowings of the Group are guaranteed by the Company, subsidiaries of the Company and/or development manager of main contractor of a property project, while remaining of approximately HK$3,808 million are unguaranteed.

(ii) Secured bank loans of approximately HK$112 million of CMH Group; unsecured bank loans of approximately HK$346 million of CMH Group; other secured loans of approximately HK$14 million of CMH Group; and other unsecured loans of approximately HK$207 million of CMH Group. Approximately HK$638 million of bank and other loans of CMH Group are guaranteed by CMH and/or subsidiaries of CMH, while remaining of approximately HK$41 million are unguaranteed.

(iii) An unsecured, unguaranteed loan from a related company of Boost of approximately HK$5 million; an unsecured, unguaranteed loan from a shareholder of Boost of approximately HK$112 million; and a secured, guaranteed other loan of Boost of approximately HK$1,018 million which was guaranteed by a director of Boost.

The Enlarged Group's banking facilities and other loans were secured by charges over its assets, including bank deposits, property, plant and equipment, properties for development, properties under development, inventories of completed properties, investment properties, equity securities at fair value through profit or loss and all issued shares of Boost.

The Enlarged Group, as lessees, had lease liabilities of approximately HK$42 million.

There were contingent liabilities arising from the properties for development of joint ventures of the Enlarged Group. Properties for development that is held by a 50%-owned joint venture with total carrying value of approximately HK$849 million is under idle land investigation by the local authority. The development progress cannot fully fulfill building covenants under the land grant contracts. The whole pieces of land of the joint venture were held under several land use right certificates. They are under phased construction stage and certain portions of them are under development, except for the portions which are retained for the remaining development of the whole project. Property for development that is held by another 50%-owned joint venture of the Enlarged Group with carrying value of approximately HK$233 million had been identified as idle land by the local authority. The development of more than half of the piece of land was either completed or under development, except for the portions which are retained for the remaining development of the whole project. In particulars, the construction works for Phase 1, Phase 2 Part 1 and Part 2 of the development have been completed. The construction work for Phase 3 Part 1 has completed in current year. The Enlarged Group is currently working diligently with joint venture partners to prevent the possible classification as idle land for those under idle land investigation and taking remedy action to prevent from prosecution for those had been identified as idle land, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Enlarged Group has assessed the issue and in the opinion of the directors of the Company, the economic outflows caused by the above cases are not probable.

In addition, the Enlarged Group had contingent liabilities in the sum of approximately HK$3,457 million in respect of guarantees for mortgage loans granted to property purchasers, loan facilities granted to or utilised by the joint ventures and financial assets at fair value through profit or loss. There were also claims of approximately HK$470 million arising from litigation with a bank and a land bureau in the PRC respectively. Further particulars of these litigation are set out in the section headed "Litigation" in Appendix III to this circular.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of business on 30th June, 2023, the Enlarged Group did not have any (i) debt securities of the Enlarged Group issued and outstanding, and authorised or otherwise created but unissued, and (ii) term loans, other borrowings or indebtedness in the nature of borrowing of the Enlarged Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (iii) mortgages and charges; and (iv) other contingent liabilities or guarantees.

3. WORKING CAPITAL

Taking into account presently available financial resources including internally generated cash flows, bank balances and cash, and the cash flow impact of the Transactions and the sale and purchase agreement related to acquisition of Boost by the ASL Group, the Directors, after due and careful enquiry, are of the opinion that the working capital of the Enlarged Group is sufficient for its present requirements for at least the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation from its auditor as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong. With all measures to contain the COVID-19 pandemic lifted, Mainland China and Hong Kong are looking at improved economic growth in 2023. However, global banking fragility caused by the increase in interest rates to combat inflation in the United States and Europe, geopolitical tensions and the war in Ukraine have led to uncertainty and poor market sentiment.

The funding problems of many Chinese property developers continue. The Group is comforted by China's Central Bank cut in one-year loan prime rate ("**LPR**") by 10 basis points from 3.65% to 3.55% and five-year LPR by 10 basis points from 4.30% to 4.20% in June 2023 helping to reduce the financial burdens of the property sector. In addition, the China's central bank had cut the reserve requirement ratio by 0.25% in March 2023. It will increase the liquidity of the market and stimulate the economy of Mainland China. Moreover, local governments have introduced measures to stabilise the property market. Despite short term uncertainties, the Group remain confident of the long-term prospects of the property market in Mainland China and Hong Kong in the remaining period for the financial year ending 31st December, 2023.

The Group's business objectives are as follows:

1. To continue to adjust the quality of its landbank through acquisitions and disposals and sale of its end products to balance the demands of short term returns and long term capital appreciation.

2. To adjust its products and pricing as well as the speed of construction where necessary to assist the sale of our products in the current environment.

3. To responsibly gear up our projects rather than over-utilising equity in order to increase our return on equity.

4. To review our management and cost structure so as to improve efficiency and reduce expenses where possible.

Long term corporate strategies of the Group include:

1. Retaining certain development properties for investment where we believe these properties will provide increasing rental streams and corresponding increases in capital value.

2. Concentrating our effort on developing our cyberpark and urban renewal units where we believe our products are welcomed by the government and the local market.

5. FINANCIAL AND TRADING PROSPECTS OF THE CMH GROUP

Amid the relaxation of epidemic preventive measures and the resumption of economic and social activities in the PRC, the financial and business prospect of the CMH Group in the remaining period of the financial year ending 31st December, 2023 will continue to be challenging, as (i) the economic and business environment will remain volatile due to geo-political conflicts and tension, global inflation, interest rate hike and ill-effects of the pandemic; and (ii) the operating condition of the CMH Group may be affected by the increasingly stringent national healthcare policies and medical insurance policies.

6. INFORMATION ON BOOST, A COMPANY ACQUIRED AFTER THE DATE TO WHICH THE FINANCIAL STATEMENTS OF THE COMPANY FOR 2022 HAVE BEEN MADE UP

As disclosed in the announcements jointly published by the Company, AGL and ASL on 27th February, 2023 and 5th July, 2023, the circular of ASL dated 10th June, 2023 and the announcement of ASL dated 30th June 2023, the ASL Group entered into a sale and purchase agreement in relation to the acquisition of Boost, which was completed on 5th July, 2023.

The total payment for the acquisition was HK$1,000,000,003, which was financed by the internal resources of the ASL Group and/or borrowings.

Boost is a company incorporated in Hong Kong with limited liability and is engaged in property investment. The principal asset of Boost comprises certain commercial units on Basement 1, Ground Floor to Fourth Floor of Concord Square at the Blue Yard, 1 Tai Uk Street and 88 Chuen Lung Street, Tsuen Wan, New Territories and 91 car-parking spaces on Basement 2 of Concord Square, with a total gross floor area of 163,538 sq. ft.

The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will not be varied in consequence of the acquisition of Boost.

The Company is required to set out or refer to in this circular the information for the last three financial years ended 31st December, 2022 with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes on the annual accounts for the last financial year or period for Boost, which was disclosed in the following document which has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and ASL (http://www.asiasec.com.hk):

- Circular of ASL published on 9th June, 2023 (pages 72 to 101):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0609/2023060901238.pdf

1. INFORMATION ON PROPERTIES HELD BY CMH GROUP

Set out below are the details of the principal investment properties, properties under development for sale and properties held for sale of CMH Group as at 31st December, 2022, which were extracted from the annual report of CMH for the financial year ended 31st December, 2022. Capitalised terms used in this section shall have the same meanings as those defined in the 2022 annual report of CMH.

A. Investment Properties

Location	Approximate net floor area (sq.ft.)	Use	Group's interest	Lease term
Hong Kong				
2 industrial units and	18,125	Industrial	100%	Medium-term lease
1 carpark within Lladro Building, Kwun Tong, Kowloon	N/A	Carpark	100%	Medium-term lease
6 industrial units and	6,918	Industrial	100%	Medium-term lease
1 carpark within Wing Cheung Industrial Building, Kwun Tong, Kowloon	N/A	Carpark	100%	Medium-term lease
2 industrial units within Crown Industrial Building, Kwun Tong, Kowloon	5,689	Industrial	100%	Medium-term lease
A parcel of land in Fanling, New Territories	52,859	Agricultural	100%	Medium-term lease
The PRC				
Villa and units within Fairway Lodge, Zhaoqing Resort & Golf Club, Huilong Town, Gaoyao, Guangdong Province	8,832	Residential	100%	Medium-term lease

Location	Approximate net floor area (sq.ft.)	Use	Group's interest	Lease term
Service Apartments, Block 9, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	83,504	Residential	100%	Medium-term lease
Service Apartments, Block 11, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	100,739	Residential	100%	Medium-term lease
Shops and Mall, Blocks 29, 36 & 39, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	86,371	Commercial	100%	Medium-term lease
Commercial units within Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	14,106	Commercial	100%	Medium-term lease

B. Properties under development for sale

Location	Approximate net floor area (sq.ft.)	Use	Group's interest	Stage of completion	Estimated date of completion
The PRC					
Units within Office Tower, CITIC Plaza, Tianhe District, Guangzhou, Guangdong Province	12,751	Commercial	100%	Planning in progress	N/A
A parcel of land located outside the Export and Processing Zone, Development Zone, Lianyungang City, Jiangsu Province	71,747	Commercial	100%	Planning in progress	N/A
Service Apartments, Block 7, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	93,505	Residential	100%	Planning in progress	N/A

C. Properties held for sale

Location	Approximate net floor area (sq.ft.)	Use	Group's interest
The PRC			
5 residential units within Kangya Garden, Kangbo Garden, Jiangning District, Nanjing	6,367	Residential	80%
24 residential units and 129 carparks in Dianchi Impression Garden, Xishan District, Kunming City, Yunnan Province	18,311 60,458	Residential Carpark	100% 100%
12 units of Independent Living Units and 393 Carparks, Tide Health Campus, Zhujiajiao Town, Qingpu District, Shanghai	16,090 170,323	Residential Carpark	100% 100%

2. MANAGEMENT DISCUSSION AND ANALYSIS OF CMH GROUP

Set out below is the management discussion and analysis of CMH Group's operations for the financial years ended 31st December, 2020, 2021 and 2022, which was extracted from the relevant sections in the annual reports of CMH for the financial years ended 31st December, 2020, 2021 and 2022, respectively. Capitalised terms used in this section shall have the same meanings as those defined in the respective annual reports of CMH.

For the year ended 31st December, 2020

FINANCIAL RESULTS

For the year ended 31st December, 2020, the Group recorded a reduced total revenue of HK$1,197,396,000 and a loss attributable to shareholders of the Company of HK$111,928,000 compared with a total revenue of HK$2,042,090,000 and a profit of HK$2,176,000 for the corresponding eighteen months period in 2019 respectively. This was mainly due to (i) the decrease of revenue from the operations of the Healthcare Division and the Eldercare Division as affected by the negative impacts from the COVID-19 pandemic; (ii) no interest income from its money lending business; (iii) a loss in fair value of investments held for trading compared with a gain recorded in corresponding eighteen months period in 2019; (iv) increase in impairment loss recognized on financial assets; and (v) the loss on fair value changes on investment properties compared with a gain recorded in corresponding eighteen months period in 2019.

Loss per share (basic) for the year ended 31st December, 2020 was HK0.773 cents compared with earnings per share of HK0.015 cents (basic and diluted) in 2019.

The Group's net asset value per share as at 31st December, 2020 amounted to HK$0.123 (2019: HK$0.125).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend (2019: nil) for the year ended 31st December, 2020.

REVIEW OF OPERATIONS

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

Amid an unprecedented and ongoing COVID-19 pandemic, various provinces and municipalities of the People's Republic of China ("**PRC**") have swiftly taken emergency public health measures such as delay of work resumption date after Chinese New Year, city-wide and community-wide lockdowns, quarantines, social distancing, etc., to contain the spread of coronavirus. Such emergency public health measures inevitably disrupted the supply chain and halted the movement in people bringing production, business and consumption activities to almost a standstill. As a result, operations of the Group in its Healthcare Division and Eldercare Division have been severely affected or delayed during the year under review.

During the peak period of the COVID-19 pandemic, the Healthcare Division and Eldercare Division have immediately taken various emergency prevention and control measures to contain the spread of the disease, protect the safety and health of all its medical and technical staff, employees, patients and residents, and ensure the continuation of all necessary operations.

Healthcare Division:

For the year ended 31st December, 2020, under such challenging operating environment, the Group's Healthcare Division, operated through its wholly-owned subsidiary, Tongren Healthcare Industry Group Co., Ltd. (同仁醫療產業集團有限公司) ("**Tongren Healthcare**"), recorded a lower revenue of HK$1,093,752,000 (2019: HK$1,622,141,000) and a reduced profit of HK$31,728,000 (2019: profit of HK$35,733,000). Without interest, tax, depreciation and amortization, the Healthcare Division generated a lower EBITDA, being earnings before interest, tax, depreciation and amortization, of HK$174,073,000 (2019: HK$239,760,000) for the year ended 31st December, 2020.

Nanjing hospital of the Division ("**NJH**"):

For NJH, a Class III integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, PRC and the Division's flagship hospital, currently it operates 39 clinical medical & technical departments including 1 national key clinical specialty (otorhinolaryngology ("**ENT**"), head and neck surgery), 1 provincial key clinical specialty (ENT, head and neck surgery), 5 municipal key medical specialties (ENT, head and neck surgery, ophthalmology, neurology, medical imaging, anaesthesiology), an academician workstation, as well as the approved Nanjing Tongren's ENT Hospital and Nanjing Tongren Children's Hospital.

During the year under review:

(i) for commercial medical projects: the postpartum recovery centre and the medical beauty centre (characterized by high-tech plastic surgery and focuses on medical treatment) have opened. In addition, the stomatology centre has been relocated, which has further improved the organizational structure and developed high value-added services such as orthodontics and implantation, thereby releasing its productivity. NJH plans to partner with established expert in specialty areas, such as in stomatology, to establish joint venture for development of commercial medical projects, such as stomatology centres network, initially with a specialty centre in NJH (incubation phase) and progressively develop into centres network (growth phase);

(ii) for renovation of Block F: the renovation and improvement works has been completed and have already been in use, therefore effectively releasing the productivity of the departments by increasing the patients service capacity of NJH. Upon the acceptance of PCR (polymerase chain reaction) laboratory of the medical examination department by municipal authorities, the DNA (deoxyribonucleic acid) gene tracking system has been in use to provide a reliable basis for clinical treatment. With the Children Preventive Healthcare Clinic and the Planned Immunization Clinic passing the inspection of the

Jiangning District Centre for Disease Control and Prevention (江寧區疾控中心), NJH obtained the qualification of "Type One Vaccination for Children" (兒童一類疫苗接種), thus enhancing its influence and credibility among the region;

(iii) for scientific research: Nanjing Tongren's ENT Hospital received a number of district-level and in- hospital research funding and published 8 theses, including 2 science citation index ("**SCI**") theses. The ophthalmology department also carried out research in glaucoma UCP (ultrasound cyclo plasty) treatment, cataract multifocal & astigmatic lens implantation, femtosecond refractive surgery, and published one thesis in core journal and one SCI thesis respectively. Remarkable achievements have been made by the stroke centre and vertigo centre in the neurology department, with more than 20,000 patients diagnosed and treated, establishing competitive advantage in the region. NJH has established internship programs with various higher education institutions through which there was an estimated 210 clinical medical and technical intern intakes in 2020, covering the areas of rehabilitation technology, imaging technology, inspection technology, health management and other specialties;

(iv) for information system: the implementation of the internet hospital system has expanded its online operation capabilities and improved the efficiency of hospital resource allocation. NJH's hospital information system has passed the national third level assessment. ICU (intensive care unit) intensive care system, 120 pre-hospital emergency system and mobile ward patrolling system have been launched in key business areas; and

(v) for marketing: with the establishment of its public welfare brand "Tongren Health Be With You" (同仁健康伴我行), NJH has actively engaged in patient-centred services and implemented the concept of "strive for life". NJH entered into co-operation agreements with 11 surrounding basic-level medical institutions, developing multiple forms of cooperation through medical and operational exchanges, consultation, academic exchanges, promoting patient referral cooperation. With an aim to expand the channels of patient sources, NJH has established cooperative relationships with 70 enterprises. To strengthen the establishment of a consortium of healthcare institutions, NJH also entered into specialty medical consortium agreements with 4 institutions. NJH proactively explored cooperation models with provincial and municipal senior experts, and encouraged senior experts to provide support and cooperation at the business level through various means such as multi-point practice, patient referrals and surgical consultations.

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

For KMH, another Class III integrated hospital of the Group located in Kunming City, Yunnan Province, PRC, currently it operates 39 clinical medical & technical departments.

During the year under review:

(i) for management and quality control: KMH continued to improve its medical management and quality control practices by joining the Yunnan Provincial Medical Quality Control and Performance Platform (雲南省醫療品質管制及績效平台) to leverage the platform data to conduct analysis on quality control indicators, offering with special trainings for the forthcoming DRG (Diagnosis Related Group) payment system reform, fostering the reasonable use of drugs and consumables, optimizing the structure and supply of drugs, etc.;

(ii) for scientific research: KMH has submitted the 2019 mid-term progress report for Kunming City's Health Science and Technology Plan Project (Cardiology, Orthopaedics); launched 4 bureau-level health research projects; with 2 of the 2020 "Ten, Hundred and Thousand" projects (十百千一局級後備人選), 2 state-level educational projects, 3 provincial educational projects, 8 municipal-level educational projects and 10 II-class academic projects approved;

(iii) for medical specialty: set up the nephroendocrinology department, comprehensive (elderly) disease department and thoracic surgery department; rationalized the area allocation for digestion, kidney, respiration and comprehensive disease departments; initiated the preparation for setting up oncology department, heart failure treatment centre, atrial fibrillation centre and hypertension centre; submitted the application for setting up trauma centres and stroke centres; with the second level assessment of the thoracalgia centre passed; collaborated with the counterpart departments of provincial 3A hospitals and joined the nephroendocrinology specialty alliance with Kunming First Affiliated Hospital; set up an expert workstation for Professor Fan Junming (樊均明教授), a well-known nephroendocrinology expert of West China Hospital; developed new technologies such as facial nerve microvascular decompression, thoracoscopic pulmonary wedge resection, and endometrial cancer screening technology, etc.; and

(iv) for marketing: deepened cooperation between medical institutions and medical associations, established two-way green channels, provided medical assistance to basic level medical institutions through consultation, room check, and specialty technical transfer for difficult and complicated diseases strengthening tie between KMH and the surrounding basic level medical institutions thus expanding the influence and acceptance of KMH's brands.

For the year under review, NJH recorded a total of 712,829 out-patients visits (2019: 1,236,573), 27,062 in-patient admissions (2019: 43,384) and 49,386 body-checks (2019: 75,869) while KMH recorded a total of 229,930 out-patients visits (2019: 334,678), 13,441 in-patient admissions (2019: 20,634) and 77,601 body-checks (2019: 113,008). As at 31st December, 2020, NJH operated with 404 doctors (2019: 417), 501 nurses (2019: 486) and 1,025 beds (2019: 774) and KMH operated with 250 doctors (2019: 227), 354 nurses (2019: 351) and 450 beds (2019: 450).

Eldercare Division:

For the year ended 31st December, 2020, the Group's Eldercare Operations, operated through its wholly-owned subsidiary, Aveo China (Holdings) Limited ("**Aveo China**") in the midst of this pandemic affected operating environments, recorded a reduced revenue of HK$82,392,000 (2019: HK$150,272,000) but a decreased loss of HK$34,845,000 (2019: HK$44,322,000) inclusive of a loss on fair value change of its investment properties of HK$27,382,000 (2019: gain of HK$9,025,000).

As of 31st December, 2020, Tide Health Campus (天地健康城) of the Eldercare Division located in Zhu Jia Jiao County, Qingpu District, Shanghai, PRC, a retirement community village that integrates community eldercare, institutional eldercare, home eldercare and eldercare nursing hospital, sold 840 Independent Living Units ("**ILU**"s) out of a total inventory of 868 ILUs and among which 11 ILUs (2019: 3) were recorded as sales in the year under review with more than 330 residents (2019: 322) moved into the retirement community village. In addition, the Division's serviced apartments ("**SA(s)**") consist of three 11-storey buildings with the construction and renovation of the first building and the second building completed in November 2016 and May 2020 respectively, offering a total of 210 SAs (2019: 120) for lease. As at 31st December, 2020, the Division leased out 54 SAs (2019: 26).

During the year under review:

(i) sale of ILUs and lease of SAs: new sales and incentive policies (specific targets, responsible persons) are established with sales channels (such as key sub-districts, communities, other elderly care institutions, medical institutions, elderly committees etc.) expanded;

(ii) community village operations: enhanced service income by differentiating the service coverage between members and non-members, optimizing value-added service packages, increasing the input of medical resources, and deeply exploring the multi-dimensional needs of members; continuously improved service quality by strengthening internal management and actively supervising restaurants and property management providers; explored new business opportunities by promoting the asset-light nursing services;

(iii) nursing hospital (Shanghai Deyi Hospital, "**DYH**") operations: various measures for the prevention and control of the epidemic has been implemented with the hospital infection management intensified and the infrastructure of hospital upgraded; more medical service items have been added to actively generate income with costs strictly controlled; cooperation with medical institutions, nursing companies, online marketing platforms, communities, elderly care institutions etc., has been strengthened to increase publicity and promotion so as to explore new sources of patients and improve the utilization rate of beds; collaboration between traditional Chinese medicine and oncology rehabilitation institutions has been promoted to create new source of income; and

(iv) construction of SA building: the interior decoration of the second building for SAs has completed and been in use since May 2020.

During the year ended 31st December, 2020, DYH recorded a total of 17,395 out-patients visits (2019: 38,788) and 8,086 in-patient admissions (2019: 11,662). As at 31st December, 2020, DYH operated with 18 doctors (2019: 14), 19 nurses (2019: 20) and 100 beds (2019: 100). As of 31st December, 2020, home care services were rendered to a total of 46 elders (2019: 56) with 7,143 visits (2019: 7,729).

As at 31st December, 2020, the Division's investment properties portfolio, 100% attributable to the Group, comprising the SAs (three 11-storey buildings with total gross floor area ("**GFA**") of 25,804 m^2) and the retail shopping precinct (retail shops with GFA of 2,192 m^2 and shopping mall with GFA of 6,044 m^2) with a total value amounted to HK$530,396,000 (2019: HK$512,000,000).

Property Development:

For the year ended 31st December, 2020, the Group's property development business recorded a turnover of HK$11,851,000 (2019: HK$7,326,000) and a loss of HK$1,638,000 (2019: HK$5,031,000). As at 31st December, 2020, the Group's properties under development for sale of HK$6,324,000 (2019: HK$5,927,000) consisted of a parcel of commercial land in Lianyungang, PRC.

Property Investments:

For the year ended 31st December, 2020, the Group's investment properties portfolio, for leasing, located in Hong Kong and the PRC recorded a rental income of HK$6,125,000 (2019: HK$9,266,000) and a loss of HK$2,986,000 (2019: profit of HK$15,434,000) with a loss on fair value change of investment properties of HK$7,340,000 (2019: gain of HK$9,220,000), amid depressed economic environment and uncertain rental market. As at 31st December, 2020, the Group's investment properties portfolio, 100% attributable to the Group, amounted to HK$253,180,000 (2019: HK$260,520,000).

Securities Trading and Investments:

For the year under review, the Group's activities in securities trading and investments recorded a reduced turnover of HK$3,276,000 (2019: HK$202,119,000) and a loss of HK$11,568,000 (2019: profit of HK$14,474,000). This was mainly due to the loss in fair value change of investments held for trading of HK$11,445,000 compared with a gain of HK$15,078,000 recorded in 2019.

As at 31st December, 2020, the Group maintained a portfolio of financial assets at fair value through profit or loss ("**FVTPL**") and debt instruments at fair value through other comprehensive income ("**FVTOCI**") of HK$5,404,000 (2019: HK$5,534,000) and a portfolio of investments held for trading of HK$21,759,000 (2019: HK$36,451,000).

Investments held for trading:

As at 31st December, 2020, the Group's investments held for trading consisted of securities listed in different geographic locations and their respective performance were as follows:

Geographic Location	Carrying value 2020	Carrying value 2019	Realised gain (loss) 2020	Fair value gain (loss) 2020	Dividend received 2020	% of carrying value to the Group's total assets 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Hong Kong	18,682	30,058	—	(11,377)	28	0.55%
Australia	1,592	2,215	—	(623)	—	0.05%
Philippines	1,485	1,322	—	163	—	0.49%
Japan	—	2,856	392	—	—	—
Total	21,759	36,451	392	(11,837)	28	

As at 31st December, 2020, the Group's investments held for trading consisted of investments in different category of companies and their respective performance were as follows:

Principal business	Carrying value 2020	Carrying value 2019	Realised gain (loss) 2020	Fair value gain (loss) 2020	Dividend received 2020	% of carrying value to the Group's total assets 2020
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Entertainment and media company	2,820	3,000	—	(180)	—	0.08%
Financial services and investment company	403	3,262	392	(4)	—	0.01%
Industrial materials company	6,198	9,170	—	(2,972)	—	0.18%
Property and construction company	12,338	21,019	—	(8,681)	28	0.36%
Total	21,759	36,451	392	(11,837)	28	

At 31st December, 2020, there was no investment held for trading which was significant to the Group (exceeded 5% the total assets of the Group).

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

Money Lending:

For the year under review, the Group's money lending business recorded no interest income (2019: HK$50,966,000) and a loss of HK$22,434,000 (2019: profit of HK$46,669,000) after the impairment loss recognized on the loan receivable of HK$22,468,000 (2019: HK$3,901,000).

As at 31st December, 2020, the Group's loan portfolio consists of a loan receivable with outstanding principal amount of HK$95,215,000 (HK$68,846,000 after allowance for credit losses of HK$26,369,000) (the "**Loan**") granted by a wholly-owned subsidiary of the Company (the "**Lender**") to a borrower, a Hong Kong listed company (the "**Borrower**", together with its subsidiaries, the "**Borrower Group**") pursuant to the loan agreement dated 10th September, 2018 (supplemented by the supplemental loan agreement dated 26th September, 2019) (the "**Loan Agreement**") bearing interest rate at 16% per annum with repayment date on 11th September, 2020. The Loan is secured by (i) a debenture created by the chargor, a wholly-owned subsidiary of the Borrower (the "**Borrower Subsidiary I**") in favour of the Lender by way of a first fixed and floating charge over all the undertaking, property and assets of the Borrower Subsidiary I (the "**Debenture**"); (ii) a share mortgage in favour of the Lender by way of a first fixed mortgage of the 75% of the entire issued share capital of the Borrower Subsidiary I (the "**Share Mortgage**"); (iii) a deed of assignment of the shareholder's loan owed by a Hong Kong listed subsidiary of the Borrower (the "**Borrower Subsidiary II**") to the Borrower (the "**Deed of Assignment I**"); and (iv) a deed of assignment of the shareholder's loan owed by the Borrower Subsidiary I to the Borrower (the "**Deed of Assignment II**") (collectively, Debenture, Share Mortgage, Deed of Assignment I, Deed of Assignment II and the Loan Agreement, the "**Loan Documents**").

During the year under review, the Borrower did not settle the interest receivable for period from 11th December, 2019 to 10th March, 2020 due on 11th March, 2020 amounting to approximately HK$3.8 million. The Group issued demand letter and final notice to the Borrower for repayment of the total indebtedness under the Loan Documents. In order to safeguard the interest of the Group, on 28th April, 2020, the Group served a written notice to each of the Borrower and the Borrower Subsidiary I that the Group has respectively appointed (i) receivers (on a joint and several basis) over, among other things, the charged shares in accordance with the terms of the Share Mortgage; and (ii) receivers and managers (on a joint and several basis) over all the undertaking, property and assets of the Borrower Subsidiary I in accordance with the terms of the Debenture (collectively, the "**Receivers**"). Measures have been taken by the Receivers to take control of the affairs of the Borrower Subsidiary I. The Group has also informed and demanded the Borrower Subsidiary II to repay the entire amount of the shareholder loan it owed to the Borrower to the Lender.

The Group is aware that the Borrower has announced in various announcements that, among others:

(i) in March 2020, a substantial shareholder of the Borrower (the "**Borrower's Substantial Shareholder**") filed a petition with the court of Bermuda for an order that the Borrower be wound up by the court on the just and equitable ground;

(ii) in March 2020, a creditor of the Borrower filed an application with the court of Bermuda which subsequently ordered to appoint joint provisional liquidators (the "**JPLs**") of the Borrower, among others, (a) to review the financial position of the Borrower, (b) to consult with the Borrower on all issues relating to the feasibility of a debt restructuring plan, and (c) to monitor, oversee and supervise the board of directors of the Borrower and the continuation of the business of the Borrower under the control of the board of directors of the Borrower and under the supervision of the court of Bermuda pending the implementation of the restructuring plan. Subsequently, in late July 2020, pursuant to an order of the court of Bermuda, the previously appointed JPLs were replaced by the new JPLs with power granted to a full extent;

(iii) in March 2020, the Borrower entered into a letter of intent (the "**LOI**") with an intended purchaser in relation to, among others, the potential disposal of its equity interests in an indirect non-wholly owned subsidiary of the Borrower (the "**Target**"), for a consideration of (a) US$260 million (subject to downward adjustment for actual deposit received (a total sum of US$12 million) and waiver of shareholder's loan up to US$32 million); (b) 10% equity stake in the special purpose vehicle (the "**SPV**", for the purpose of acquisition of the Target by the intended purchaser) in the form of common equity securities of the SPV, which shall be non-dilutive and remain at 10% prior to any qualified public offering of the SPV or the Target; and (c) additional payment of up to US$100 million to the Borrower Group upon completion of a successful initial public offering of the SPV or the Target based on the market capitalization of the initial public offering. The LOI was terminated in early July 2020 in accordance with its terms. Despite the termination, the Borrower will continue to negotiate with the intended purchaser to finalise the terms and conditions of the definitive agreement; and

(iv) in October 2020, a court of Bermuda made an order pursuant to which the new JPLs were further granted with the express power to draw, accept, make and indorse any bill of exchange or promissory note in the name and on behalf of the Borrower, with the same effect with respect to the liability of the Borrower as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Borrower in the course of its business, and to raise on the security of the assets of the Borrower any money required.

On 12th May, 2020, the Lender, as the 7th defendant, received a writ of summons issued in the Court of First Instance of the High Court of Hong Kong (the "**Court**") (the "**Action**") by the Borrower's Substantial Shareholder (suing on behalf of itself and all other shareholders in the Borrower and the Borrower Subsidiary I) as a plaintiff ("**Plaintiff**") against the Lender as one of the twelve defendants of the Action, together with the Borrower, the Borrower Subsidiary I, the directors of the Borrower, and the Receivers. The Plaintiff alleged that, by reason that there is and was at all material times a close connection between, among others, the 1st defendant of the Action, being the director and the chief executive officer of the Borrower and the director of the Borrower Subsidiary I, and the Lender, (i) the Lender clearly had knowledge that the directors of the Borrower and the Borrower Subsidiary I in entering into the Debenture, the Share Mortgage, the Deed of Assignment I and the Deed of Assignment II (collectively, the "**Transactions**") wrongfully preferred the interest of and benefited the Lender and/or offered significantly excessive security in favour of the Lender, in breach of their fiduciary duties to the Borrower and/or the Borrower Subsidiary I; or (ii) alternatively was irrational in believing that the directors of the Borrower and the Borrower Subsidiary I acted in accordance with their duties in entering into the Transactions; or (iii) further alternatively failed to make the inquiries that a reasonable person would have made in all the circumstances in order to verify that the Transactions were entered into in accordance with the duties owed by the directors to the Borrower and/or the Borrower Subsidiary I. As a result, the Plaintiff alleged that (a) the Loan Documents are liable to be set aside; and (b) accordingly, the appointment of the Receivers and the receivership thereunder are liable to be set aside. The Plaintiff is claiming against the Lender and the Receivers, among others, for (1) a declaration that the Transactions are liable to be set aside and thereby set aside by the Borrower and the Borrower Subsidiary I; (2) a declaration that the appointment of the Receivers and the receivership thereunder are liable to be set aside and thereby set aside by the Borrower and the Borrower Subsidiary I; (3) an injunction against the Lender and the Receivers restraining any of them from exercising any powers pursuant to or otherwise acting upon the Transactions. On 5th June, 2020, the Plaintiff filed an amended statement of claim superseding the original statement of claim endorsed to the writ of summons for correcting a clerical error with respect to the name of the 1st defendant of the Action. At a hearing held in the Court on 23rd October, 2020, the amended statement of claim was struck out on the basis that the Plaintiff has no locus standi to bring or continue the present proceedings against the Lender. Accordingly, the Plaintiff's claim against the Lender was dismissed by the Court with costs of the Action payable by the Plaintiff to the Lender, on an indemnity basis to be taxed if not agreed. On 4th November, 2020, the Plaintiff filed a notice of appeal (the "**Appeal**") with the Court to appeal against the striking out order and the hearing date for the Appeal has been scheduled for early April 2021. The Lender has sought legal advice in respect of the Appeal and will strenuously defend its position and interest.

The Group and the Receivers have been in back and forth discussions with the Borrower Group and the new JPLs on the settlement of the total indebtedness under the Loan Documents. The Borrower Group and the new JPLs have represented that they are in the process of executing certain plans for asset realization and/or financing to settle the total indebtedness under the Loan Documents. The Group and the Receivers will continue to negotiate with the Borrower Group and new JPLs, closely monitor the progress of settlement, re-assess the value of securities from time to time and shall take all appropriate further actions as and when appropriate.

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

As at 31st December, 2020, the Group's non-current assets of HK$2,430,381,000 (2019: HK$2,222,623,000) consisted of investment properties of HK$783,576,000 (2019: HK$772,520,000), property, plant and equipment of HK$1,433,064,000 (2019: HK$1,318,031,000), right-of-use assets of HK$102,166,000 (2019: nil), prepaid lease payments of nil (2019: HK$93,418,000), loan receivable of HK$68,846,000 (2019: nil), financial assets at FVTPL of HK$802,000 (2019: HK$802,000), goodwill of HK$32,931,000 (2019: HK$30,821,000) and deposits for acquisition of property, plant and equipment of HK$8,996,000 (2019: HK$7,031,000). These non-current assets are principally financed by the Group's shareholders' funds.

As at 31st December, 2020, the total borrowings of the Group amounted to HK$971,379,000 (2019: HK$793,363,000) consisting of unsecured term loans of HK$214,542,000 (2019: HK$177,598,000), secured bank borrowings of HK$204,828,000 (2019: HK$191,972,000), unsecured bank borrowings of HK$445,592,000 (2019: HK$423,793,000) and secured other borrowings of HK$106,417,000 (2019: nil). Among the total borrowings of the Group, HK$538,845,000 (2019: HK$444,068,000) was with maturity of less than one year, HK$261,207,000 (2019: HK$320,641,000) was with maturity over one year but not exceeding two years and HK$171,327,000 (2019: HK$28,654,000) was with maturity over two years but not exceeding five years.

As at 31st December, 2020, the Group recorded a net current liabilities amounted to HK$132,931,000 (2019: net current assets of HK$14,539,000). As at 31st December, 2020, the Group had undrawn, unsecured, standby credit facility with terms of over two years amounting to HK$200 million.

As at 31st December, 2020, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was 17.9% (2019: 7.5%). The Group's gearing ratio would be adjusted to 16.4% (2019: 5.2%) with marketable securities inclusive of financial assets at FVTOCI and FVTPL (current) and investments held for trading deducted from the net borrowings.

In December 2015, the subscription agreement for subscribing 2,000,000,000 new shares of the Company at the subscription price of HK$0.45 per share raising gross proceeds of HK$900,000,000 ("**Subscription**") for the Company was completed. As at 31st December, 2020, details of use of net proceeds from the Subscription were as follows:

Intended use of the net proceeds	**Actual use of the net proceeds**
i. An amount of approximately HK$600,000,000 will be used for working capital and for expansion of the Group's hospital and healthcare, and aged care businesses	a) Approximately HK$137,558,000 was used for construction cost of Block D of NJH; b) Approximately HK$34,733,000 was used for construction cost of Block F of NJH; c) Approximately HK$80,569,000 was used for working capital of the healthcare business; d) Approximately HK$100,287,000 (RMB90,000,000) was used to settle the acquisition costs of 18.36% equity interests of Yangpu Zhaohe Industrial Co. Ltd* e) HK$85,800,000 was used to settle the acquisition cost of 30% equity interest of Aveo China. f) Approximately HK$148,025,000 was used for purchasing and improvement of medical and healthcare equipment.
ii. The remaining balance of approximately HK$299,250,000 will be used for reduction of the borrowings of the Group	HK$299,250,000 was used for reduction of the borrowings of the Group

Note:

* Yangpu Zhao Industrial Co. Ltd owns 72.5% of the equity interest in Tongren Healthcare with the remaining 27.5% equity interest owned by the another wholly-owned subsidiary of the Group.

Intended use of the net proceeds	Net proceeds used in previous financial years	Net proceeds used in the year ended 31st December, 2020	Remaining balance of the net proceeds as at 31st December, 2020	Expected utilisation of the remaining net proceeds
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
i. An amount of approximately HK$600,000,000 will be used for working capital and for expansion of the Group's hospital and healthcare, and aged care businesses	474,320	112,652	13,028	13,028 to be used by 31st December, 2021
ii. The remaining balance of approximately HK$299,250,000 will be used for reduction of the Group's borrowings	299,250	—	—	—
Total	773,570	112,652	13,028	13,028

The detailed breakdown of proceeds used during the year ended 31st December, 2020 is as follows:

	HK$'000
For the construction cost of Block D of NJH	15,529
For the construction cost of Block F of NJH	32,908
For the purchase and improvement of medical and healthcare equipment	64,215
Total	112,652

The remaining un-utilized proceeds of approximately HK$13,028,000 brought forward to the following financial years is expected to be used as intended for working capital and for expansion of the Group's hospital and healthcare, and aged care businesses such as for the settlement of the construction cost of Block D and Block F of NJH; and for purchase and improvement of medical and healthcare equipment.

During the year under review, the Company did not repurchase any shares (2019: nil) in the capital of the Company.

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

CHARGE ON GROUP ASSETS

As at 31st December, 2020, the Group's investments held for trading of HK$21,759,000 (2019: HK$36,451,000), building (included in property, plant and equipment) of HK$175,209,000 (2019: HK$169,000,000), investment properties of HK$502,792,000 (2019: HK$484,054,000), properties held for sale of HK$37,545,000 (2019: HK$35,189,000), pledged bank deposits of HK$12,670,000 (2019: HK$9,119,000) and medical equipment of HK$91,022,000 (2019: nil) were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the Group.

The Group's obligations under finance leases are secured by the Group's charge over the leased assets. At 31st December, 2020, the carrying amount of the Group's medical equipment included an amount of nil (2019: HK$23,721,000) in respect of assets held under finance leases.

CAPITAL COMMITMENT

As at 31st December, 2020, the Group had capital commitment contracted for but not provided relating to the acquisition of property, plant and equipment, and investment properties of HK$28,720,000 (2019: HK$51,203,000) and HK$25,387,000 (2019: HK$69,732,000) respectively.

CONTINGENT LIABILITIES

Save as disclosed in this Annual Report, as at 31st December, 2020, the Group is not aware of any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS

Save as disclosed in this Annual Report, during the year ended 31st December, 2020, the Group did not hold any other significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures.

Save as disclosed in this Annual Report, as at 31st December, 2020, the Group did not have any plan for material investments or capital assets.

EMPLOYEES

The Group had 2,462 employees as at 31st December, 2020 (2019: 2,362). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS

Healthcare Division:

Aiming at achieving the medical and technical requirement and standards of a Class III A integrated hospital, hospitals of the Healthcare Division will continue to develop indispensable projects, accumulate necessary talents and acquire cutting-edge medical technologies. The Division believes that these will enhance its academic research capacity, capability of precise diagnosis and treatment of complicated diseases and will also encourage the internal transfer of patients between departments of internal medicine and departments of surgery for further treatment.

NJH:

For NJH, it will promote daytime operations (non-admission), out-patient operations, minimal invasive surgery, micro-surgery, paediatric surgery, tumour surgery, and interventional therapy laying a solid foundation for the scaled operations and sustainable development of the hospital. Under the circumstance of normalized epidemic prevention and control, NJH has launched the construction of a P2 (biosafety level 2) laboratory enabling it to carry out independent nucleic acid testing and thus strengthening its epidemic control ability.

NJH will focus on the establishment of specialty departments (in terms of their personnel structure, talent training, technology development, scientific research and teaching, evaluation and management system) in accordance with the standards of a Class III A integrated hospital and the provincial and municipal requirement through actively attracting specialty leaders, cultivating young talents and enhancing its infrastructures including professional equipment and information technology. It will also provide incentives and penalties to encourage scientific research and teaching in various departments and to improve their work quality.

By launching the construction of benchmarking private hospital, NJH will implement medical safety and quality control throughout the whole hospital, thereby laying a foundation for its scalable operation and sustainable development.

In addition, NJH will continue to adjust its income structure by expanding non-national medical insurance commercial medical projects, which are with market potential, such as high-end integrated clinics, internet medical services, chronic disease management centres, international medical out-patient department, post-natal rehabilitation centre, infertility multidisciplinary diagnosis and treatment, and children autism recovery, etc.

It will also expand the resources of external experts, establish a multi-channel new media marketing model, strengthen the creation of a promotion and publicity atmosphere within the hospital, promote business development through operations, improve the maintenance quality and referral rate of internal and external customers, creating a differentiated competitive advantage.

KMH:

While ensuring a stable development of existing businesses, KMH will continuously improve the quality of medical services, focus on the specialty of existing departments, and support the development of new businesses and new technologies in various departments to create more new highlights in medical services. It will gradually refine the internal management, address the shortcomings in the development of the hospital and solve the problems symptomatically, promoting the high-quality development of the hospital.

Internally, the hospital will comprehensively deploy and advance the establishment of graded hospital, improve the medical system, and promote the connotation development. It also plans to submit an evaluation application to the health authority in 2022, which is known as the "Private Hospital Management Year". In terms of construction of departments, KMH will nominate outstanding departments to apply for provincial or municipal key specialties in a timely manner, and strengthen the collaboration between departments of internal medicine and departments of surgery. Through the construction of oncology department, thoracalgia centre, stroke centre, trauma centre, and expert workstation, it will create an academic atmosphere of teaching and learning, and hence improving triage precision, ensuring treatment for specific diseases in specialized department, enhancing standard of clinical medical technology, and expanding influence and regional coverage of specialty business.

Externally, by capturing the opportunity from its trauma centre linking with Kunming City's 120 network emergency stations, KMH will build up trust through co-operation with government authorities for channelling patient flow, improving KMH's comprehensive emergency capacity and public recognition of KMH's surgical strength. Together with the deepened medical cooperation with basic-level medical institutions in surrounding prefectures and counties, KMH believes that these will enhance the adsorption of patients, promoting the realization of the strategic goal of establishing KMH as the most influential private integrated hospital in the southwest region of the PRC.

Further, KMH will continue to progress the construction of phase II development project and the development of nuclear medical treatment and tumour centre which is up to international medical standards.

Eldercare Division:

The Division will continue to focus on the eldercare business of Tide Health Campus by deepening its differentiated competitive advantages of rehabilitation and nursing care services. By cooperating with the Healthcare Division, the Division will improve its health management and medical service products line, and standardize its rehabilitation and nursing care services system. By building a smart health cloud platform, adopting the asset-light operation model, the Division will develop its services management projects comprising family doctors, family beds, services provision and public-build private operate partnerships. The Eldercare Division is also planning to set up nursing stations and other service points in urban communities providing institutional and home health extension services to the residents, thus creating a new smart health model, and moving towards the goals of standardized service, standardized process, intelligent system and integrated platform.

Others:

Recently, vaccine approvals and progressive vaccination have raised hopes but uncertainty and pressure on economic and business environment remains as new waves and variants of the coronavirus, and geo-political tensions posing concerns. With effective deployment of vaccines around the world and more fiscal stimulus injected by governments, the global economy is projected to recover and grow, though, uneven across different sectors and countries. Against this backdrop of uncertain global and local economic, business and investment outlooks, the operating environments of the Group will be challenging and the Group will remain cautious and continue to review and adjust its business and investment strategies, and investment portfolio to suit the prevailing challenging economic and investment environment and will seek investment and business opportunities in the PRC, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

For the year ended 31st December, 2021

FINANCIAL RESULTS

For the year ended 31st December, 2021, the Group recorded an increased total revenue of HK$1,465,679,000 (2020: HK$1,197,396,000) but a loss for the year attributable to owners of the Company of HK$137,296,000 (2020: HK$111,928,000). The increase in loss attributable to owners of the Company was mainly due to (i) the increase in impairment loss under expected credit losses model of financial assets of HK$68,905,000 (2020: HK$26,206,000); (ii) a provision for properties held for sale of HK$7,228,000 (2020: nil); (iii) an impairment loss recognised on goodwill of HK$34,043,000 (2020: nil), which were partially off-set by; (iv) the decreased loss on fair value of investments held for trading of HK$4,784,000 (2020: HK$11,445,000); and (v) a gain on fair value changes on investment properties of HK$2,290,000 (2020: loss of HK$34,722,000).

Loss per share (basic) for the year ended 31st December, 2021 was HK0.948 cents compared with loss per share (basic) of HK0.773 cents in 2020.

The Group's net asset value per share as at 31st December, 2021 amounted to HK$0.117 (2020: HK$0.123).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend (2020: nil) for the year ended 31st December, 2021.

REVIEW OF OPERATIONS

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

Healthcare Division:

Despite the adverse impact from the on-going COVID-19 pandemic with sporadic incidences, there was a gradual recovery in the global business and production activities, employment and economic performance, and movement in people during the year 2021. Under such challenging operating conditions, the Group's Healthcare Division, operated through its wholly-owned subsidiary, Tongren Healthcare Industry Group Co., Ltd. (同仁醫療產業集團有限公司) ("**Tongren Healthcare**"), managed to achieve an increased revenue of HK$1,372,032,000 (2020: HK$1,093,752,000) and an increased profit of HK$59,573,000 (2020: HK$31,728,000). Without interest, tax, depreciation and amortisation, the Healthcare Division generated an increased EBITDA, being earnings before interest, tax, depreciation and amortisation, of HK$195,567,000 (2020: HK$174,073,000) for the year ended 31st December, 2021.

Nanjing hospital of the Healthcare Division ("**NJH**"):

For NJH, a Class III integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, PRC and the Division's flagship hospital, currently it operates 41 clinical medical & technical departments, including 1 national key clinical specialty (otorhinolaryngology ("**ENT**"), head and neck surgery), 1 provincial key clinical specialty (ENT, head and neck surgery), 5 municipal key medical specialties (ENT, head and neck surgery, ophthalmology, neurology, medical imaging, and anaesthesiology), an academician workstation, as well as the approved Nanjing Tongren's ENT Hospital and Nanjing Tongren Children's Hospital.

During the year under review:

(i) for infrastructure development: various construction and renovation projects were completed in accordance with the annual reinvestment plan thereby ensuring medical safety while enhancing the quality of service and improving the overall environment of the hospital. Among them, NJH completed the expansion of sewage treatment plant, construction of new wastage disposal station and renovation of hazardous chemicals warehouse, configured its sewage treatment capacity in accordance with the planned allocation of hospital beds and resolved the potential safety concerns arising from the hazardous chemicals warehouse located in the hospital. In October 2021, the renovation of the central operating room system was completed and upon inspection acceptance, relevant China Inspection Body and Laboratory Mandatory Approval (中國計量認證檢測報告) was received, thereby improving the medical safety of the hospital. To meet the needs of epidemic prevention and control, the fever clinic has been expanded to include a waiting area, infusion area, consultation room, observation room, clinical laboratory, pharmacy and computed tomography mobile shelter;

(ii) for application of Class III A integrated hospital accreditation: application was submitted to the Jiangsu Province Medical Management Centre (江蘇省醫管中心) in April 2021. Preparatory works for the accreditation assessment, such as policies and procedures review, training and learning sessions for all staff, emergency drills, knowledge and skills assessment, and books of records and accounts review, were undertaken. In November 2021, the accreditation assessment was conducted with on-site review of the hospital from various aspects, including document review, record review, staff interview, on-site inspection, operational assessment, patient interview, medical record check, medical case check, data verification and tracking inspection;

(iii) for epidemic prevention and control: in July 2021's COVID-19 incidence occurred at Nanjing Lukou International Airport, Nanjing, NJH mobilised its healthcare staff, participated in the intensive prevention and control work that lasted for 30 days and achieved zero cross-infection within the hospital. During the period, NJH (a) deployed 25 batches of healthcare staff to support local Lukou community in epidemic prevention and control which covered a total of 3,600 person-visits and 159,058 nucleic acid samples; (b) arranged infection-control specialists to provide assistance to designated medical institutions, infection-control authority and quarantine hotels; (c) set up vaccination clinic with more than 220,000 doses of vaccines given; and (d) undertook 830 vaccinations for people who wanted to leave the city. In this wave of the epidemic, NJH was highly recognised and praised by government authorities for successfully completed the task of epidemic prevention and control that contained the risk of spread of the infection;

(iv) for high-end integrated clinic — Cedar Care Polyclinic: renovation works of the poly-clinic situated at the prime commercial building in central business district of Hexi, Nanjing commenced and will offer a wide range of healthcare services, such as general practice, ophthalmology, otorhinolaryngology, stomatology and medical aesthetics;

(v) for commercial medical projects: the stomatology centre has deployed various special technologies, such as micro-endodontics, dental anaesthesia for children, dental implant and restoration and chairside digital systems in implant restoration in its services;

(vi) for scientific research development: the vice president of NJH was awarded one specialised project each from the National Natural Science Foundation of China (國家自然科學基金) and the Natural Science Foundation of Jiangsu Province (江蘇省自然基金). In addition, NJH has applied for 4 research projects on geriatrics in Jiangsu

Province, 2 medical research projects from Jiangsu Commission of Health, 1 special project on life and health sciences and technology in Nanjing and 11 projects from Nanjing Commission of Health;

(vii) for information system development: Level 5 provincial assessment on NJH's electronic medical records system was passed, internet hospital system was launched, and acceptance inspections on digital medical care system and endoscopic cleaning and disinfecting tracking system were completed; and

(viii) for marketing: during the epidemic, NJH actively supported and led enterprises to carry out epidemic prevention and control work, such as on-site nucleic acid tests covering 10,452 person-visits. In a bid to expand its patient base, NJH successfully applied as a designated assessment agency for Nanjing's disability income insurance program, which will provide qualification accreditation and assessment for more than 10,000 severely disabled people in Jiangning District before they are entitled to the disability income insurance. The hospital entered into cooperation agreements with 43 optical shops of 15 optometric centres across the country with an aim to expand the publicity and technical influence of its ophthalmology department.

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

For KMH, another Class III integrated hospital of the Group located in Kunming City, Yunnan Province, PRC, currently it operates 40 clinical medical & technical departments.

During the year under review:

(i) for specialty and department development: the thoracalgia centre was officially upgraded from the basic version to standard version while the stroke prevention and control centre successfully passed through the expert acceptance inspection. The 120 network emergency stations continued to improve its services quality and efficiency for treatment of trauma patients with all its operational data ranked at the top in Xishan District, Yunnan Province, PRC;

(ii) for application of Class III A integrated hospital accreditation: preparatory works for the accreditation assessment, including review and construction of hospital system development and the relevant functional department system development were undertaken;

(iii) for scientific research management: the application made by the International Spinal Cord Injury Centre (國際脊髓損傷治療中心) of KMH to Kunming Science and Technology Bureau (昆明市科學技術局) for the establishment of the "Luo Zhuojing Expert Workstation" (羅卓荊專家工作站) (orthopaedics) was approved. In 2021, a total of 16 continuing educational projects were approved, including 1 state-level, 6 provincial-level and 9 municipal-level projects; and

(iv) for marketing: by exploring the new media marketing, KMH cooperates with local internet celebrities to promote the comfortable treatment of its stomatology department and night-time clinic through short videos on TikTok and shop visits. The hospital also assists gynaecologists to operate TikTok accounts to regularly produce and push specialist science videos, and combined health lectures with live streaming.

For the year under review, NJH recorded a total of 1,180,171 out-patients visits (2020: 712,829), 27,154 in-patient admissions (2020: 27,062) and 62,612 body-checks (2020: 49,386) while KMH recorded a total of 299,951 out-patients visits (2020: 229,930), 15,917 in-patient admissions (2020: 13,441) and 70,810 body-checks (2020: 77,601). As at 31st December, 2021, NJH operated with 402 doctors (2020: 404), 532 nurses (2020: 501) and 1,015 beds (2020: 1,015) and KMH operated with 266 doctors (2020: 250), 387 nurses (2020: 354) and 475 beds (2020: 450).

Eldercare Division:

For the year ended 31st December, 2021, the Group's Eldercare Operations, operated through its wholly-owned subsidiary, Aveo China (Holdings) Limited ("**Aveo China**"), recorded a reduced revenue of HK$79,889,000 (2020: HK$82,392,000) and an increased loss of HK$72,135,000 (2020: HK$34,845,000) inclusive of a loss on fair value changes of investment properties of HK$1,404,000 (2020: HK$27,382,000), an impairment loss recognised on goodwill of HK$34,043,000 (2020: nil) and provision for properties held for sale of HK$7,228,000 (2020: nil). During the year under review, the business environment of Eldercare Division was difficult which was due to the negative impacts of the COVID-19 epidemic, the consequential stringent regulations on elders community village and the increasingly tightened regulation and control in elders real estate market in PRC.

As of 31st December, 2021, Tide Health Campus (天地健康城) of the Eldercare Division located in Zhu Jia Jiao County, Qingpu District, Shanghai, PRC, a retirement community village that integrates community eldercare, institutional eldercare, home eldercare and eldercare nursing hospital (Shanghai Deyi Hospital, "**SDH**"), sold 854 Independent Living Units ("**ILU(s)**") out of a total inventory of 868 ILUs and among which 14 ILUs (2020: 11) were recorded as sales in the year under review with more than 346 residents (2020: 330) moved into the retirement community village. In addition, the Division's serviced apartments ("**SA(s)**") consist of three 11-storey buildings with the construction and renovation of the first building and the second building completed in November 2016 and May 2020 respectively, offering a total of 210 SAs (2020: 210) for lease. As at 31st December, 2021, the Division leased out 59 SAs (2020: 58).

During the year under review:

(i) for sale of ILUs and lease of SAs: amid the difficult elders real estate market condition, with limited inventory, the pace of sales of ILUs was controlled while marketing efforts on lease of SAs were made;

(ii) for community village operations: due to the recurring local epidemic, owner resident's occupancy rate in the community village remained low. The Division focused on existing non-owners residents, i.e. members, to tap their spending potential, expanded value-added services and implemented revenue-raising measures, improved member service profiles and health records management, etc. During 2021, the community village continued close-loop management of its nursing homes with focus on strengthening internal management and trainings in order to provide more people-oriented services to the elders; and

(iii) for SDH operation: continued to strengthen its refined management, improve operational efficiency, explore the development of rehabilitation department treatment programs and enhance its medical technology leverage.

During the year ended 31st December, 2021, SDH recorded a total of 25,330 out-patients visits (2020: 17,395) and 8,670 in-patient admissions (2020: 8,086). As at 31st December, 2021, SDH operated with 21 doctors (2020: 18), 17 nurses (2020: 19) and 100 beds (2020: 100). As of 31st December, 2021, home care services were rendered to a total of 34 elders (2020: 46) with 5,419 visits (2020: 7,143).

As at 31st December, 2021, the Division's investment properties portfolio, 100% attributable to the Group, comprising the SAs (three 11-storey buildings with total gross floor area ("**GFA**") of 25,804 m^2) and the retail shopping precinct (retail shops with GFA of 1,980 m^2 and shopping mall with GFA of 7,354 m^2) with a total value amounted to HK$549,570,000 (2020: HK$530,396,000).

Property Development:

For the year ended 31st December, 2021, the Group's property development business recorded a turnover of HK$6,803,000 (2020: HK$11,851,000) and a profit of HK$439,000 (2020: loss of HK$1,638,000). As at 31st December, 2021, the Group's properties under development for sale of HK$6,488,000 (2020: HK$6,324,000) consisted of a parcel of commercial land in Lianyungang, PRC.

Property Investments:

For the year ended 31st December, 2021, the Group's investment properties portfolio, for leasing, located in Hong Kong and the PRC recorded a rental income of HK$4,756,000 (2020: HK$6,125,000) and a profit of HK$6,296,000 (2020: loss of HK$2,986,000) with a gain on fair value changes of investment properties of HK$3,694,000 (2020: loss of HK$7,340,000). As at 31st December, 2021, the Group's investment properties portfolio, 100% attributable to the Group, amounted to HK$256,875,000 (2020: HK$253,180,000).

Securities Trading and Investments:

For the year under review, the Group's activities in securities trading and investments recorded a reduced turnover of HK$2,199,000 (2020: HK$3,276,000) and a loss of HK$4,506,000 (2020: HK$11,568,000). This was mainly due to the loss on fair value of investments held for trading of HK$4,784,000 compared with a loss of HK$11,445,000 recorded in 2020.

As at 31st December, 2021, the Group maintained a portfolio of financial assets at fair value through profit or loss ("**FVTPL**") and debt instruments at fair value through other comprehensive income ("**FVTOCI**") of HK$5,484,000 (2020: HK$5,404,000) and a portfolio of investments held for trading of HK$14,791,000 (2020: HK$21,759,000).

Investments Held for Trading:

As at 31st December, 2021, the Group's investments held for trading consisted of securities listed in different geographic locations and their respective performance were as follows:

Geographic Location	Carrying value 2021	Carrying value 2020	Realised gain (loss) 2021	Fair value gain (loss) 2021	Dividend received 2021	% of carrying value to the Group's total assets 2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Hong Kong	12,065	18,682	900	(5,348)	15	0.35%
Australia	1,658	1,592	—	66	—	0.05%
Philippines	1,068	1,485	(3)	(399)	—	0.03%
Total	14,791	21,759	897	(5,681)	15	

As at 31st December, 2021, the Group's investments held for trading consisted of investments in different categories of company and their respective performance were as follows:

Principal business	Carrying value 2021	Carrying value 2020	Realised gain (loss) 2021	Fair value loss 2021	Dividend received 2021	% of carrying value to the Group's total assets 2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Entertainment and media	1,551	2,820	900	—	—	0.04%
Financial services and investment	254	403	(3)	(132)	—	0.01%
Industrial materials	5,041	6,198	—	(1,156)	—	0.14%
Property and construction	7,945	12,338	—	(4,393)	15	0.23%
Total	14,791	21,759	897	(5,681)	15	

As at 31st December, 2021, there was no investment held for trading which was significant to the Group (exceeded 5% the total assets of the Group).

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

Money Lending:

For the year under review, the Group's money lending business recorded no interest income (2020: nil) and a loss of HK$75,000,000 (2020: HK$22,434,000) after the impairment loss recognised on the loan receivable and other relevant receivables of HK$75,000,000 (2020: HK$22,468,000). As at 31st December, 2021, the carrying value of the loan receivable ("**Loan**") is nil (2020: HK$68,846,000).

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

During the year under review, the Group is aware that the Borrower Group has announced in various announcements that, among others:

(i) in October 2020, January 2021 and April 2021, the new Joint Provisional Liquidators (the "**JPLs**") contacted various parties regarding the possibility of restructuring the Borrower Group and the new JPLs have received preliminary proposals from potential investors on the restructuring of the Borrower Group. The new JPLs have had discussions with the potential investors but no formal restructuring proposal or formal agreement has been entered into by the Borrower as at the dates of the respective announcements. However, in December 2021, the potential investor informed the new JPLs that it would not pursue the restructuring of the Borrower Group given the impossibility of fulfilling the resumption guidance by January 2022 as the trading in the shares of the Borrower has been suspended since July 2020. Trading of the shares of the Borrower was cancelled in January 2022;

(ii) in April 2021, a creditor of the Borrower filed an urgent application with the Supreme Court of Bermuda seeking, among other things, an order for substituting the creditor as the petitioner in the creditor's winding-up petition filed in March 2020 (the "**Creditor's Winding-up Petition**"). In the hearing held in November 2021, the Bermuda Court ordered that the Creditor's Winding-up Petition be further adjourned to February 2022; and

(iii) in May 2021 and June 2021, the Borrower Subsidiary II entered into a memorandum of understanding with an investor and the Borrower Subsidiary II's receivers which involves the implementation of a rescue proposal inclusive of, among others, a capital reorganisation, rights issue, placing and a scheme of arrangement to compromise with all creditors' claims against the Borrower Subsidiary II (inclusive of the shareholder's loan owed by the Borrower Subsidiary II to the Borrower under the Deed of Assignment II) ("**Proposed Creditors' Scheme**"). In August 2021, as part of the Proposed Creditors' Scheme, a voluntary conditional cash offer was made by the investor on all the issued shares of Borrower Subsidiary II but did not become unconditional and therefore lapsed. Since the Borrower Subsidiary II received a winding-up petition in May 2020 and with no written consent by all parties concerned to further adjourn the hearing by the deadline, the Borrower Subsidiary II was ordered by the High Court of Hong Kong to be wound up and the Official Receiver was appointed as provisional liquidator in September 2021. In October 2021, a new joint and several liquidators was appointed for the Borrower Subsidiary II.

During the year under review, in relation to the Appeal, at a hearing held in the Court of First Instance of the High Court of Hong Kong (the "**Hong Kong Court**") on 8th April, 2021, the Appeal was dismissed with costs of the Appeal to be payable by the Plaintiff to the Lender forthwith to be summarily assessed. Such costs were summarily assessed at HK$120,000 by a subsequent order made by the Hong Kong Court dated 20th April, 2021.

The Group and the Receivers have been in back and forth discussions with the Borrower Group and the new JPLs on the settlement of the total indebtedness under the Loan Documents. The Group and the Receivers have also been approached and in discussion with other potential investors for possible realisation of the security assets under the Loan Documents. However, no definitive proposal or agreement has been entered into with the Group as at 31st December, 2021.

In view of the above-mentioned development, the Group made a prudent full impairment loss allowance on the Loan of HK$68,846,000 (2020: HK$22,468,000). However, the Group and the Receivers will continue to maintain regular dialogue with the Borrower Group and the new JPLs, discuss and negotiate with other potential investors, regularly monitor the progress of settlement and/or realisation of security assets, re-assess the value of securities based on the information currently available to the Group from time to time and shall take all appropriate further actions as and when appropriate.

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

As at 31st December, 2021, the Group's non-current assets of HK$2,507,443,000 (2020: HK$2,430,381,000) consisted of investment properties of HK$806,445,000 (2020: HK$783,576,000), property, plant and equipment of HK$1,541,800,000 (2020: HK$1,433,064,000), right-of-use assets of HK$152,309,000 (2020: HK$102,166,000), loan receivable of nil (2020: HK$68,846,000), financial assets at FVTPL of HK$802,000 (2020: HK$802,000), goodwill of nil (2020: HK$32,931,000) and deposits for acquisition of property, plant and equipment of HK$6,087,000 (2020: HK$8,996,000). These non-current assets are principally financed by the Group's shareholders' funds.

As at 31st December, 2021, the total borrowings of the Group amounted to HK$919,940,000 (2020: HK$971,379,000) consisting of secured bank borrowings of HK$210,140,000 (2020: HK$204,828,000), unsecured bank borrowings of HK$367,701,000 (2020: HK$445,592,000), secured other borrowings of HK$74,895,000 (2020: HK$106,417,000) and unsecured term loans of HK$267,204,000 (2020: HK$214,542,000). Among the total borrowings of the Group, HK$603,533,000 (2020: HK$538,845,000) was with maturity of less than one year, HK$267,358,000 (2020: HK$261,207,000) was with maturity more than one year but not exceeding two years and HK$49,049,000 (2020: HK$171,327,000) was with maturity more than two years but not exceeding five years.

As at 31st December, 2021, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was 16.5% (2020: 17.9%). The Group's gearing ratio would be adjusted to 15.3% (2020: 16.4%) with marketable securities inclusive of debt instruments at FVTOCI and investments held for trading deducted from the net borrowings.

As at 31st December, 2021, the Group recorded a net current liabilities amounted to HK$356,380,000 (2020: HK$132,931,000). As at 31st December, 2021, the Group had undrawn, unsecured, standby credit facility with terms of more than two years amounting to HK$300,000,000 (2020: HK$200,000,000), of which the credit limit was increased to HK$415,000,000 subsequent to the reporting period ("**Medium Term Standby Loan Facility**").

Taking into account that (i) there exists the ongoing availability of finance to the Group, including the cash flows generated from its principal operations, the existing banking facilities, successful refinancing of certain bank borrowings of approximately HK$106,500,000 and the utilisation of the Medium Term Standby Loan Facility, if necessary; (ii) the Medium Term Standby Loan Facility gives the Group more flexibility in refinancing the Group's current liabilities with non-current borrowings; (iii) given the Group's relatively low gearing level, it can raise additional finance, if necessary; and (iv) the net loss for the year then ended comprised mainly various non-cash items such as impairment loss recognised on loan receivable and goodwill, hence the impact of the net loss on the cash flows would be much smaller, the Group considers that it will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period.

In December 2015, the subscription agreement for subscribing 2,000,000,000 new shares of the Company at the subscription price of HK$0.45 per share raising gross proceeds of HK$900,000,000 ("**Subscription**") for the Company was completed. As at 31st December, 2021, details of use of net proceeds from the Subscription were as follows:

Intended use of the net proceeds	Actual use of the net proceeds
(i) An amount of approximately HK$600,000,000 will be used for working capital and for expansion of the Group's hospital and healthcare, and aged care businesses	a) Approximately HK$139,750,000 was used for construction cost of Block D of NJH. b) Approximately HK$39,600,000 was used for construction cost of Block F of NJH. c) Approximately HK$80,569,000 was used for working capital of the healthcare business. d) Approximately HK$100,287,000 (RMB90,000,000) was used to settle the acquisition costs of 18.36% equity interests of Yangpu Zhaohe Industrial Co. Ltd. (洋浦兆合實業有限公司)("**Yangpu Zhaohe**")*. e) HK$85,800,000 was used to settle the acquisition cost of 30% equity interests of Aveo China. f) Approximately HK$153,994,000 was used for purchasing and improvement of medical and healthcare equipment.
(ii) The remaining balance of approximately HK$299,250,000 will be used for reduction of the borrowings of the Group	HK$299,250,000 was used for reduction of the borrowings of the Group.

Note:

* Yangpu Zhaohe owns 72.5% of the equity interests in Tongren Healthcare with the remaining 27.5% equity interests owned by the another wholly-owned subsidiary of the Group.

Intended use of the net proceeds	**Net proceeds used in previous financial years**	**Net proceeds used in the year ended 31st December, 2021**	**Remaining balance of the net proceeds as at 31st December, 2021**
	HK$'000	*HK$'000*	*HK$'000*
(i) An amount of approximately HK$600,000,000 will be used for working capital and for expansion of the Group's hospital and healthcare, and aged care businesses	586,972	13,028	—
(ii) The remaining balance of approximately HK$299,250,000 will be used for reduction of the Group's borrowings	299,250	—	—
Total	886,222	13,028	—

The detailed breakdown of proceeds used during the year ended 31st December, 2020 is as follows:

	HK$'000
For the construction cost of Block D of NJH	2,192
For the construction cost of Block F of NJH	4,867
For the purchase and improvement of medical and healthcare equipment	5,969
Total	13,028

As at 31st December, 2021, the total net proceeds from Subscription have been fully utilised.

During the year under review, the Company did not repurchase any shares (2020: nil) in the capital of the Company.

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

CHARGE ON GROUP ASSETS

As at 31st December, 2021, the Group's investments held for trading of HK$14,791,000 (2020: HK$21,759,000), buildings (included in property, plant and equipment) of HK$220,352,000 (2020: HK$175,209,000), investment properties of HK$520,825,000 (2020: HK$502,792,000), properties held for sale of HK$4,435,000 (2020: HK$37,545,000), pledged bank deposits of HK$46,678,000 (2020: HK$12,670,000) and medical equipment of HK$75,214,000 (2020: HK$91,022,000) were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the Group.

CAPITAL COMMITMENT

As at 31st December, 2021, the Group had capital commitment contracted for but not provided relating to the acquisition of property, plant and equipment and investment properties of HK$30,692,000 (2020: HK$28,720,000) and HK$2,853,000 (2020: HK$25,387,000) respectively.

CONTINGENT LIABILITIES

Save as disclosed in this report, as at 31st December, 2021, the Group is not aware of any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS

Save as disclosed in this report, during the year ended 31st December, 2021, the Group did not hold any other significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures.

Save as disclosed in this report, as at 31st December, 2021, the Group did not have any plan for material investments or capital assets.

EMPLOYEES

The Group had 2,492 employees as at 31st December, 2021 (2020: 2,462). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS

Healthcare Division:

In 2022, at the hospital healthcare level, the Division will cautiously carry out the development of KMH Phase II, the Nuclear Medicine Centre of NJH and other important strategic projects so as to achieve deeper development of its specialist capabilities in primary care, integrate cutting-edge research technology and multidisciplinary treatment, and build a large specialist system with high technological barriers. As to consumer healthcare level, the Division will continue the development of high-end outpatient clinics, Cedar Care Polyclinic, build an innovative business model with focuses on ENT, light-assets and out-patient medical care, cater for multi- dimensional market stratification needs, accelerate the efficient penetration of our medical resources, experience and practice towards the consumer healthcare market, and establish a medical brand with superior specialist clusters.

Eldercare Division:

Under the prevailing difficult operating environment, the Division will nurture a corporate culture of “attentiveness, consideration and reliability”. The Division will make good use of its institutional system, training resources, assessment and incentives system, etc. to improve the working style and habits of staff. It will strengthen its marketing efforts to promote the sales of eldercare products, upgrade the eldercare services offered, enhance the engagement of the elders so as to improve their experience. It will launch home care services in due course, strengthen the establishment of online and offline sales channels to further improve the overall operating performance.

Others:

Progressive vaccination and more government fiscal stimulus have raised hopes but uncertainty and pressure on economic and business environment remain as new waves and variants of the coronavirus, and geo-political conflicts and tensions are posing worry. Against this backdrop of uncertain global and local economic, business and investment outlooks, the operating environments of the Group will continue to be difficult and the Group will remain cautious and continue to review and adjust its business and investment strategies, and investment portfolio to suit the prevailing challenging economic and investment environments and will seek investment and business opportunities in the PRC, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

For the year ended 31st December, 2022

FINANCIAL RESULTS

For the year ended 31st December, 2022, the Group recorded a total revenue of HK$1,437,863,000 (2021: HK$1,465,679,000) representing an approximately 1.9% decrease as compared with the total revenue for the year ended 31st December, 2021 ("**FY2021**") and a loss attributable to owners of the Company of HK$123,574,000 (2021: HK$137,296,000) representing (a) an approximately 10.0% decrease as compared with the loss attributable to owners of the Company for FY2021; but (b) an approximately 80.5% increase ("**Increase**") as compared with the loss attributable to owners of the Company for FY2021 excluding the one- off non-recurring item of impairment loss on loan receivable (2021: HK$68,846,000).

Such Increase in loss attributable to owners of the Company was mainly due to (i) the decrease in revenue from operations of the Eldercare Division as disrupted by the partial lockdown and social restriction arising from the resurgence of the COVID-19 pandemic in Shanghai; (ii) the pre-operation expenses of Cedar Care Polyclinic in Nanjing ("**NCCC**") newly opened in October 2022; (iii) the increase in employee benefit expenses of the Healthcare Division after revision of base salaries for social insurance contribution; (iv) the increase in impairment loss under expected credit losses model (excluding loan receivable); (v) the loss on fair value changes on investment properties; (vi) the provision for properties under development for sale and properties held for sale; (vii) the written-off of property, plant and equipment; and (viii) the increase in repair and maintenance charge of the Healthcare Division which were partially off-set by (ix) no impairment loss of goodwill.

Loss per share (basic) for the year ended 31st December, 2022 was HK17.07 cents (2021 (restated): HK18.96 cents) which has been adjusted to reflect the effect of share consolidation effective on 24th February 2023.

The Group's net asset value per share as at 31st December, 2022 amounted to HK$2.15 (2021 (restated): HK$2.35) which has been adjusted to reflect the effect of share consolidation effective on 24th February 2023.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend (2021: nil) for the year ended 31st December, 2022.

REVIEW OF OPERATIONS

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

Healthcare Division:

During the year 2022, the operating environment of the Group has been adversely impacted by the partial lockdown and social restriction arising from the resurgence of the COVID-19 pandemic in Nanjing, the People's Republic of China (the "**PRC**"), the consequential epidemic preventive measures, and the impacts from the reform of the national healthcare policies and medical insurance policies in particular the relevant medical insurance payment and settlement policies. Under such challenging operating conditions, the Group's Healthcare Division, operated through its wholly-owned subsidiary, Tongren Healthcare Industry Group Co., Ltd. (同仁醫療產業集團有限公司), achieved a revenue of HK$1,382,134,000 (2021: HK$1,372,032,000) and a reduced profit of HK$12,828,000 (2021: HK$59,573,000) inclusive of increase in impairment loss under expected credit losses model of trade receivables of HK$34,493,000 (2021: reversal of impairment loss of HK$9,182,000). Without interest, tax, depreciation and amortisation, the Healthcare Division generated an EBITDA, being earnings before interest, tax, depreciation and amortisation, of HK$143,774,000 (2021: HK$195,569,000) for the year ended 31st December, 2022.

Nanjing hospital of the Healthcare Division ("**NJH**"):

For NJH, a Class III integrated hospital located in Jiangning Development Zone, Nanjing City, Jiangsu Province, the PRC and the Division's flagship hospital, currently it operates 41 clinical medical & technical departments including 1 national key clinical specialty (otorhinolaryngology ("**ENT**"), head and neck surgery), 1 provincial key clinical specialty (ENT, head and neck surgery), 6 municipal key medical specialties (ENT, head and neck surgery, ophthalmology, neurology, medical imaging, anaesthesiology and clinical laboratory) as well as the approved Nanjing Tongren's ENT Hospital, Nanjing Tongren Internet Hospital and Nanjing Tongren Children's Hospital.

During the year under review:

(i) for epidemic prevention and control: in accordance with the unified plan of the Health Committee of the local district, NJH conducted nucleic acid tests for over 22,400 people from March 2022 to December 2022. NJH was also responsible for the COVID-19 vaccination and healthcare services for multiple community healthcare centres in Hengxi (橫溪), Taowu (陶吳) and Guli (谷里) in Jiangning District. In order to optimise the human resources and complete emergency deployment, NJH merged 12 wards for the admission of COVID-19 patients with daily out-patient admission for fever cases exceeded 1,000 visits. The epidemic in Nanjing gradually peaked in December 2022;

(ii) for application of integrated hospital accreditation: NJH had successfully passed the Class III B assessment and will prepare for the next round of accreditation application;

(iii) or scientific research development: NJH established a ENT, head and neck surgery laboratory for Professor Gong Shusheng, a nationally renowned otology expert, with Professor Zhang Xiaoliang from Zhongda Hospital, Southeast University, officially joined its nephrology department, which enhanced the influence and coverage of NJH's medical specialty. Besides, NJH joined the 12th Nanjing Priority Medical Specialty Declaration (第十二屆醫學重點專科申報工作) and its medical laboratory department was recognised as a key medical specialty in Nanjing. Furthermore, the department of stomatology was successfully admitted as a base cultivation centre in Nanjing while the department of medical laboratory completed the re-evaluation of ISO15189. In addition, NJH passed the preliminary review of the 5th Grade National Electronic Medical Record in Jiangsu Province (江蘇省國家電子病歷五級) in 2022, being the only private hospital in Jiangsu Province to pass such assessment. NJH was recognised as an elderly-friendly hospital in Jiangsu Province; and

(iv) for marketing and public relation: the committee of the Communist Youth League of NJH won the honorary title of "Nanjing May 4th Red Flag Committee" (南京市五四紅旗團委). NJH was included in the list of "Top 50 of the Best Brand Marketing Private Medical Institutions" (最佳品牌營銷民營醫療機構50強). Besides, NJH actively pursued the construction of an integrated healthcare system that consists of community medical service centres, community healthcare stations, elderly homes, out-patient clinics and private hospitals, in order to establish an integrated healthcare and treatment model featuring "initial diagnosis in grass-root level, two-way referral, separate treatment of acute and chronic diseases" and achieve mutual recognition of diagnosis results within the integrated healthcare system improving medical services offered. NJH had successively entered into agreements with Jiangqiao Hospital of Integrated Traditional Chinese and Western Medicine (江喬中西醫結合醫院), Qiande Hospital (乾德醫院),

Yuecheng Hospital of Traditional Chinese (悦成中醫院) and Danxi Hospital of Traditional Chinese (丹溪中醫院), incorporating them as the branches of the approved hypertension centre of the hospital. NJH went deep into the community and enterprises to conduct healthcare lectures, free medical consultations, first-aid training, etc. and completed 19 various public welfare activities during the year. Through such charity events, NJH strengthened its communication with the surrounding community, enterprises and others units, and established a public welfare image.

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

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

During the year under review:

(i) for specialty and department development: KMH completed the construction of three major centres and the emergency network system after the acceptance inspection of the trauma centres, enhancing KMH's capabilities of comprehensive treatment for myocardial infarction, cerebral infarction and trauma patients. Besides, KMH completed the initial assessment for the approved hypertension centre and the official online assessment meeting, and was officially recognised as a national approved hypertension centre. As such, driven by the chest pain centre under national standard, KMH formed the atrial fibrillation centre, heart failure centre and approved hypertension centre, forming the foundation of the heart centre. In addition, KMH launched night clinic since June 2022 and become the first "credit-based" (信用就醫) hospital in the province, implementing "treat first and pay later" (先治後付) mode. KMH further improved its service quality and coverage, optimised its medical resources distribution and clinical processes. Furthermore, KMH organised the pre-declaration work for "Kunming Spring City Industrial Mentors" (昆明市春城產業導師) and the declaration of talent cultivation projects in the resort district;

(ii) for application of integrated hospital accreditation: On-site assessment was carried out in July 2022. Experts conducted comprehensive evaluation of KMH through interviews, questionnaire, data inspection and on-site drill who provided many ideas and recommendations for the future development and operations of KMH. KMH had successfully passed the Class III A assessment;

(iii) for marketing and public relation: KMH launched "Medical and Elderly Home Integration" (醫養結合), an elderly healthcare project, and regularly visited Hongqi Elderly Home (紅旗養老院), Shulin Elderly Home (書林養老院), Baishou Elderly Home

(柏壽養老院) and other collaborators and provide healthcare guidance. Through these elderly healthcare services, KMH fulfilled the social responsibility and improved its popularity and reputation. KMH also entered into letters of intent for cooperation with four insurance companies such as Ping An Annuity Insurance and China Taiping General Insurance to start the cooperation practice of in-depth integration of commercial insurance and healthcare; and

(iv) for the development of KMH Phase II: in July 2022, the Company announced that after a tendering and selection process, KMH entered into the construction agreement with the main contractor for the construction of the KMH Phase II, which includes, among others, the integrated inpatient building (綜合住院樓), thyroid centre (甲狀腺中心) and the rehabilitation medical building (康復醫學樓) at the consideration of RMB225.9 million.

NCCC:

NCCC, the high-end integrated clinic situated at the prime commercial building in central business district of Hexi, Nanjing, commenced operation in October 2022 and offered a wide range of healthcare services, such as general practice, ophthalmology, otorhinolaryngology, stomatology and medical aesthetic.

For the year under review, the Healthcare Division achieved an increase in business volume with NJH recorded a total of 2,961,246 out-patients visits (2021: 1,180,171), 27,963 in-patient admissions (2021: 27,154) and 58,643 body-checks (2021: 62,612), KMH recorded a total of 358,445 out-patients visits (2021: 299,951), 16,839 in-patient admissions (2021: 15,917) and 91,581 body-checks (2021: 70,810) and NCCC recorded a total of 1,813 out-patients visits (2021: nil). As at 31st December, 2022, NJH operated with 403 doctors (2021: 402), 525 nurses (2021: 532) and 1,144 beds (2021: 1,015), KMH operated with 267 doctors (2021: 266), 401 nurses (2021: 387) and 500 beds (2021: 475) and NCCC operated with 41 doctors (2021: nil) and 16 nurses (2021: nil).

Eldercare Division:

For the year ended 31st December, 2022, the Group's Eldercare Operations, operated through its wholly-owned subsidiary, Aveo China (Holdings) Limited, recorded a decreased revenue of HK$49,787,000 (2021: HK$79,889,000) and a decreased loss of HK$51,169,000 (2021: HK$72,135,000) inclusive of a loss on fair value changes on investment properties of HK$11,318,000 (2021: HK$1,404,000) and a provision for properties held for sale of HK$5,694,000 (2021: HK$7,228,000) which were partially off-set by no impairment loss of goodwill (2021: HK$34,043,000). The operations of the Division were affected by the negative impacts of the COVID-19 epidemic in Shanghai, the PRC, the consequential restrictive regulations and measures on elders community village and the increasingly tightened regulation and control in elders real estate market in the PRC.

As of 31st December, 2022, Tide Health Campus (天地健康城) of the Eldercare Division located in Zhu Jia Jiao County, Qingpu District, Shanghai, the PRC, a retirement community village that integrates community eldercare, institutional eldercare, home eldercare and eldercare nursing hospital (Shanghai Deyi Hospital, "**SDH**"), sold 856 Independent Living Units ("**ILU**"s) out of a total inventory of 868 ILUs and among which 2 ILUs (net) (2021: 14) were recorded as sales in the year under review with more than 347 residents (2021: 346) moved into the retirement community village. In addition, the Division's service apartments ("**SA(s)**") consist of two 11-storey buildings with the construction and renovation of the first building and the second building completed in November 2016 and May 2020 respectively, offering a total of 210 SAs (2021: 210) for lease. As at 31st December, 2022, the Division leased out 57 SAs (2021: 59).

During the year under review:

(i) for community village operations: due to the continuous impact of the epidemic, the community activities were carried out in a limited extent, causing some elderly people to move out of the community village. At the same time, in accordance with the regulatory requirements of Ministry of Civil Affairs, nursing homes were under semi-closed management, group activities were suspended, which further affected the Division's operating performance. During the year, the Division mitigated pressure on the operation by integrating services and implementing strict cost control; and

(ii) for SDH's operation: the performance of in-patient and out-patient had yet to recover to the level before the epidemic. Despite the difficulties in operation, SDH continued to strengthen its daily management and cost control and made positive progress in cultural development. During the year, SDH ranked the first in Qingpu District and was recognised as an "Elderly-Friendly Medical Institution" (老年友善醫療機構) and highly praised by the local authorities.

During the year ended 31st December, 2022, SDH recorded a total of 16,510 out-patients visits (2021: 25,330) and 8,998 in-patient admissions (2021: 8,670). As at 31st December, 2022, SDH operated with 22 doctors (2021: 21), 17 nurses (2021: 17) and 100 beds (2021: 100). As of 31st December, 2022, home care services were rendered to a total of 40 elders (2021: 34) with 3,795 visits (2021: 5,419).

As at 31st December, 2022, following the transfer of an investment property to property under development for sale upon the change in use, the Division's investment properties portfolio, 100% attributable to the Group, comprising 2 SAs (2021: 3) (two 11-storey buildings with total gross floor area ("**GFA**") of 17,117m^2) and the retail shopping precinct (retail shops with GFA of 1,980m^2 and shopping mall with GFA of 7,354m^2) with a total value amounted to HK$350,086,000 (2021: HK$549,570,000). The Division's property under development for sale consisted of a residential property in Shanghai, the PRC, amounted to HK$147,402,000 (2021: nil).

Property Development:

For the year ended 31st December, 2022, the Group's property development business recorded a decreased revenue of HK$732,000 (2021: HK$6,803,000) and a loss of HK$24,329,000 (2021: profit of HK$439,000) inclusive of provision for properties under development for sale of HK$5,000,000 (2021: nil), provision for properties held for sale of HK$1,162,000 (2021: nil) and written-off of property, plant and equipment of HK$10,296,000 (2021: nil) among the PRC real estate market under stress. As at 31st December, 2022, the Division's properties under development for sale increased to HK$38,204,000 (2021: HK$6,488,000) consisted of a parcel of commercial land in Lianyungang, the PRC, and an office premise in Guangzhou, the PRC, following the transfer of an investment property to property under development for sale upon the change in use during the year.

Property Investment:

For the year ended 31st December, 2022, the Group's investment properties portfolio, for leasing, located in Hong Kong and the PRC recorded an increased rental income of HK$5,188,000 (2021: HK$4,756,000) but a loss of HK$9,397,000 (2021: profit of HK$6,296,000) with a loss on fair value changes on investment properties of HK$12,628,000 (2021: gain of HK$3,694,000).

As at 31st December, 2022, following the transfer of an investment property to property under development for sale upon change in use, the Division's investment properties portfolio, 100% attributable to the Group decreased to HK$207,003,000 (2021: HK$256,875,000).

Securities Trading and Investments:

For the year under review, the Group's activities in securities trading and investments recorded a revenue of HK$22,000 (2021: HK$2,199,000) and a loss of HK$2,594,000 (2021: HK$4,506,000). This was mainly due to the loss in fair value of investments held for trading of HK$2,702,000 (2021: HK$4,784,000).

As at 31st December, 2022, the Group maintained a portfolio of financial assets at fair value through profit or loss ("**FVTPL**") and debt instruments at fair value through other comprehensive income ("**FVTOCI**") of HK$802,000 (2021: HK$5,484,000) and a portfolio of investments held for trading of HK$12,089,000 (2021: HK$14,791,000).

Investments held for trading:

As at 31st December, 2022, the Group's investments held for trading consisted of securities listed in different geographic locations and their respective performance were as follows:

Geographic Location	**Carrying value 2022**	**Carrying value 2021**	**Realised gain/(loss) 2022**	**Fair value loss 2022**	**Dividend received 2022**	**% of carrying value to the Group's total assets 2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000%*	
Hong Kong	9,966	12,065	—	(2,099)	22	0.31%
Australia	1,369	1,658	—	(289)	—	0.04%
Philippines	754	1,068	—	(314)	—	0.02%
Total	12,089	14,791	—	(2,702)	22	

As at 31st December, 2022, the Group's investments held for trading consisted of investments in different category of companies and their respective performance were as follows:

Principal business	Carrying value 2022	Carrying value 2021	Realised gain/(loss) 2022	Fair value loss 2022	Dividend received 2022	% of carrying value to the Group's total assets 2022
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	%
Entertainment and media	1,210	1,551	—	(341)	—	0.04%
Financial services and investment	140	254	—	(114)	—	0.00%
Industrial materials	3,747	5,041	—	(1,294)	—	0.12%
Property and construction	6,992	7,945	—	(953)	22	0.22%
Total	12,089	14,791	—	(2,702)	22	

As at 31st December, 2022, there was no investment held for trading which was significant to the Group (exceeded 5% the total assets of the Group).

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

Money Lending:

For the year under review, the Group's money lending business recorded no interest income (2021: nil) and a loss of HK$5,202,000 (2021: HK$75,000,000) with no further impairment loss recognised on the loan receivable and other relevant receivables (2021: HK$75,000,000). As at 31st December, 2022, the carrying value of the loan receivable ("**Loan**"), after full impairment provision, is nil (2021: nil).

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

During the year under review, the Group was awarded that the Borrower has announced that the listing of the shares of the Borrower was cancelled in January 2022 since the Borrower failed to fulfil the resumption guidance set by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

In view of the above-mentioned development and based on information available at the material time, the Group made a prudent full impairment loss allowance on the Loan in 2021. However, the Group and the Receivers will continue to maintain dialogue with the Borrower Group and the new JPLs, if possible, discuss and negotiate with potential investors, regularly monitor the progress of settlement, enforcement and/or realisation of security assets, reassess the value of securities, based on the information currently available to the Group from time to time and shall take all appropriate actions as and when appropriate.

Subsequent to the year end, the Group was also awarded that the Borrower Subsidiary II has announced that the listing of the shares of the Borrower Subsidiary II was cancelled in February 2023 since the Borrower Subsidiary II failed to fulfil the resumption guidance set by the Stock Exchange.

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

As at 31st December, 2022, the Group's non-current assets of HK$2,199,101,000 (2021: HK$2,507,443,000) consisted of investment properties of HK$557,089,000 (2021: HK$806,445,000), property, plant and equipment of HK$1,480,940,000 (2021: HK$1,541,800,000), right-of-use assets of HK$130,156,000 (2021: HK$152,309,000), financial assets at FVTPL of HK$802,000 (2021: HK$802,000) and deposits for acquisition of property, plant and equipment of HK$30,114,000 (2021: HK$6,087,000). These non-current assets are principally financed by the Group's shareholders' funds.

As at 31st December, 2022, the total borrowings of the Group amounted to HK$933,603,000 (2021: HK$919,940,000) consisting of secured bank borrowings of HK$134,782,000 (2021: HK$210,140,000), unsecured bank borrowings of HK$452,179,000 (2021: HK$367,701,000), secured other borrowings of HK$33,803,000 (2021: HK$74,895,000) and unsecured term loans of HK$312,839,000 (2021: HK$267,204,000). Among the total borrowings of the Group, HK$544,816,000 (2021: HK$603,533,000) was with maturity of less than one year, HK$369,604,000 (2021: HK$267,358,000) was with maturity more than one year but not exceeding two years and HK$19,183,000 (2021: HK$49,049,000) was with maturity more than two years but not exceeding five years.

As at 31st December, 2022, the Group's gearing ratio, calculated on the basis of the Group's net borrowings (after pledged bank deposits, restricted bank deposits and bank balances and cash) over total equity, was approximately 20.2% (2021: approximately 16.5%). The Group's gearing ratio would be adjusted to approximately 19.5% (2021: approximately 15.3%) with marketable securities inclusive of investments held for trading deducted from the net borrowings.

As at 31st December, 2022, the Group recorded a net current liabilities amounted to HK$97,285,000 (2021: HK$356,380,000). As at 31st December, 2022, the Group had undrawn, unsecured, standby credit facility with terms of more than one year amounting to HK$415,000,000 ("**Medium Term Standby Loan Facility**").

Taking into account that (i) there exists the ongoing availability of finance to the Group, including the cash flows generated from its principal operations, the existing banking facilities, successful refinancing of certain bank borrowings of HK$33,700,000 subsequent to the reporting period and the utilisation of the Medium Term Standby Loan Facility from a financial institution if necessary; (ii) the Medium Term Standby Loan Facility gives the Group more flexibility in refinancing the Group's current liabilities with non-current borrowings; (iii) given the Group's relatively low gearing level, it can raise additional finance, if necessary; and (iv) the Group generated positive cash flows from operations in the current and prior year, the directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the end of the reporting period.

During the year under review, the Company did not repurchase any shares (2021: nil) in the capital of the Company.

Subsequent to the year end, in January 2023 the Company announced the proposal of i) the share consolidation on the basis that every twenty (20) issued and unissued existing shares of HK$0.0005 each be consolidated into one (1) consolidated share of HK$0.01 each (the "**Share Consolidation**") and ii) the change in board lot size for trading on the Stock Exchange from 10,000 existing shares to 5,000 consolidated shares subject to and upon the Share Consolidation becoming effective (the "**Change in Board Lot Size**"). As at the date of that announcement, the authorised share capital of the Company is HK$300,000,000 divided into 600,000,000,000 existing shares of par value of HK$0.0005 each, of which 14,480,072,773 existing shares have been issued and were fully paid or credited as fully paid. Upon the completion of the Share Consolidation, the authorised share capital of the Company would become HK$300,000,000 divided into 30,000,000,000 consolidated shares of par value of HK$0.01 each, of which 724,003,638 consolidated shares will be in issue which are fully paid or credited as fully paid. The Share Consolidation was approved by shareholders at the special general meeting held on 22nd February 2023. As such, the Share Consolidation and the change in board lot size have become effective on 24th February 2023.

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

CHARGE ON GROUP ASSETS

As at 31st December, 2022, the Group's investments held for trading of HK$12,089,000 (2021: HK$14,791,000), buildings (included in property, plant and equipment) of HK$242,520,000 (2021: HK$220,352,000), investment properties of HK$326,049,000 (2021: HK$520,825,000), properties under development for sale of HK$147,402,000 (2021: nil), properties held for sale of nil (2021: HK$4,435,000), pledged bank deposits of HK$24,319,000 (2021: HK$46,678,000) and medical equipment of HK$42,400,000 (2021: HK$75,214,000) were pledged to banks, financial institution, securities brokers houses and finance lease provider to secure credit facilities granted to the Group.

CAPITAL COMMITMENT

As at 31st December, 2022, the Group had capital commitment contracted for but not provided relating to the acquisition of property, plant and equipment and investment properties of HK$276,746,000 (2021: HK$30,692,000) and nil (2021: HK$2,853,000) respectively.

CONTINGENT LIABILITIES

Save as disclosed in this report, as at 31st December, 2022, the Group is not aware of any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSAL, AND FUTURE PLANS

Save as disclosed in this report, during the year ended 31st December, 2022, the Group did not hold any other significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures.

Save as disclosed in this report, as at 31st December, 2022, the Group did not have any plan for material investments or capital assets.

EMPLOYEES

The Group had 2,577 employees as at 31st December, 2022 (2021: 2,492). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

PROSPECTS

Healthcare Division:

In 2023, the Division will cautiously carry out the construction of the KMH Phase II, and the Oncology and Nuclear Medicine Centre of NJH and continue the development of high-end out-patient clinics, NCCC, so as to achieve enhancement and upgrade in the midst of new opportunities and challenges.

While the Division will continue to improve the operational management in enhancing the revenue stream, service quality as well as cost control, the Division will put efforts on scientific research development and introduction of academic leaders, in order to strengthen the foundation of the hospitals and accelerate the development and business expansion of the Division. The Division will also leverage on its own medical advantages to drive consumer medical specialties, such as medical aesthetics and postnatal care centres to strengthen its internal capabilities and enhance its branding with advanced medical technology, diversified product portfolio and high-quality service experience.

Eldercare Division:

In 2023, the Division plans to improve the overall operating results by increasing the occupancy rate of its elderly homes, adjusting the operation model of its SAs and improving its service quality. The Division will maintain the customers in the community village and enhance service reputation by introducing free medical consultation and organising more community activities to improve the experience of the elders. Besides, the Division will overhaul its marketing process through community promotion and establishment of its own we- media to attract potential customers. The Division will also improve the quality and efficiency by strengthening internal management, optimising products and services and refining management of operating costs. Moreover, the Division will raise the remuneration of front-line staff to motivate them in keeping the service quality.

Others:

The Group expects that volatility in the economic and business environment will remain due to factors such as seemingly accelerating geo-political conflicts and tensions, spiralling global inflation, continued interest rate hike and long term ill-effects of the pandemic. With the uncertainty in the economic and business outlooks amid the post-pandemic era, and the impact from increasingly stringent national healthcare polices and medical insurance policies, the operating condition of the Group will continue to be challenging. The Group will be cautious and continue to review and adjust its business and investment strategies, and investment portfolio to suit the prevailing challenging economic and investment environment and will seek investment and business opportunities in the PRC, Hong Kong and the Asia Pacific region to enhance value for its shareholders.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP AFTER COMPLETION OF THE CMH OFFER

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP IN CONNECTION WITH THE CMH OFFER

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities as at 31st December, 2022 of the Enlarged Group on the basis of the notes set out below for the purpose of illustrating the effect of the CMH Offer to the Group, as if it had taken place on 31st December, 2022 (the "**Unaudited Pro Forma Financial Information of the Enlarged Group**"). Upon completion of the CMH Subscription and the CMH Acquisition, the CMH Offer takes place pursuant to rule 26.1 of the Takeovers Code. The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company ("**Directors**") in accordance with paragraph 4.29 of the Listing Rules, on the basis which is consistent with the accounting policies and presentation format of the Group.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31st December, 2022 as set out in the Group's annual report published on 21st April, 2023; (ii) the audited consolidated statement of financial position of CMH Group as at 31st December, 2022 as set out in the CMH Group's annual report published on 27th April, 2023 ("**CMH 2022 Annual Report**"); and (iii) the audited statement of financial position of Boost as at 31st December, 2022 and the pro forma adjustments as extracted from a circular issued by ASL on 10th June, 2023 (the "**ASL Circular**").

The Unaudited Pro Forma Financial Information of the Enlarged Group assumes the CMH Offer is accepted in full by all the CMH Independent Shareholders. Therefore, the CMH Group will be consolidated by the Group using Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" ("**HKFRS 10**") and applying Hong Kong Financial Reporting Standard 3 "Business Combination" ("**HKFRS 3**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the CMH Offer that are (i) directly attributable to the CMH Offer; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not purport to predict what the assets and liabilities of the Enlarged Group would have been if the CMH Offer had been completed on 31st December, 2022 nor in any future period or on any future dates.

The Unaudited Pro forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the historical financial information of CMH Group as set out in the CMH 2022 Annual Report and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	As at 31st December, 2022												
			Pro forma adjustments of acquisition of Boost					Pro forma adjustments related to CMH Offer					
	The Group	Boost					CMH Group						The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2A*	*Note 2B*	*Note 2C*	*Note 2D*	*Note 2E*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	
NON-CURRENT ASSETS													
Property, plant and equipment	293,328	–	–	–	–	–	1,480,940	–	–	–	–	–	1,774,268
Right-of-use assets	36,341	–	–	–	–	–	130,156	–	–	–	–	–	166,497
Investment properties	16,003,927	1,356,900	(356,958)	–	4,655	235,403	557,089	–	–	–	–	–	17,801,016
Properties for development	1,751,721	–	–	–	–	–	–	–	–	–	–	–	1,751,721
Other assets – property interests	14,884	–	–	–	–	–	–	–	–	–	–	–	14,884
Interest in associates	2,199,420	–	–	–	–	–	–	–	–	–	–	–	2,199,420
Interests in joint ventures	9,958,999	–	–	–	–	–	–	–	–	–	–	–	9,958,999
Loans receivable	229,541	–	–	–	–	–	–	–	–	–	(71,615)	–	157,926
Financial assets at fair value through profit or loss	606,691	–	–	–	–	–	–	–	–	–	–	–	606,691
Equity instruments at fair value through other comprehensive income	153,612	–	–	–	–	–	–	–	(102,164)	–	–	–	51,448
Club memberships	4,261	–	–	–	–	–	802	–	–	–	–	–	5,063
Deferred tax assets	157,331	–	–	–	–	–	–	–	–	–	–	–	157,331
Deposits for acquisition of property, plant and equipment	–	–	–	–	–	–	30,114	–	–	–	–	–	30,114
	31,410,056	1,356,900	(356,958)	–	4,655	235,403	2,199,101	–	(102,164)	–	(71,615)	–	34,675,378
CURRENT ASSETS													
Inventories of properties													
– under development	4,199,691	–	–	–	–	–	185,606	–	–	–	–	–	4,385,297
– completed	2,049,214	–	–	–	–	–	91,688	–	–	–	–	–	2,140,902
Other inventories	3,345	–	–	–	–	–	35,313	–	–	–	–	–	38,658
Amounts due from joint ventures	1,232,522	–	–	–	–	–	–	–	–	–	–	–	1,232,522
Loans receivable	515,582	–	–	–	–	–	–	–	–	–	–	–	515,582
Trade and other receivables, deposits and prepayments	479,245	2,960	–	–	–	–	94,654	–	–	–	–	–	576,859
Financial assets at fair value through profit or loss	185,795	–	–	–	–	–	–	–	–	–	–	–	185,795
Equity securities at fair value through profit or loss	40,863	–	–	–	–	–	12,089	–	–	–	–	(1,104)	51,848
Prepaid tax	4,561	–	–	–	–	–	–	–	–	–	–	–	4,561
Pledged bank deposits	532	–	–	–	–	–	24,319	–	–	–	–	–	24,851
Restricted bank deposits	3,968,336	–	–	–	–	–	714	–	–	–	–	–	3,969,050
Cash and cash equivalents	5,158,505	4	–	–	(4,655)	–	589,050	309,100	(833,462)	(5,000)	–	–	5,213,542
	17,838,191	2,964	–	–	(4,655)	–	1,033,433	309,100	(833,462)	(5,000)	–	(1,104)	18,339,467

	As at 31st December, 2022												
			Pro forma adjustments of acquisition of Boost					Pro forma adjustments related to CMH Offer					
	The Group	Boost					CMH Group						The Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2A*	*Note 2B*	*Note 2C*	*Note 2D*	*Note 2E*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	
CURRENT LIABILITIES													
Trade and other payables	2,298,174	160,436	1,000,000	(157,530)	–	–	421,462	–	–	–	–	–	3,722,542
Contract liabilities	7,462,632	–	–	–	–	–	40,744	–	–	–	–	–	7,503,376
Tax liabilities	2,103,886	–	–	–	–	–	111,539	–	–	–	–	–	2,215,425
Interest-bearing borrowings	1,480,793	800,000	–	(800,000)	–	–	544,816	–	–	–	–	–	2,025,609
Interest-free borrowings	589,821	116,591	(112,053)	(4,538)	–	–	6,178	–	–	–	–	–	595,999
Lease liabilities	–	–	–	–	–	–	5,979	–	–	–	–	–	5,979
	13,935,306	1,077,027	887,947	(962,068)	–	–	1,130,718	–	–	–	–	–	16,068,930
NON-CURRENT LIABILITIES													
Other payables	–	–	–	–	–	–	12,689	–	–	–	–	–	12,689
Contract liabilities	–	–	–	–	–	–	10,276	–	–	–	–	–	10,276
Lease liabilities	–	–	–	–	–	–	39,439	–	–	–	–	–	39,439
Interest-bearing borrowings	4,532,924	–	–	–	–	–	388,787	–	–	–	(79,775)	–	4,841,936
Rental deposits from tenants	18,913	–	–	–	–	–	–	–	–	–	–	–	18,913
Deferred tax liabilities	3,256,876	–	–	–	–	–	71,766	–	–	–	–	–	3,328,642
	7,808,713	–	–	–	–	–	522,957	–	–	–	(79,775)	–	8,251,895
NET ASSETS (LIABILITIES)	27,504,228	282,837	(1,244,905)	962,068	–	235,403	1,578,859	309,100	(935,626)	(5,000)	8,160	(1,104)	28,694,020

Notes:

1. The amounts are extracted from the latest published audited consolidated financial statements of the Group as at 31st December, 2022 as set out in the annual report of the Group for the year ended 31st December, 2022.

2. Boost has become a subsidiary of ASL on 7th July, 2023 upon completion of the very substantial acquisition, in connection of the ASL Circular. For the purpose of presenting the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, the pro forma impact of the acquisition of Boost (the "**Acquisition**"), as disclosed in the unaudited pro forma financial information set out in the ASL Circular, has been incorporated here to illustrate the impact to the Group as if it had taken place on 31st December, 2022.

   The amounts from Notes 2A to 2E are extracted from the ASL Circular (page 108): https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0609/2023060901238.pdf

2A The amounts represent the recognition of the assets and liabilities of Boost as at 31st December, 2022 which are extracted from the audited financial statements of Boost as at 31st December, 2022 which were stated in the accountants' report as set out in Appendix II of the ASL Circular.

2B. Boost principally holds commercial units and carparks in Hong Kong. The Acquisition is not considered as a business combination under HKFRS 3 issued by HKICPA. Instead, it shall be accounted for as assets acquisition through acquisition of an entity. In accordance with HKFRS 3, the consideration shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the completion of the Acquisition and such a transaction does not give rise to goodwill. The adjustment of HK$356,958,000 being the difference of HK$1,356,900,000 (based on the accountant's report, with valuation carried out by Boost's valuer) and HK$999,942,000 which represents the fair value of consideration transferred for the Acquisition of HK$1,000,000,000 ("**Total Payment**"), net off the carrying amount of the other identifiable net assets of HK$58,000 (which represents the trade and other receivables, deposits and prepayment of HK$2,960,000 and cash and cash equivalents of HK$4,000, net off with the creditors and accruals of HK$2,906,000 which are directly relating to operations of a property which comprises certain commercial units on Basement 1, Ground Floor to Fourth Floor of Concord Square at the Blue Yard, 1 Tai Uk Street and 88 Chuen Lung Street, Tsuen Wan, New Territories and 91 car-parking spaces on Basement 2 of Concord Square, with a total gross floor area of 163,538 sq. ft.).

The adjustment represents the Acquisition at a consideration of HK$3 for (i) the entire issued share capital of Boost and (ii) the assignment of HK$112,053,000 of amount due to a shareholder in Boost to Cosmic Gold Holding Limited (the "**Purchaser**"), an indirectly wholly-owned subsidiary of ASL and the elimination of the relevant amount upon completion of the Acquisition, assuming the Acquisition had taken place on 31st December, 2022.

The adjustment to other payable represents the Total Payment payable by the Purchaser upon completion of the Acquisition.

2C. The adjustment represents the elimination of trade and other payables of HK$157,530,000, interest-free borrowings of HK$4,538,000 and interest-bearing borrowings of HK$800,000,000 by Boost as at 31st December, 2022 assuming the Acquisition had taken place on 31st December, 2022, in accordance with the novation deeds which shall be entered into at completion of the Acquisition pursuant to the Sale and Purchase Agreement (as defined in P.105 Appendix IV of the ASL Circular). These amounts of owing by Boost will be novated to Mr. Wong Sai Chung as at the completion of the Acquisition, who is the former ultimate shareholder of Boost.

2D. The adjustment represents the estimated transaction costs attributable to the Acquisition of approximately HK$4,655,000 and it was recognised as a cost of acquisition of the investment properties.

2E. The adjustment represents the fair value change to measure the investment properties of Boost at fair value at 31st December, 2022 of HK$1,240,000,000 as determined by Norton Appraisals Holdings Limited, difference with the acquisition cost at HK$1,004,597,000.

3. The amounts are extracted from the latest published audited consolidated financial statements of CMH Group as at 31st December, 2022 as set out in the annual report of the CMH Group for the year ended 31st December, 2022.

4. The adjustment represents the amounts of HK$309,100,000 received by CMH Group resulting from the CMH Rights Issue, which 362,001,819 CMH Shares are issued at HK$0.88 per CMH Rights Share after deducting all relevant expenses in relation to the CMH Rights Issue.

5. The adjustment represents consideration paid for the Transactions, identifiable assets and liabilities of CMH Group as at 31st December, 2022 and recognition of the gain on bargain purchase on acquisition of all issued CMH Shares, other than parties acting in concert with it (excluding Mr. Deng Yaodong, as borrower per note 2 under the heading of "Shareholding structure of CMH" of the announcement issued by the Company on 16th June, 2023 (P.9): https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0616/2023061601377.pdf) whose shareholdings are as follow:

	%
Mr. Lee Ming Tee	4.99%
Mr. Akihiro Nagahara	0.03%
Mr. Song Zengbin	0.01%
	5.03%

Thus, the Group will hold 94.97% shareholding of CMH Group after the Transactions.

The calculation of the identifiable net assets of CMH Group are as followings:

	HK$'000
Net assets of CMH Group as at 31st December, 2022	1,578,859
Net proceeds of CMH Rights Issue	309,100
Identifiable net assets	1,887,959
The identifiable net assets of CMH Group attributable to the Group with 94.97% shareholding will be:	1,792,995

	HK$'000	*HK$'000*
Equity instruments at fair value through other comprehensive income of the Group as at 31st December, 2022 *(note A)*		102,164
Total consideration of CMH Acquisition *(note B)*	913	
Consideration for CMH Rights Shares allotted and issued to the Offeror *(note C)*	233,838	
Aggregate amount payable by the Offeror under the CMH Offer *(note D)*	598,711	833,462
Total consideration		935,626

note A: As at 31st December, 2022, the Group held 1,857,529,625 CMH Shares (before share consolidation 20:1 of CMH Shares), which represents 92,876,481 CMH Shares after the share consolidation (before completion of CMH Acquisition and CMH Rights Issue). The Group classified such investment as equity instruments at fair value through other comprehensive income and the carrying amount was HK$102,164,000 as at 31st December, 2022.

note B: The amount represents the acquisition of 115,000 ex-rights CMH Shares at HK$0.87 per CMH Share by Fareast Global on 29th May, 2023 through on-market transactions conducted on the Stock Exchange and the acquisition of 28,743,480 and 52,560,000 nil-paid CMH Rights Shares at HK$0.01 per CMH Share by Fareast Global on 31st May, 2023 and 1st June, 2023 respectively through on-market transactions conducted on the Stock Exchange.

note C: The amount represents the total of 265,725,519 CMH Rights Shares were allotted and issued to the Offeror at HK$0.88 each, comprising (i) 46,438,240 CMH Rights Shares from provisional allotments; (ii) 81,303,480 CMH Rights Shares as transferee of nil-paid CMH Rights Shares; and (iii) 137,983,799 CMH Rights Shares from excess application.

note D: Immediately following completion of the CMH Rights Issue, the Offeror and parties acting in concert with it own 420,056,500 CMH Shares. A total of 672,708,957 CMH Offer Shares (including 6,760,000 CMH Shares held by Mr. Deng Yaodong) are subject to the CMH Offer. In the event that the CMH Offer is accepted in full by the CMH Independent Shareholders, based on the CMH Offer Price of HK$0.89 per CMH Offer Share, the aggregate amount payable by the Offeror under the CMH Offer will be approximately HK$598,711,000.

	HK$'000
Consideration of the Transactions	935,626
Less: identifiable net assets acquired	(1,792,995)
Excess of identifiable net assets acquired over consideration, representing pro forma gain to be recognised in profit or loss of the Enlarged Group upon completion of the Transactions	(857,369)

The excess of identifiable net assets acquired over the consideration, amounting to HK$857,369,000 will be recognised in profit or loss as pro forma gain on bargain purchase as required in HKFRS 3.

The Group assumes the fair value of the assets and liabilities of CMH Group approximate to their carrying amounts as at 31st December, 2022 and at the actual date of completion of the CMH Offer, the Group will reassess whether it has correctly identified all of the CMH Group's assets acquired and all of CMH Group's liabilities assumed and will recognise any additional assets and liabilities that are identified in that review as well as measure the identified assets and liabilities at their fair values. Actual gain on bargain purchase upon completion of the Transactions may be different to the pro forma balance as set out above.

Should the Group maintain the listing of the CMH Shares, not less than 25% of CMH Shares required to be held by the public. The Enlarged Group shall recognise non-controlling interests of HK$471,990,000, that is 25% of identifiable net assets of CMH Group, in case there is 25% of the CMH Shares to be held by the public. The calculation of non-controlling interests is for illustrative purpose only and does not depict the potential impact on the consolidated assets and liabilities of the Enlarged Group with 25% CMH Shares held by the public.

6. The adjustment represents the estimated transaction costs attributable to the Transactions of approximately HK$5,000,000.

7. The adjustment represents the elimination of loan between the Group and CMH Group. The Group made available to CMH Group a loan of RMB71,000,000 (approximately HK$79,775,000). Accumulated impairment allowance of RMB7,263,000 (approximately HK$8,160,000) has been made for the loan and the net carrying amount of the loan receivable of the Group is RMB63,737,000 (approximately HK$71,615,000) as at 31st December, 2022.

8. The adjustment represents the elimination of investment cost in Tian An Australia Limited ("**TIA**") held by CMH Group. TIA is a company incorporated in Australia, a non-wholly owned subsidiary of the Group. CMH Group held approximately 1% interest in issued share capital of TIA with carrying amount of HK$1,104,000 as at 31st December, 2022.

9. Except as described above, no adjustments have been made to the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 31st December, 2022.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP AFTER COMPLETION OF THE CMH OFFER

B. ACCOUNTANTS' REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report, in respect of the unaudited pro forma financial information prepared for the purpose of inclusion in this circular, received from the independent reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Tian An China Investments Company Limited

We have completed our assurance engagement to report on the compilation of unaudited proforma financial information of Tian An China Investments Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31st December, 2022 and related notes as set out on pages 71 to 78 of the circular issued by the Company dated 18th August, 2023 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 71 to 78 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the major acquisition in relation to the Transactions (as defined in the Circular) on the Group's assets and liabilities as at 31st December, 2022 as if the transaction had taken place at 31st December, 2022. As part of this process, information about the Group's assets and liabilities has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31st December, 2022, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31st December, 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 18th August, 2023

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Directors	Name of companies	Number of shares and underlying shares interested	Approximate % of the relevant total number of issued shares	Nature of interests
Mr. Lee	the Company	817,957,096 *(Note 1)*	55.79%	Other interests
	AGL	2,635,105,180 *(Notes 1 and 2)*	74.99%	Personal interests (held as beneficial owner) in 458,420 shares and other interests in 2,634,646,760 shares
	ASL	930,376,898 *(Notes 1 and 3)*	74.98%	Other interests
	Sun Hung Kai & Co. Limited ("**SHK**")	1,442,182,575 *(Notes 1 and 4)*	73.33%	Other interests
	CMH	422,963,960 *(Notes 1 and 5)*	38.94%	Other interests
Song Zengbin	CMH	80,000	0.01%	Beneficial Owner

Notes:

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

(2) AGL was the holding company of the Company and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.

(3) Mr. Lee, by virtue of his interests in the Company via AGL, was deemed to be interested in the shares of ASL, a non wholly-owned subsidiary of the Company and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.

(4) Mr. Lee, by virtue of his interests in AGL, was deemed to be interested in the shares of SHK, a non wholly-owned subsidiary of AGL and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.

(5) Fareast Global, a wholly-owned subsidiary of the Company, was interested in 358,717,000 CMH Shares (representing approximately 33.03% of the issued share capital of CMH), and therefore an associated corporation of the Company within the meaning of Part XV of the SFO. Mr. Lee, by virtue of his interests in the Company via AGL, was deemed to be interested in the CMH Shares that the Company was interested via Fareast Global.

By virtue of Mr. Lee's interests in AGL, Mr. Lee was deemed to be interested in the CMH Shares that AGL was interested in. As holder of security interest by its subsidiary, AGL was interested in 64,246,960 CMH Shares (representing approximately 5.91% of the issued share capital of CMH).

As at the Latest Practicable Date, the following Directors were directors of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Mr. Lee and Mr. Edwin Lo King Yau are executive directors and Ms. Lisa Yang Lai Sum is an independent non-executive director of AGL. AGL was deemed to be interested in, for the purpose of the SFO, 817,957,096 Shares, representing approximately 55.79% of the total number of issued shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (not being the Independent Non-Executive Directors) and their respective close associates (as defined in the Listing Rules) was considered to have interests in any competing businesses of the Group pursuant to the Listing Rules:

(a) Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau and Tao Tsan Sang are directors of ASL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and property management;

(b) Mr. Lee is a director of a non wholly-owned subsidiary of SHK which is engaged in the business of money lending;

(c) Mr. Lee is a director of APAC Resources Limited ("**APAC Resources**") which, through its subsidiary, is partly engaged in the business of money lending;

(d) Mr. Lee and Mr. Edwin Lo King Yau are directors of AGL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment and property management; and

(e) Mr. Lee is one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, SHK, APAC Resources, ASL and Tian An Australia Limited ("**TIA**"). AGL and SHK through their subsidiaries, are partly engaged in the businesses of money lending, property development and investment and property management. APAC Resources, through its subsidiary, is partly engaged in the business of money lending. ASL, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property investment and property management. TIA, through certain of its subsidiaries, is partly engaged in the business of property development.

Although the above-mentioned Directors have competing interests in other companies by virtue of their respective common directorship or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interests of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, Mr. Lee was interested in the following assets which have been, since 31st December, 2022 (being the date to which the latest published audited financial statements of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group:

(a) Spring Victory Holdings Limited ("**Spring Victory**"), under which pursuant to a sale and purchase agreement ("**TACI SPA**") dated 27th February, 2023 entered into between Advance Growth Investments Limited ("**Advance Growth**", a wholly-owned subsidiary of the Company) and Dan Form (China) Limited ("**Dan Form**", a wholly-owned subsidiary ASL), (i) Advance Growth shall acquire, and Dan Form shall sell, the entire issued share capital of Spring Victory and together with all rights and benefits attaching or accruing to them on or after the date of the sale and purchase agreement; and (ii) the sum which Spring Victory is indebted and may hereafter become indebted to Dan Form and as at 30th November, 2022, was HK$68,070,154.37, shall be assigned by Dan Form to Advance Growth, at a consideration of HK$80,000,000;

(b) Hero Bless Investments Limited ("**Hero Bless**") and Wisdom Giant Holdings Limited ("**Wisdom Giant**"), under which pursuant to a sale and purchase agreement ("**ASL SPA**") dated 27th February, 2023 entered into between AP Development Limited ("**AP Development**", a wholly-owned subsidiary of AGL) and Simply Global Enterprises Limited ("**Simply Global**", a non wholly-owned subsidiary of the Company), (i) AP Development shall acquire, and Simply Global shall sell, the entire issued share capital of Hero Bless and the entire issued share capital of Wisdom Giant and together with all rights and benefits attaching or accruing to them on or after the date of the sale and purchase agreement; and (ii) the sum which Hero Bless is indebted and may hereafter become indebted to Simply Global and as at 30th November, 2022, was HK$80,327,972.94, and the sum which Wisdom Giant is indebted and may hereafter become indebted to Simply Global and as at 30th November, 2022, was HK$76,509,304.33, shall be assigned by Simply Global to AP Development, at a consideration of HK$250,000,000;

(c) a portion of 9th, 22nd and 23rd Floors of Allied Kajima Building, under which pursuant to a sub-tenancy agreement ("**TACI Sub-tenancy Agreement**") dated 30th March, 2023 entered into between AGL and the Company for a term of two years from 1st April, 2023 to 31st March, 2025 (both days inclusive), a portion of such property was sublet by AGL to the Company at a monthly rental of HK$206,300; and

(d) a portion of 9th, 22nd and 23rd Floors of Allied Kajima Building, under which pursuant to a sub-tenancy agreement ("**ASL Sub-tenancy Agreement**") dated 30th March, 2023 entered into between AGL and ASL for a term of two years from 1st April, 2023 to 31st March, 2025 (both days inclusive), pursuant to which a portion of such property was sublet by AGL to ASL at a monthly rental of HK$87,400.

Save for the TACI SPA, the ASL SPA, the TACI Sub-tenancy Agreement and the ASL Sub-tenancy Agreement, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31st December, 2022 (being the date to which the latest published audited financial statements of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date:

(i) a bank has initiated legal proceedings against a joint venture of the Group as one of the guarantors claiming for outstanding loan and interest of totalling approximately HK$233,621,000. The bank alleged that the loan was granted to a former shareholder of the joint venture before the acquisition of interest in that joint venture by the Group. The first court judgement was held in favour of the bank, and the outcome of the latest appeal by the joint venture was still pending by the appeal court. The claim is being contested and the directors of the Company, with reference to legal advice obtained, considered that in the event that the appeal court rules against the joint venture, it will not have a material effect on the financial statements of the Group; and

(ii) a land bureau in the PRC has initiated a legal proceeding against a joint venture of the Group for a claim due to the failure to fulfil the development progress stated in a land grant contract, with a compensation of approximately HK$236,003,000. The case is pending trial by the court. The Group has assessed the claim and considers that it is too early to assess the possible liability at this stage.

Save as disclosed above, no member of the Group was engaged in any litigation, arbitration or claim(s) of material importance and no litigation, arbitration or claim(s) of material importance is known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the issue of this circular and are or may be material:

(a) a framework memorandum dated 28th July, 2021 entered into among 天安投資(深圳)有限公司 (Tian An Investments (Shenzhen) Co., Ltd.*) ("**Tian An (Shenzhen)**", a wholly-owned subsidiary of the Company holding 50% equity interest in Tian An Junye (as defined below)), 深圳市駿業雲谷產城投資發展有限公司 (Shenzhen Junye Cloud Park City-Industry Investment Development Co., Ltd.*) ("**Junye Company**", a company holding 50% equity interest in Tian An Junye), 深圳天安駿業投資發展(集團)有限公司 (Shenzhen Tian An Junye Investments Development (Group) Co., Ltd.*) ("**Tian An Junye**", a joint venture of the Company) and 深圳光明天安雲谷投資發展有限公司 (Shenzhen Guangming Tian An Cloud Park Investments and Development Co., Ltd.*) ("**Guangming Cloud Park**", a wholly-owned subsidiary of Tian An Junye), pursuant to which (i) Tian An (Shenzhen) agreed to make available to 深圳天安雲谷投資發展有限公司 (Shenzhen Tian An Cloud Park Investments Development Co., Ltd.*) ("**Tian An Cloud Park**", a wholly-owned subsidiary of Tian An Junye) a shareholder's loan in an amount up to RMB100,000,000, and Junye Company agreed to make available to Tian An Cloud Park a shareholder's loan in an amount up to RMB100,000,000, both of which shall be repayable on 31st December, 2021 at an interest rate of 10% per annum; and (ii) the repayment date of the existing loans in the aggregate amount up to RMB400,000,000 made by Tian An (Shenzhen) and/or its subsidiaries or associates to Tian An Cloud Park, and the existing loan in an aggregate amount up to RMB400,000,000 made by Junye Company and/or its subsidiaries or associates to Tian An Cloud Park, shall be extended to 9th April, 2023; and (iii) the parties agreed to the amendment of a loan in the amount of up to RMB1,500,000,000 granted to Guangming Cloud Park at an interest rate of 8.25% per annum for a term of 24 months such that a portion of loan in the amount of RMB500,000,000 shall be provided by 中原信託有限公司 (Zhongyuan Trust Co., Ltd.*);

(b) a sale and purchase agreement dated 2nd August, 2021 entered into between Advance Growth and ASL in relation to the acquisition of all ordinary shares of a target company ("**Target Company**") legally and beneficially owned by another company ("**BVI Holdco**", which in turn is wholly-owned by ASL) by Advance Growth from the BVI Holdco and the assignment by the BVI Holdco to Advance Growth of any shareholder's loan due to the BVI Holdco by the Target Company, at the consideration of HK$1,080,000,000;

(c) a liquidity support letter dated 31st August, 2021 issued by 天安(上海)投資有限公司 (Tian An (Shanghai) Investments Co., Ltd.*) ("**TA Shanghai**", a wholly-owned subsidiary of the Company), pursuant to which, TA Shanghai shall unconditionally and irrevocably provide the guarantee in respect of the repayment obligations of 南京旭新天置業有限公司 (Nanjing Xuxintian Properties Company Limited*) ("**Nanjing Xuxintian**", a joint venture whose equity interest is owned as to 33% by 上海嘉令科技有限公司 (Shanghai Jialing Science and Technology Company Limited*) which in turn is a non wholly-owned subsidiary of the Company) under a syndicated loan agreement, including but not limited to the outstanding principal of up to RMB330,000,000 under a facility (representing 33% of the facility), interests, penalties and all other legal fees payable by Nanjing Xuxintian;

(d) a cooperation development agreement dated 9th November, 2021 entered into among 上海天安盛世房地產有限公司 (Shanghai Tianan Prosperity Real Estate Co., Ltd.*) ("**TA Prosperity**", a non wholly-owned subsidiary of the Company), 上海同運投資有限公司 (Shanghai Tongyun Investment Co., Ltd.*) ("**Shanghai Tongyun**"), 上海鷺島置業有限公司 (Shanghai Ludao Property Development Co., Ltd*) ("**JV Company**", owned as to 60% and 40% by TA Prosperity and Shanghai Tongyun, respectively) and 寧波盛合置業有限公司 (Ningbo Shenghe Property Development Co., Ltd*) ("**Ningbo Shenghe**", a wholly-owned subsidiary of the JV Company), pursuant to which (i) Shanghai Tongyun agreed to acquire a 40% equity interest in the JV Company by a capital injection of RMB160,000,000, and TA Prosperity agreed to make a further capital injection of RMB239,000,000; and (ii) Shanghai Tongyun and TA Prosperity shall share the land cost of RMB798,120,000 proportional to their equity interest in the JV Company, respectively;

(e) a cooperation framework agreement dated 16th December, 2021 entered into among TA Prosperity, 象嶼地產集團有限公司 (Xiangyu Real Estate Group Co., Ltd.*) ("**Xiangyu Real Estate**"), 上海象嶼置業有限公司 (Shanghai Xiangyu Properties Co., Ltd.*) ("**Shanghai Xiangyu**", a direct wholly-owned subsidiary of Xiangyu Real Estate) and 廈門象理投資有限公司 (Xiamen Xiangli Investment Co., Ltd.*) ("**Xiamen Xiangli**", a wholly-owned subsidiary of Xiangyu Real Estate), pursuant to which (i) TA Prosperity (as purchaser) agreed to acquire, and Xiangyu Real Estate and Xiamen Xiangli (as vendors) agreed to sell, 99.9% and 0.1% of their respective partnership interest in 昆山象盛合投資合夥企業(有限合夥) (Kunshan Xiangshenghe Investment Partnership Enterprise (Limited Partnership)*), and Shanghai Xiangyu agreed to assign a shareholder's loan in the amount of RMB259,861,414 to TA Prosperity, at the total consideration of RMB190,010,000; (ii) TA Prosperity agreed to provide a reimbursement in the amount of RMB18,017,212; (iii) TA Prosperity and/or any of the Company's subsidiaries agreed to provide guarantees up to an aggregate amount of RMB687,250,990; (iv) TA Prosperity agreed to grant a loan in the amount of

RMB352,500,000 to Shanghai Xiangyu; and (v) the parties agreed to the formation of 紹興光逸房地產開發有限公司 (Shaoxing Guangyi Property Development Co., Ltd.*) as a joint venture;

(f) a supplemental framework memorandum dated 4th January, 2022 entered into among Tian An (Shenzhen), Junye Company and Tian An Junye, pursuant to which the repayment date of the loan in the amount of up to RMB100,000,000 made available by Tian An (Shenzhen), its ultimate beneficial owner(s) and/or their respective subsidiaries or associates to Tian An Cloud Park, and the loan in the amount of up to RMB100,000,000 made available by Junye Company, its ultimate beneficial owner(s) and/or their respective subsidiaries or associates to Tian An Cloud Park, shall be extended from 31st December, 2021 to 9th April, 2023;

(g) a framework memorandum dated 29th March, 2022 entered into between the Company and 天安數碼城(集團)有限公司 (Tianan Cyber Park Group Co., Ltd.*) ("**TA Cyberpark**", a joint venture of the Company), pursuant to which the Company agreed to make available (by itself and/or its subsidiaries) to TA Cyberpark a shareholder's loan in the amount up to RMB200,000,000;

(h) a supplemental loan agreement dated 4th April, 2022 entered into among 應威(深圳)投資諮詢有限公司 (Greatway (Shenzhen) Investment Consulting Company Limited*) ("**Greatway (Shenzhen)**", a wholly-owned subsidiary of the Company), 香河明鴻房地產開發有限公司 (Xianghe Min-Hoong Real Estate Development Co., Ltd.*) ("**Xianghe Min-Hoong**", a joint venture of the Company) and 深圳辰康科技有限公司 (Shenzhen Chenkang Technology Co., Ltd.*) ("**Shenzhen Chenkang**", a joint venture of the Company), pursuant to which (i) the principal amount of the shareholder's loan granted by Greatway (Shenzhen) to Xianghe Min-Hoong will be increased from the amount of not exceeding RMB850,000,000 to the amount of not exceeding RMB960,000,000; (ii) the term of the shareholder's loan will be extended such that the repayment date shall be extended to 31st May, 2025; and (iii) a share charge will be provided by Shenzhen Chenkang in favour of Greatway (Shenzhen) over the entire equity interest of 香河辰康房地產開發有限公司 (Xianghe Chenkang Real Estate Development Co., Ltd.*) (a wholly-owned subsidiary of Shenzhen Chenkang) as security for the shareholder's loan;

(i) a framework agreement dated 4th July, 2022 entered into among the Company, Sino Trader Investments Limited ("**Sino Trader**", a wholly-owned subsidiary of the Company) and Beauty Pearl Holdings Limited ("**Beauty Pearl**"), pursuant to which the Company agreed to provide the guarantees in favour of the external financier(s) who shall provide the loans (the aggregate outstanding principal amount which shall not exceed RMB300,000,000 at all times) to 麥哲理(南京)房地產開發有限公司 (Accurate (Nanjing) Land Limited*) ("**Project Company**", a company indirectly owned as to 60%

by Sino Trader and 40% by Beauty Pearl) for the performance by the Project Company of all of its obligations (including any payment obligation) under the loans and other relevant transaction documents;

(j) a framework memorandum dated 15th August, 2022 entered into among TA Prosperity, Shanghai Tongyun, the JV Company and Ningbo Shenghe, pursuant to which TA Prosperity agreed to provide a joint and several liability guarantee in respect of the obligations of Ningbo Shenghe of up to RMB294,000,000 under the proposed facility of up to RMB490,000,000, representing 60% of the proposed facility;

(k) a supplemental framework memorandum dated 11th October, 2022 entered into between the Company and TA Cyberpark, pursuant to which (i) the principal amount of the shareholder's loans to be provided by the Company and/or its subsidiaries to TA Cyberpark will be increased from an amount up to RMB200,000,000 to an aggregate amount up to RMB380,000,000; and (ii) the repayment date of such shareholder's loans shall be 31st December, 2023;

(l) an agreement dated 23rd December, 2022 entered into between the Company and AGL, pursuant to which the Company agreed to reimburse AGL the costs incurred in respect of the administrative services and management services provided by AGL to the Group for a term of three years which commenced from 1st January, 2023 and will expire on 31st December, 2025, for which the annual caps in respect of the management services are HK$76,300,000, HK$83,900,000 and HK$92,300,000 for the financial years ending 31st December, 2023, 2024 and 2025, respectively;

(m) an agreement dated 23rd December, 2022 entered into between ASL and AGL, pursuant to which ASL agreed to reimburse AGL the costs incurred in respect of the internal audit services and the management information system services provided by AGL to ASL and its subsidiaries for a term of three years which commenced from 1st January, 2023 and will expire on 31st December, 2025, for which the annual caps in respect of the internal audit services and the management information system services are HK$320,000, HK$352,000 and HK$387,000 for the financial years ending 31st December, 2023, 2024 and 2025 respectively;

(n) a framework memorandum dated 3rd February, 2023 entered into among Tian An (Shenzhen), Junye Company and Tian An Junye, pursuant to which (i) the repayment date of the existing loans ("**Existing Shareholder's Loans**") in the aggregate amount of up to RMB700,000,000 made available by Tian An (Shenzhen), its ultimate beneficial owner(s) and/or their respective subsidiaries or associates to Tian An Cloud Park and the existing loans ("**Existing Junye Shareholder's Loans**") in the aggregate amount of up to RMB700,000,000 made available by Junye Company, its ultimate beneficial owner(s) and/or their respective subsidiaries or associates to Tian An Cloud Park shall be extended to 30th June, 2026; and (ii) the interest rate of the Existing Shareholder's Loans and the Existing Junye Shareholder's Loans shall be revised to 1.2% above the loan prime rate;

(o) a framework memorandum dated 3rd February, 2023 entered into among Tian An (Shenzhen), Junye Company and Tian An Junye, pursuant to which Tian An (Shenzhen) agreed to make available to 深圳天安雲城投資發展有限公司 (Shenzhen Tian An Cloud City Investments Development Co., Ltd.*) ("**Tian An Cloud City**", a wholly-owned subsidiary of Tian An Junye) a shareholder's loan in an amount up to RMB350,000,000 and Junye Company agreed to make available to Tian An Cloud City a shareholder's loan in an amount of up to RMB350,000,000, both of which shall be repayable on 30th June, 2026;

(p) a sale and purchase agreement dated 27th February, 2023 entered into among Cosmic Gold Holdings Limited ("**Cosmic Gold**", a non wholly-owned subsidiary of the Company), Ms. Chong Sok Un ("**Ms. Chong**"), Nice Zone Limited ("**Nice Zone**"), BH Management Company Limited ("**BH Management**", together with Ms. Chong and Nice Zone, "**Lenders**"), Claude Associates Limited ("**Claude Associates**"), Mr. Wong Sai Chung and Boost, pursuant to which (i) Cosmic Gold shall acquire, and the Lenders as mortgagees in possession shall sell, the total number of issued shares of Boost together with all rights and benefits attaching or accruing to them on or after the date of the sale and purchase agreement; (ii) the sum which Boost is indebted and may hereafter become indebted to Claude Associates which has been assigned to a security agent pursuant to a deed of assignment, and as at 31st October, 2022, was HK$112,053,167.10, shall be assigned by the Lenders as mortgagees in possession to Cosmic Gold, and the consideration of the transactions under (i) and (ii) shall be HK$3; and (iii) at completion, Cosmic Gold shall provide to Boost a secured loan in the amount of HK$1,000,000,000, and which amount shall be remitted to the Lenders (or as they may direct);

(q) the TACI SPA;

(r) the ASL SPA;

(s) the TACI Sub-tenancy Agreement; and

(t) the ASL Sub-tenancy Agreement.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2022, being the date to which the latest published audited financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or have given opinion or advice which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	certified public accountants

The letter, report and/or opinion from the above expert is given as of the date of this circular for incorporation in this circular.

The expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the expert named above:

(a) did not have any direct or indirect interest in any assets which had since 31st December, 2022 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. GENERAL

(a) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

(b) The share registrar of the Company is Tricor Secretaries Limited of 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(c) The company secretary of the Company is Ms. Cindy Yung Yee Mei, who is an associate of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tiananchina.com) for a period of 14 days from the date of this circular:

(a) the unaudited pro forma financial information of the Enlarged Group prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendix III to this circular; and

(b) the written consent referred to in the section headed “Expert and consent” in this appendix.