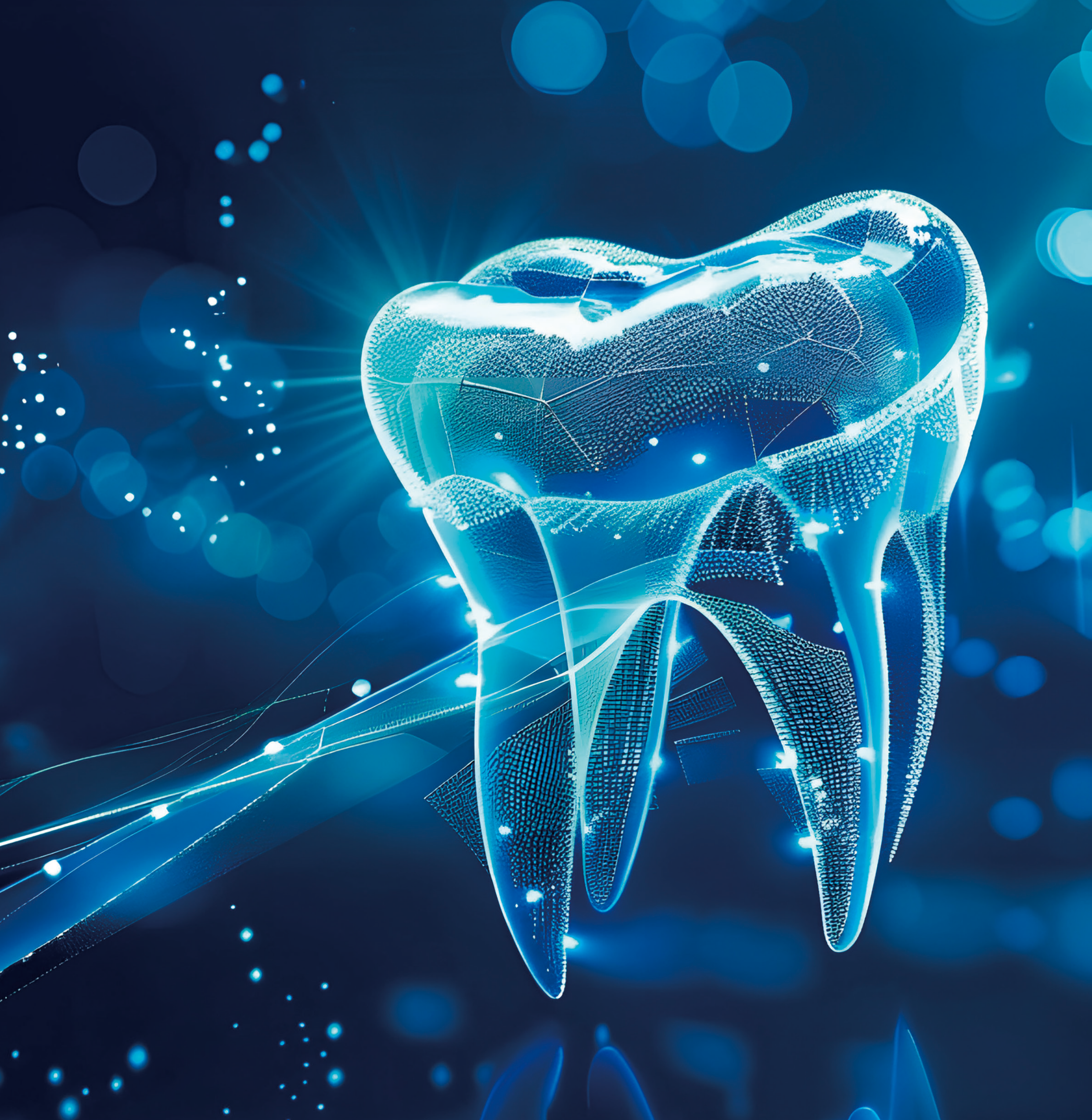
美皓醫療集團有限公司
MEIHAO MEDICAL GROUP CO., LTD

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1947

2024 INTERIM REPORT



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wang Xiaomin *(Chairman, Chief Executive Officer)*
Ms. Zheng Man *(General Manager)*

Independent Non-executive Directors

Mr. Ng Ming Chee
Ms. Tam Hon Shan Celia
Dr. Zhou Jian

Company Secretary

Mr. Lee Chung Shing *(HKICPA, ACCA)*
(resigned with effect from 31 March 2024)
Ms. Chan Yuk Wing
(appointed with effect from 31 March 2024)

Authorised Representatives Under the Listing Rules

Mr. Wang Xiaomin
Mr. Lee Chung Shing
(resigned with effect from 31 March 2024)
Ms. Chan Yuk Wing
(appointed with effect from 31 March 2024)

Audit Committee

Mr. Ng Ming Chee *(Chairman)*
Dr. Zhou Jian
Ms. Tam Hon Shan Celia

Remuneration Committee

Ms. Tam Hon Shan Celia *(Chairperson)*
Mr. Ng Ming Chee
Mr. Wang Xiaomin

Nomination Committee

Mr. Wang Xiaomin *(Chairman)*
Dr. Zhou Jian
Ms. Tam Hon Shan Celia

Principal Share Registrar

Ogier Global (Cayman) Limited
89 Nexus Way
Camana Bay
Grand Cayman KY1-9009
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wan Chai
Hong Kong

Principal Banks

Bank of Wenzhou, Huihai Branch
1st, 2nd Yinlong Building
Shishuiliao
Wenzhou City
Zhejiang Province
PRC

Legal Advisers

As to Hong Kong law:
Jingtian & Gongcheng LLP
Suites 3203–3207, 32/F
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
12–14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing 100004
PRC

As to Cayman Islands law:
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11th Floor, Central Tower
28 Queen's Road Central
Hong Kong

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

Registered Office

89 Nexus Way
Camana Bay
Grand Cayman KY1-9009
Cayman Islands

Headquarters and Principal Place of Business in China

197 Fuqian Street
Lucheng District
Wenzhou City
Zhejiang Province
PRC

Principal Place of Business in Hong Kong

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No. 51 Bedford Road
Tai Kok Tsui
Kowloon, Hong Kong

Stock Code

1947

Company Website

www.meihaomedical.com

Business Review

Overview

The Group is an established private dental service provider in Wenzhou City (溫州市), Zhejiang Province, PRC. The Group generates its revenue primarily from providing comprehensive dental services to individuals, covering primarily four dental sectors namely, general dentistry (口腔綜合治療科), reparative dentistry (口腔修復科), implant dentistry (種植牙科) and orthodontics and cosmetic dentistry (牙齒正畸科). As at 30 June 2024, the Group owned and operated a network of six private dental hospitals and clinics in Wenzhou, namely Wenzhou Hospital, Lucheng Hospital, Wenzhou Oral Care, Ouhai Jielaiya Oral Clinic, Rui'an Branch Hospital in Rui'an City and Longgang Hospital in Longgang City.

During the Reporting Period, the Group was subject to the Collective Procurement Dental Implants Policy (種植牙集採政策) (the "**Collective Procurement Policy**"), which imposed restrictions on the pricing of our services. To mitigate the continuing adverse impacts brought by the said policy on the Group's profit, we spent additional promotional fees on advertising platforms to attract more customers. As a result, the Group's revenue decreased to RMB33.8 million for the six months ended 30 June 2024 from RMB35.0 million for the six months ended 30 June 2023.

Due to the incremental investments in advertising costs, our customer orders gradually rebounded, promoting our brand awareness, and gradually consolidating our brand image. Furthermore, to ensure the sustainable development of the Group, the Group recruited various talents and granted equity interest to senior management to retain our existing human resources. We believe that the Group will make progress together with all employees, and we are fully confident in the future development and prospects of the Group.

Business Segments

General Dentistry

The general dentistry sector of the Group focuses on the examination, diagnosis, prevention and treatment of disorders of the orofacial region. The key dental services we offered under general dentistry includes (i) teeth filling; and (ii) root canal treatment. The treatments are priced based on the number of tooth subject to the treatment, the spending of each patient will vary significantly with the condition of each patient.

Orthodontics and Cosmetic Dentistry

The orthodontics and cosmetic dentistry sector of the Group focuses on diagnosis, prevention, interception, and correction of misalignment or incorrect relation between the teeth as well as skeletal abnormalities of developing or mature orofacial structures by different types of braces. The key dental services we offered under orthodontics and cosmetic dentistry include teeth orthodontics using (i) standard metal braces or metal wires; (ii) clear braces or ceramic braces; and (iii) transparent dental braces made of intelligent materials.

Reparative Dentistry

The reparative dentistry sector of the Group focuses on restoring the function, integrity and morphology of missing tooth structure. The key dental services we offered under reparative dentistry includes: (i) dental crowns; and (ii) removable dentures. The price for dental crowns and removable dentures is generally related to the respective material and number of tooth subject.

Implant Dentistry

The implant dentistry sector of the Group focuses on surgically placing fixture dental implants in the patient's jawbone as the foundation to replace the damaged or missing tooth with prosthetics.

Total Number of Active Patients by Five Private Dental Hospitals and One Clinic

The number of the Group's total active patients decreased from 30,366 for the six months ended 30 June 2023 to 29,259 for the six months ended 30 June 2024, representing a decrease of 3.6%. The following table sets forth the breakdown of the number of active patients by the Group's five private dental hospitals and one clinic:

	For the six months ended	
	30 June 2024 No. of active patients	30 June 2023 No. of active patients
Wenzhou Hospital	**14,545**	18,908
Rui'an Branch Hospital	**1,460**	1,668
Longgang Hospital	**1,669**	2,657
Lucheng Hospital	**5,318**	4,896
Wenzhou Oral Care	**4,238**	2,237
Ouhai Jielaiya Oral Clinic	**2,029**	–
	29,259	30,366

Revenue by Five Private Dental Hospitals and One Clinic

	For the six months ended			
	30 June 2024		30 June 2023	
	Revenue RMB'000	**%**	Revenue RMB'000	%
Wenzhou Hospital	**18,285**	**54.1**	22,762	65.1
Rui'an Branch Hospital	**1,474**	**4.4**	1,394	4.0
Longgang Hospital	**1,836**	**5.4**	2,109	6.0
Lucheng Hospital	**4,925**	**14.6**	5,053	14.4
Wenzhou Oral Care	**6,369**	**18.8**	3,667	10.5
Ouhai Jielaiya Oral Clinic	**908**	**2.7**	–	–
Total	**33,797**	**100.0**	34,985	100.0

Wenzhou Dental Hospital, which commenced operations in March 2011, contributed the largest share of our revenue during the Reporting Period, representing approximately 54.1% of our total revenue for the six months ended 30 June 2024.

Prospects

Following the implementation of China's Collective Procurement Policy for dental implants, the cost of implant dentistry services in public hospitals has been reduced, posing operational challenges for dental service providers in the long run. This policy led to a decline in both the number of visits to our implant dentistry departments and the average expenditure per visit, resulting in continuing adverse impacts on the Group's implant dentistry services. However, in the long run, offering services at more affordable prices is expected to enhance public dental health awareness, thereby benefiting the penetration and growth of the entire sector, as a result of which the dental sector continues to demonstrate vigorous growth.

Leveraging our extensive experience, solid reputation and the trust of our patients, along with the Company's status as a listed entity, we are well-positioned to redouble our investments in our promotional efforts and seize market opportunities, further strengthen our market position, and expand our market share within the industry. Moving forward, the Company is committed to providing high-quality dental services to meet the oral health needs of the public and achieve sustainable growth.

Cementing Our Business Coverage and Launching our Excursion to the Overseas Market

Given our roots in Wenzhou and our well-established reputation within the local dental healthcare industry, we are committed to continuing our expansion in the regional market with great potential. The Group is consistently planning to establish more proficient private dental hospitals in Wenzhou, under which, first, the successful implementation of the Xinglin Project (杏林計劃) empowers our doctors to start their own practices and subsequently return with their established clinics. Second, our expansion of the service scope to the establishment of a specialized hospital focused on pediatric dentistry will attract dental healthcare talents across various departments. While strategically capturing the rising demand in Wenzhou to synergize with our existing dental hospitals, we are also exploring strategic acquisition opportunities in Zhejiang Province and neighbouring provinces. In addition, while further launching our excursion into overseas markets, we successfully incorporated a company in Dubai, and will gradually implement subsequent business arrangements, synchronizing them with our domestic operations.

The Group's consolidation and expansion strategies will focus not only on comprehensive dental care, orthodontics and cosmetic dentistry, and implant dentistry but will also extend into the upstream and downstream sectors of the healthcare industry. As the dental service market develops steadily, the Group is well-positioned to invest in additional sectors. Utilising the contribution by device companies following our strategic partnership with them during the upstream expansion to the medical device industry, the Group can better manage the sources of raw materials, equipment, and technology, ensuring supply stability and mitigating the risk of supply chain disruptions. Direct procurement or customisation helps us reduce procurement costs and enhance profit margins. By establishing close cooperation with upstream equipment suppliers and material manufacturers, the Group can keep abreast of the latest technologies and products, facilitating our technological innovation and R&D efforts, while enhancing our brand identity thus improving our service quality and competitiveness. Downstream investments and partnerships in the medical aesthetics industry will expand the business scope and diversify the revenue sources of the Group, facilitating the integration of industry chain and creation of a more comprehensive business cycle. This strategy not only boosts operational efficiency but also reduces costs and improves service quality through synergistic effects, subsequently consolidating our overall competitiveness. By offering more holistic services and adopting a multi-dimensional strategic investment approach, we aim to strengthen our brand recognition and increase customer satisfaction and loyalty.

Dedicated to Dental Services

The Group is committed to continuously providing high-quality dental services to our customers, a cornerstone for building a positive reputation and securing customer trust within a competitive landscape. Through ongoing enhancements to our business operation software systems, we aim to improve the efficiency of centralized hospital management and network maintenance, increase advertising investments in platform-based promotions, as well as to improve our children dental services. These efforts underline the Group's profound understanding and capability to meet customer needs.

The upgrade of our business operation software systems will facilitate a more efficient integration and management of data across our six dental hospitals and clinics, significantly improving the coherence and efficiency of service processes. In addition, advancements in centralized management and network maintenance are poised to lower operational costs and boost service quality, enabling our clients to access more convenient and efficient dental services. The increase in advertising investments continued to enhance our business capabilities. Given our constant exposure to various customer bases, we train our healthcare talents to address oral issues that arise in consultations, deepen their knowledge of dentistry, and adopt more efficient diagnostic techniques. Furthermore, by reallocating the existing resources of Wenzhou Hospital to expand the children dental department, the Group is committed to enhancing service quality and enlarging our market share, with a focus on catering to the needs of specific customer groups, as well as an emphasis on ensuring a more comfortable and safer environment for young patients.

These strategies will enable the Group to distinguish itself in the highly competitive market by offering clients a superior and more desirable dental experience. By consistently improving service quality and customer satisfaction, the Group will gain more trust and support from clients, achieving sustainable and robust development.

Maintaining and Cultivating Outstanding Talent Resources

The Group recognises that professionals are vital assets to our group, crucial for business success and the driving force behind the Group's healthy growth. Therefore, we focused on the personal development of each employee, consistently providing training for our medical staff, ensuring competitive compensation and benefits for all staff, upholding the legitimate rights and interests of every employee, focusing on occupational health and safety, and committed to creating a platform where employees can enhance their professional skills and pursue long-term growth, thereby promoting mutual advancement for both the Company and our employees.

Furthermore, the Group continues to carry on the plan to establish a dentistry training centre so that it can have a centralised training centre for all of the dental hospitals and have the capacity to host, meeting and conferences for its dentists. Through cultivating our own pool of dentists, the Group believes that it could distinct us from other competitors and provide professional services to its clients. The Group will also initiate campus recruitment aimed at expanding enrolment for oral medicine programs and enhancing educational quality through stronger partnerships with medical colleges. Moreover, in collaboration with the Wenzhou Science and Technology Bureau and the Cuban Medical Bureau, we have introduced the Cuban doctoral doctors to our hospitals, which will make invaluable contribution to the Group. Our vision of integrating overseas talents is a key aspect of the Group's internationalisation initiative, successfully putting Wenzhou's dental sector in the spotlight.

Financial Review

Revenue

During the Reporting Period, the Group's revenue amounted to approximately RMB33.8 million, representing a decrease of approximately 3.4% as compared to the six months ended 30 June 2023. The decrease in revenue was mainly driven by (i) the intense market competition as dental hospital brands from other regions progressively expand into the local market; and (ii) a decrease in customer orders as a result from the decline in the consumer market of the PRC.

Revenue by Types of Dental Services

General Dentistry

Our revenue for general dentistry for the six months ended 30 June 2024 was approximately RMB14.3 million (2023: RMB15.0 million), representing a decrease of approximately 4.7% as compared to the corresponding period in 2023. The decrease was mainly due to the decrease in sales per transaction for general dentistry. Such decrease in sales per transaction was due to a weakened consumption momentum as a whole in the PRC market. Revenue generated from general dentistry accounted for approximately 42.2% of our total revenue for the Reporting Period as compared to approximately 43.0% for the six months ended 30 June 2023.

Orthodontics and Cosmetic Dentistry

Our revenue for orthodontics and cosmetic dentistry for the six months ended 30 June 2024 was approximately RMB5.7 million (2023: RMB6.1 million), representing a decrease of approximately 6.6% as compared to the corresponding period in 2023. The decrease was mainly due to a decrease in the number of visits from 3,500 visits for the six months ended 30 June 2023 to 3,400 visits for the Reporting Period. Such decrease in the number of visits was mainly due to the increase in market competition. Revenue generated from orthodontics and cosmetic dentistry accounted for approximately 17.0% of our total revenue, as compared to approximately 17.6% for the six months ended 30 June 2023.

Reparative Dentistry

Our revenue for reparative dentistry for the six months ended 30 June 2024 was approximately RMB7.1 million (2023: RMB7.2 million), representing a decrease of 1.4%, due to the decrease in sales per transaction. It accounted for approximately 21.0% of our total revenue for the Reporting Period, similar to approximately 20.5% of the six months ended 30 June 2023.

Implant Dentistry

Our revenue for implant dentistry for the six months ended 30 June 2024 was approximately RMB4.3 million (2023: RMB3.9 million), indicating an increase of RMB0.4 million or 10.3%. The increase in our revenue of implant dentistry was due to an influx of new customers, who were attracted by our enhanced advertising and promotional efforts for the implant dentistry at our hospitals.

Cost of Sales

Our cost of sales mainly included (i) staff costs; (ii) cost of inventories, consumables and customised products; and (iii) depreciation expenses of property, plant and equipment and right-of-use assets. During the Reporting Period, our cost of sales has increased by approximately 9.7% to approximately RMB21.4 million (2023: RMB19.5 million). The increase in cost of sales was attributable to (i) an increase in expenses for inventories; and (ii) an increase in staff costs due to the grant of share options to certain eligible doctors and nurses, and the Group's expansion of job positions for its talent reserve.

Gross Profit and Gross Profit Margin

During the Reporting Period, our gross profit decreased by approximately 20.6% as compared to the corresponding period in 2023 to approximately RMB12.3 million (2023: approximately RMB15.5 million), mainly driven by the decrease in our revenue of approximately 3.4%. As part of our costs within our cost of sales category are fixed costs, our gross profit margin decreased to approximately 36.5% (2023: 44.2%).

Other Income and Gains

During the Reporting Period, the other income and gains increased by approximately 3.6% as compared to the corresponding period in 2023 to approximately RMB2.9 million (2023: approximately RMB2.8 million), mainly due to an increase in the bank interest income.

Selling Expenses

During the Reporting Period, the selling expenses primarily comprised marketing and promotion expenses, and staff costs. During the Reporting Period, the Group's selling expenses increased by approximately 14.3% as compared to the corresponding period in 2023 to RMB11.2 million (2023: approximately RMB9.8 million), mainly driven by the increase in marketing and promotion expenses.

Administrative Expenses

Our administrative expenses increased by approximately 73.3% or RMB17.5 million as compared to the corresponding period in 2023 (2023: RMB10.1 million). The increase in our administrative expenses was due to a combined effect of (i) an increase in staff costs due to the grant of share options and share awards to retain senior management; and (ii) an increase in staff costs due to the recruitment of senior management personnel across departments to serve as the talent pool for our Group's strategic development.

Income Tax

During the Reporting Period, we recorded an income tax expense of approximately RMB0.7 million as compared to an income tax credit of approximately RMB0.6 million for the six months ended 30 June 2023.

Loss Attributable to the Owners of the Company

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company for the Reporting Period of RMB15.1 million as compared to a loss attributable to owners of the Company of RMB2.1 million for the six months ended 30 June 2023.

Prepayments, Other Receivables and Other Assets

The current portion of our prepayments, other receivables and other assets increased by approximately RMB5.3 million from approximately RMB7.0 million as at 31 December 2023 to approximately RMB12.3 million as at 30 June 2024.

Liquidity, Financial Resources and Capital Structure

The Group financed its operations primarily through cash generated from the Group's operations and the net proceeds received from the Global Offering. As at 30 June 2024, the Group's net current assets amounted to approximately RMB102.0 million (as at 31 December 2023: RMB114.4 million), and its liquidity as represented by current ratio (total current assets/total current liabilities) was 3.3 times (as at 31 December 2023: 4.0 times). The Group's bank balances amounted to approximately RMB100.5 million (as at 31 December 2023: RMB86.8 million). As at 30 June 2024, the Group had no bank loans (as at 31 December 2023: Nil), and therefore the gearing ratio was not applicable (2023: not applicable). On 14 December 2022, the ordinary shares of the Company were listed on the Main Board of the Stock Exchange by way of Global Offering and completed the share offer of its 150,000,000 ordinary shares, comprising 45,000,000 Hong Kong offer shares and 105,000,000 international placing shares, with a par value of HK$0.01 each at an offer price of HK$0.84 per share. The Company believes that the funding from the Global Offering on the Main Board would allow the Group to continue with its future business development to expanding our dental medical institutions network in the PRC and to gain access to capital market for raising funds in the future.

Pledge of Assets

As at 30 June 2024, the Group did not have any pledged assets (as at 31 December 2023: Nil).

Foreign Currency Exposure

The majority of the Group's revenue is denominated in Renminbi and the Group's accounts are prepared in Renminbi. As such, the Group maintained stable cashflow generated from its operating activities and did not have material exposure to fluctuations in foreign currency rates. The net proceeds received by the Group from the Global Offering are denominated in Hong Kong dollars and the Group is exposed to fluctuation of exchange rate between Renminbi and Hong Kong dollars.

The Group currently does not have any hedging policy for foreign currencies in place. However, the management will remain alert to any relevant risks as the financial position of the Company may be adversely affected due to any material fluctuations in foreign currency rates. Therefore, the management will closely monitor the market changes and may consider to adopt hedging policy to mitigate any material potential foreign exchange risk if necessary.

Capital Commitments

As at 30 June 2024, the Group had capital commitments of approximately RMB3.0 million for leasehold improvements and addition of medical equipment (as at 31 December 2023: approximately RMB3.2 million).

Contingent Liabilities and Guarantees

As at 30 June 2024, the Group had no material contingent liabilities or guarantees (as at 31 December 2023: Nil).

Employees and Remuneration Policies

As at 30 June 2024, the Group employed 323 staff (including executive Directors), all of which were located in the PRC (as at 31 December 2023: 286). Remuneration packages for the Group's employees mainly comprise basic salary and bonus. The Group annually reviews their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. Moreover, the Group provides comprehensive training programs to its employees to enhance the technical skills of medical professionals to further their career development. The Group provides both in-house and external trainings for its employees to improve their skills and knowledge. The Group also adopted a share option scheme on 8 November 2022 to create incentives to employees and to align their interest with that of the Group. Moreover, the Group has adopted a share award scheme on 16 January 2024 with an aim to (i) recognition the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Employee benefit expenses primarily consist of wages, bonus, and allowances as well as central pension scheme contribution, which are provided by the Group to its employees in the PRC. Employee benefits expenses was approximately RMB19.1 million during the Reporting Period (2023: approximately RMB20.2 million), representing a decrease of approximately RMB1.1 million as compared to the corresponding period in 2023.

Significant Investments

During the Reporting Period, the Group did not have any significant investments.

Future Plans for Material Investment and Capital Assets

During the Reporting Period, the Group intends to utilise the net proceeds raised from the Global Offering for business expansion and working capital in the manner set out in the Prospectus and the Annual Report for the year ended 31 December 2023. Save as disclosed above, the Group did not have any future plans for material investments or capital assets as at 30 June 2024.

Material Acquisitions and Disposals of Subsidiaries, Associates or Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures of the Group during the Reporting Period.

Compliance with the CG Code

The Group is committed to preserving the high levels of corporate governance and business ethics and believes that conducting business in an ethical and reliable manner will optimize its long term interests and those of the Shareholders.

The Board has established and continuously strengthened the Group's purpose, values and strategies, and ensure alignment with the Group's culture. All Directors must act with integrity, lead by example, and promote the desired culture. Such culture should instill and continually reinforce across the organization values of acting lawfully, ethically and responsibly.

The core purpose of the Group is to create value for its Shareholders. The Group strives to become the leading pioneer in the industry of private dental services provider that is trusted by its patients, and a place where its employees are proud to work for. The mission of the Group is to lead the development of the industry and set the industry benchmarks. In this connection, the Group endeavours to provide to its employees, patients, Shareholders, the society, and the environment in a lawfully, ethically and responsibly way. These purpose and values shape the Group's strategy, which are geared towards building a trusted and top-hygiene private dental services provider whereby values for Shareholders are created.

The Group's purpose, values and strategies form the foundations of the Group's corporate culture. The Group's corporate culture is centered on adherence to high ethical standards and practices, and striving for sustainable development.

During the Reporting Period, the Company has applied and complied with all the code provisions of the CG Code as set out in Part 2 of Appendix C1 of the Listing Rules except from the deviation of the code provision C.2.1 of the CG Code.

The Company does not have a separate chairman and chief executive officer and Mr. Wang Xiaomin currently performs these two roles concurrently. The Board believes that vesting the roles of both the chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group for more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority within the Group will not be impaired by the present arrangement and the current structure will enable our Company to make and implement decisions more promptly and effectively. The Board will from time to time review and consider whether separation the roles of chairman of the Board and the chief executive officer of the Company is necessary.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its code of conduct governing regarding Directors' securities transactions. The Company had received written confirmation from all the Directors, each Director confirmed that he/she had strictly complied with the required standards set out in the Model Code during the Reporting Period. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Reporting Period.

Independent Advices

The Directors and their committees shall have access to independent professional advisers' advices if considered necessary. The Directors may also seek independent professional advices on matters related to the Company to fulfill their responsibilities at the Company's expense after obtaining the approval of the Board.

Purchase, Sale or Redemption of Listed Securities of the Group

Issue of Listed Securities

The Board resolved to recommend payment of 2023 Finial Dividend to the Shareholders. The 2023 Final Dividend will be payable in cash, with an option granted to the Shareholders to receive new and fully paid Scrip Shares in lieu of cash in whole but not in part under the Scrip Dividend Scheme. Subsequent to the end of the Reporting Period, the Company issued 154,350 Scrip Shares to the Shareholders. The Scrip Shares have been dealing on the Main Board of The Stock Exchange at 9:00 a.m. on 15 August 2024.

Repurchase of Listed Securities

On 16 January 2024, the Company adopted the Share Award Scheme. The objectives of the Share Award Scheme are: (i) to recognize the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme will purchase the existing Shares through the Trustee on the secondary market at the market trading price. The Share Award Scheme was contemplated and adopted to be funded solely by the existing Shares.

During the Reporting Period, the Trustee, as instructed by the Board, purchased a total of 230,000 Shares on the market from 24 January 2024 to 25 January 2024, representing approximately 0.038% of the total number of Shares of the Company in issue as at the Latest Practicable Date. The Trustee holds these Shares in accordance with to the Scheme Rules and the Trust Deed.

The Trustee, which is a professional entity licensed under the laws of Hong Kong to carry out the trustees services, a third party independent of and not connected with the Company and/or any of its connected persons, for the Share Award Scheme.

Save as disclosed above, neither the Company nor any of the its subsidiaries purchased, repurchased, sold or redeemed any of the listed securities of the Group.

Directors and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in any of the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be (i) 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 (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in Shares and underlying Shares

Name of Director or Chief Executive	Nature of Interest	Number of Shares	Approximately Percentage[(1)]
Mr. Wang Xiaomin[(2)(4)]	Interest in controlled corporation Interest of spouse	427,500,000 (L)	71.25%
Ms. Zheng Man[(3)(4)]	Interest in controlled corporation Interest of spouse	427,500,000 (L)	71.25%

Notes:

(L) denotes long position

(1) The calculation is based on the total number of 600,000,000 issued Shares as at 30 June 2024.

(2) Each of JTC BVI and Ricon BVI is directly and wholly owned by Mr. Wang. Mr. Wang is therefore deemed to be interested in all the Shares held by each of JTC BVI and Ricon BVI.

(3) Meihao BVI is directly and wholly owned by Ms. Zheng. Ms. Zheng is therefore deemed to be interested in all the Shares held by Meihao BVI.

(4) Mr. Wang and Ms. Zheng are the spouse of one another, and are therefore deemed to be interested in any Shares in which one another is interested.

Save as disclosed above, so far as the Directors are aware, as at 30 June 2024, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code.

Substantial Shareholder's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2024, so far as is known to Directors or chief executive of the Company are aware, the following persons (other than the Directors and chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of Substantial Shareholders	Nature of Interest	Number of Shares	Approximately Percentage[1]
JTC BVI[2]	Beneficial owner	337,500,000 (L)	56.25%
Ricon BVI[2]	Beneficial owner	45,000,000 (L)	7.5%
Meihao BVI[3]	Beneficial owner	45,000,000 (L)	7.5%

Notes:

(L) denotes long position

(1) The calculation is based on the total number of 600,000,000 issued Shares as at 30 June 2024.

(2) Each of JTC BVI and Ricon BVI is directly and wholly owned by Mr. Wang.

(3) Meihao BVI is directly and wholly owned by Ms. Zheng.

Save as disclosed herein, as at 30 June 2024, the Company had not been notified by any person (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or the underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

The Share Option Scheme was adopted by the Company on 8 November 2022.

The purpose of the Share Option Scheme is to is to provide incentive or reward to Eligible Persons (as defined in the Share Option Scheme) for their contribution to, and continuing efforts to promote the interests of, our Group and for such other purposes as the Board may approve from time to time.

The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of such scheme.

As at 30 June 2024, the remaining life of Share Option Scheme is approximately 8 years 5 months. A summary of the principal terms of the Share Option Scheme is set out in the Prospectus.

The maximum aggregate number of Shares which may be issued upon exercise of all options pursuant to the Share Option Scheme is 60,000,000 Shares, which represents 10% of the issued shares of the Company as at the date of this interim report.

The number of share options available for grant under the Share Option Scheme was 60,000,000 Shares as at the beginning and nil as at the end of the Reporting Period.

During the Reporting Period, 60,000,000 share options were granted by the Company to certain employees of the Group (collectively, the "**Grantees**") to subscribe for a total of 60,000,000 ordinary shares of HK$0.01 each in the capital of the Company dated 16 January 2024 (the "**Date of Grant**"). The closing price immediately before the Date of Grant on which the share option were granted was HK$0.425 per share.

During the Reporting Period, no options were vested, exercised, cancelled or lapsed and there is 60,000,000 share option under the Share Option Scheme as at 30 June 2024. Therefore, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue is 10%.

Details of the options granted under the Share Option Scheme, their movements during the Reporting Period were as follows:

	Number of the Shares comprised in the options granted						Exercise price of the share option granted (per Share)
	Number of options granted	Number of options vested	Number of options exercised	Number of option cancelled	Number of options lapsed	Exercise/ Vesting period	HK$
Employees ("**Group A Grantees**")	24,000,000	–	–	–	–	*Note 1* *Note 2*	0.45
Employees ("**Group B Grantees**")	24,000,000	–	–	–	–	*Note 1* *Note 3*	0.45
Employees ("**Group C Grantees**")	12,000,000	–	–	–	–	*Note 1* *Note 4*	0.45
	60,000,000	–	–	–	–		

Notes:

1. *The options granted under the Share Option Scheme could be exercised at the exercise price of HK$0.45 after vested, which was not lower than the highest of (a) the closing price of HK$0.425 per Share as stated in the daily quotation sheet issued by the Stock Exchange on 16 January 2024 (i.e. the Date of Grant); (b) the average closing price of HK$0.434 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (c) The validity period of the share option should commence on the Date of Grant (i.e. 16 January 2024) and end on 16 January 2034, both day inclusive. There is no performance target nor clawback mechanism attached to the share options. For details of the fair value of the share options granted during the Reporting Period, please refer to Note 12 to the interim condensed consolidated financial information in this report.*

2. *Subject to the vesting conditions as stated in the respective letters of grant to the Group A Grantees, the share options granted shall vest in accordance to the below schedules:*

   (i) 1,200,000 options shall be vested on the first anniversary of the Date of Grant;

   (ii) 840,000 options shall vested on the second anniversary of the Date of Grant;

   (iii) 600,000 Options shall vest on the third anniversary of the Date of Grant; and

   (iv) 480,000 Options shall vest on each of the fourth, fifth, sixth, seventh, eighth, ninth and tenth anniversary of the Date of Grant.

3. *Subject to the vesting conditions as stated in the respective letters of grant to the Group B Grantees, the share options granted shall vest in accordance to the below schedules:*

   (i) 420,000 Options shall vest on each of the first, second, third and fourth anniversary of the Date of Grant; and

   (ii) 720,000 Options shall vest on each of the fifth, sixth, seventh, eighth, ninth and tenth anniversary of the Date of Grant.

4. *Subject to the vesting conditions as stated in the respective letters of grant to the Group C Grantees, the share options granted shall vest in accordance to the below schedules:*

   (i) 6,000,000 Options shall vest on the first anniversary of the Date of Grant.

Save as disclosed above, no options were vested, exercised, canceled or lapsed under the Share Option Scheme, and there were no outstanding options under the Share Option Scheme up to the Reporting Period. Therefore, as at the Date of Grant, the total number of shares that may be issued pursuant to the share options granted or to be granted under the Share Option Scheme and all other share incentive schemes was 60,000,000 Shares, accounting for approximately 10% of the issued share capital. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Grantees is (i) a Director, chief executive or substantial shareholder of the Company, or an associate (as defined under the Listing Rules) of any of them, or otherwise a connected person of the Company; or (ii) a related entity participant or a service provider of the Company. The above grant would not result in the share options granted and to be granted to each Grantee under the Share Option Scheme in the 12-month period up to and including the date of such grant in aggregate to exceed 1% of the Shares in issue. After the grant of the Share Options, the number of shares available for future grant under the Share Option Scheme is nil. For details, please refer to the announcement of the Company dated 16 January 2024.

Share Award Scheme

The Company adopted the Share Award Scheme with effect from 16 January 2024. Based on the recommendation of the Remuneration Committee, the Board resolved to grant a total of 24,000,000 Awarded Shares on 16 January 2024, which would be satisfied by existing Shares to be purchased by the Trustee from the open market by utilising the Company's internal resources provided to the Trustee, to four selected employees of the Group, pursuant to the Share Award Scheme at nil consideration, subject to acceptance by the Grantees. The principal terms of the Share Award Scheme are set out as follows:

Purposes and Objectives of the Share Aware Scheme

(i) To recognize the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Eligible Participants

As set out in the Scheme Rules, Eligible Participants include: (i) any employees of the Group; (ii) any employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any persons who provide services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, provided any such person is not a connected person of the Group. Although the Scheme Rules allows the granting of Awards to non-employees, the Company currently has no intention to grant any Award to non-employee participants.

Duration

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of ten years commencing on the adoption date, after which no further awards will be granted. Therefore, the remaining term of the Share Award Scheme is approximately 9 years and 4 months.

Administration

The Share Award Scheme is subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed.

To the extent permissible under the Listing Rules and other applicable laws and regulations, the Board may resolve to delegate to another committee of the Board or to one or more officers of the Company any or all of the authority and responsibility of the Board under the Scheme Rules and the Trust Deed.

The Board may from time to time cause to be paid a contributed amount to the Trust which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed. The grant of awards would not cause any dilution of shareholding to any Shareholders.

Scheme Limit and Individual Sublimit

The Board shall not make any further grant of award such that the total number of Shares granted under the Share Award Scheme will exceed 10% of the total number of issued Shares as of the adoption date. On the basis that the total number of issued Shares as of the adoption Date is 600,000,000 Shares, the aforesaid 10% limit represents a total of 60,000,000 Shares.

The maximum number of options or awards to the Grantees and a selected participant under the Share Option Scheme and Share Award Scheme of the Company, which would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the respective scheme(s), shall not exceed 1% of the issued share capital of the Company in any 12-month period.

The aforesaid limits shall always be subject to the compliance with the Listing Rules that are in-force from time-to-time, including the requirement on maintaining a minimum public float.

Restrictions

Prior to the vesting of any Awarded Shares, any Award made under the Share Award Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable nor transferrable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any unvested Awarded Shares referable to him pursuant to such Award or enter or purport to enter into any agreement to do so, unless and until such Awarded Shares are actually vested in and transferred to the Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company).

Prior to the vesting of any Awarded Shares, a Selected Participant is not entitled to any interest or rights attaching to the unvested Awarded Shares, including but not limited to voting rights and rights to receive dividends.

No Award shall be made by the Board and no instructions to acquire Shares shall be given to the Trustee under the Share Award Scheme when dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

The Board may, at any time after it has instructed the Trustee to purchase any Shares in accordance with the provisions in the Trust Deed, instruct the Trustee in writing to cease purchasing Shares or to suspend purchasing Shares until further notice (without specifying any reasons therefor). The Board may also instruct the Trustee in writing to cease receiving any transfer, gift, assignment or conveyance of Shares or to suspend receiving any transfer, gift, assignment or conveyance of Shares until further notice (without specifying any reasons therefor).

Operation

The Board may, from time to time, at its sole and absolute discretion select any Eligible Participant for participation in the Share Award Scheme as a Selected Participant and grant an Award to any Selected Participant at such consideration (if any) subject to such terms and conditions as the Board may in its sole and absolute discretion determine.

The Board may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company, any Subsidiary, any significant shareholder or any party designated by the Company as directed by the Board which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

The Board believes that the current share price of the Company significantly undervalues the Company's business performance and underlying value, which represents a good opportunity to acquire Shares to satisfy the award of Shares under the Scheme in the future. The Board believes that the acquisition of Shares for the satisfaction of the award of Shares under the Share Award Scheme as incentive will create value for the Shareholders, and the current financial position of the Group enables the Company to provide the necessary funding to the Trustee to carry out the Share acquisition while maintaining sufficient financial resources for continued growth of the Group's operations.

Subject to the Scheme Rules, the Board may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange or accept and receive a specified number of Shares from any significant shareholder or any party designated by the Company. Once purchased or received, the Shares are to be held directly or indirectly by the Trustee for the benefit of the Selected Participants under the Trust until they are vested, on and subject to the terms and conditions of the Scheme Rules and the Trust Deed. On each occasion when the Board instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board.

Vesting and lapse

Subject to the terms and conditions of the Scheme Rules and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Participant as specified in the Share Award Scheme and the relevant grant instrument, the Awarded Shares held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant in accordance with the terms of Scheme Rules.

In the event of the following matters, all relevant Award(s) made to such Selected Participant shall automatically lapse and the relevant Awarded Shares shall not vest on the relevant vesting date but shall remain part of the trust fund:

(i) Selected Participant is found to be an Excluded Participant;

(ii) where such person has committed any act of fraud or dishonesty or serious misconduct whether or not in connection with his employment or engagement by any member of the Group or Related Entities and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group or Related Entities;

(iii) where such person has been declared or adjudged to be bankrupt or has failed to pay his debts as they fall due or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his/her assets;

(iv) where such person has been convicted of any criminal offence;

(v) where such person has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group or Related Entities;

(vi) where such person has been convicted of or is being held liable for any offence under or any breach of the securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time; and

(vii) where such person ceased to be an employee of the Group (other than the circumstances provided in the Scheme Rules), a Related Entity Participant or ceased to provide service as a Service Provider.

In respect of a Selected Participant who dies or retires by agreement from all members of the Group at any time prior to the vesting date, and unless the Selected Participant has been disqualified pursuant to the terms of the Scheme Rules or the grant instrument of the relevant Selected Participant, all the Awarded Shares of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement from all members of the Group.

Termination

The Share Award Scheme shall terminate on the earlier of:

1. the tenth anniversary of the Adoption Date; or

2. such date of early termination as determined by the Board by a resolution of the Board.

Voting Rights

No instructions shall be given by a selected participant (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, and such other properties of the Trust Fund managed by the Trustee. The Trustee shall abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the awarded Shares, any bonus Shares and scrip Shares derived therefrom).

Purchasing Shares pursuant to the Share Award Scheme

From 24 January 2024 to 25 January 2024, the Trustee, as instructed by the Board, purchased a total of 230,000 Shares on the market, representing approximately 0.038% of the total number of Shares of the Company in issue up to the Reporting Period. The Trustee holds these Shares in accordance with to the Scheme Rules and the Trust Deed. The Trustee, which is a professional entity licensed under the laws of Hong Kong to carry out the trustees services, a third party independent of and not connected with the Company and/or any of its connected persons, for the Share Award Scheme.

Movements of the Awarded Shares during the Reporting Period

Details of Awarded Shares granted under the Share Award Scheme, their movements during the Reporting Period were as follows:

		Number of the Shares comprised in the Awarded Shares granted				
Category of selected participants	Outstanding as of 1 January 2024**	Number of Awarded Shares granted	Number of Awarded Shares vested	Number of Awarded Shares cancelled	Number of Awarded Shares lapsed	Outstanding as of 30 June 2024
Employees	–	24,000,000	–	–	–	24,000,000

** *The Company adopted the Share Award Scheme on 16 January 2024.*

Notes:

1. *To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Grantees is a third party independent of the Company and its connected persons.*

2. *The Board resolved to grant a total of 24,000,000 Awarded Shares, which would be satisfied by existing Shares to be purchased by the Trustee from the open market by utilising the Company's internal resources provided to the Trustee, to four selected employees of the Group, pursuant to the Share Award Scheme at nil consideration, subject to acceptance by the Grantees.*

3. *There is no performance target attached to the Awarded Shares.*

4. *There is clawback mechanism attached to the Share Award Sachem. In any of the following circumstances, the Board may, at its sole and absolute discretion, require the Grantee to return the gains from the vested Awarded Shares:*

   (a) *the Grantee has committed any act of fraud or dishonesty or serious misconduct in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement or service being terminated by the relevant member of the Group; or*

   (b) *the Grantee has engaged in any act or omission to perform any of his duties that has had or will have a material adverse effect on the reputation or interests of any member of the Group.*

5. *An aggregate of 24,000,000 Awarded Shares granted to each of the Grantees shall vest on the first anniversary of the Date of Grant, i.e. 16 January 2025.*

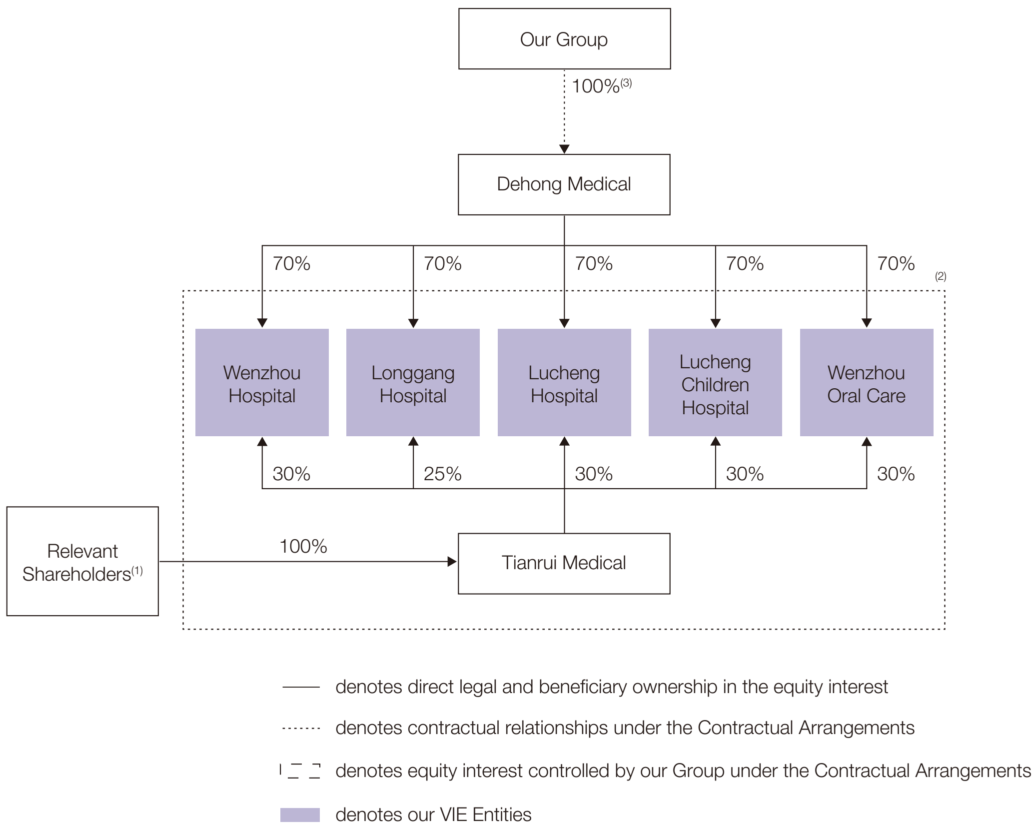
Save as disclosed above, no Awarded Shares were vested, canceled or lapsed under the Share Award Scheme up to the Reporting Period. No further grant of Awarded Shares will be made by the Board such that the total number of Shares granted under the Share Award Scheme will exceed 10% of the total number of issued Shares as of the Adoption Date. On the basis that the total number of issued Shares as of the Adoption Date is 600,000,000 Shares, the aforesaid 10% limit represents a total of 60,000,000 Shares. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Grantees is (i) a Director, chief executive or substantial shareholder of the Company, or an associate (as defined under the Listing Rules) of any of them, or otherwise a connected person of the Company; or (ii) a related entity participant or a service provider of the Company. For details, please refer to the announcement of the Company dated 16 January 2024.

Contractual Arrangements

Background

The Company is principally engaged in the provision of dental medical services in the PRC. The medical institutions fall within the foreign investment restrictions under current PRC laws and regulations. The Company entered into Contractual Arrangements to enable to exercise control and enjoy substantially all economic benefits of each of the VIE Entities, namely, Wenzhou Hospital, Lucheng Hospital, Lucheng Children Hospital, Wenzhou Oral Care, and Longgang Hospital.

The following simplified diagram illustrates the flow of economic benefits from our VIE Entities to our Group as stipulated under the Contractual Arrangements:



Notes:

(1) *The Relevant Shareholders are Mr. Wang Xiaomin and Ms. Zheng Man, who hold 90% and 10% equity interest in Tianrui Medical, respectively.*

(2) *The Exclusive Operation Services Agreements, the Exclusive Option Agreements, the Equity Pledge Agreements, the Shareholders' Rights Entrustment Agreements, the Powers of Attorney, the Spouse Undertakings and the Supplemental Agreement (each of which are defined below) together form the legal relationship under the Contractual Arrangements.*

(3) *Dehong Medical is an indirect wholly-owned subsidiary of our Group.*

The VIE Entities contributed a significant portion of our Group's financial positions and results of operations. The revenue of VIE Entities amounted to RMB33.8 million for the six months ended 30 June 2024, representing approximately 100.0% of the total revenue of our Group. The total assets of VIE Entities amounted to RMB99.3 million as at 30 June 2024, representing approximately 44.3% of the total assets of our Group.

Summary of the Material Terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

(1) Exclusive Operation Services Agreements

The Relevant Shareholders, Tianrui Medical and the VIE Entities have entered into exclusive operation services agreement with Dehong Medical on 16 January 2020 and 26 August 2021 (the "**Exclusive Operation Services Agreements**"), pursuant to which, Tianrui Medical and the VIE Entities agreed to engage Dehong Medical as their exclusive provider of technical support, consulting services and other services in exchange for services fees.

In addition, in the absence of a prior written consent of Dehong Medical, during the term of the Exclusive Operation Services Agreements, the Relevant Shareholders, Tianrui Medical and the VIE Entities shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationships with any third party. Dehong Medical has the right to appoint any third party to provide any or all of the services, or to fulfil its obligations under the Exclusive Operation Services Agreements.

The Exclusive Operation Services Agreements took effect from 29 October 2019 and 26 August 2021, and shall remain valid for three years from the respective dates of the Exclusive Operation Services Agreements and shall, subject to compliance with the Listing Rules, be automatically renewed for three years each time when its term ends, unless being terminated in accordance with the terms therein.

(2) Exclusive Option Agreements

On 16 January 2020 and 26 August 2021, Dehong Medical, the Relevant Shareholders, Tianrui Medical and the VIE Entities entered into exclusive option agreements (the "**Exclusive Option Agreements**").

The Relevant Shareholders and Tianrui Medical undertake to develop the business of the VIE Entities, to ensure the legal compliance of the business operations of the VIE Entities and not to take any action which may affect their asset value, goodwill and validity of business licenses. Furthermore, in the absence of prior written consent of Dehong Medical, (i) the Relevant Shareholders and Tianrui Medical shall not transfer or otherwise dispose of any option under the Exclusive Option Agreements, or create any encumbrances thereon; (ii) Tianrui Medical and the VIE Entities shall not assist in transferring or otherwise disposing of any option under the Exclusive Option Agreements, or creating any encumbrances thereon; and (iii) the Relevant Shareholders and Tianrui Medical (as applicable) directly or indirectly (by itself or through the entrustment of any other natural person or legal person entity) carry out, own or acquire any business compete with or likely compete with the business of Dehong Medical or our Group.

In addition, the Relevant Shareholders, Tianrui Medical and the VIE Entities undertake that, upon Dehong Medical issuing the notice to exercise the option in accordance with the Exclusive Option Agreements, they will implement necessary actions to affect the transfer and relinquish any pre-emptive right, if any. Each of the parties to the Exclusive Option Agreements confirms and agrees that (i) in the event of a dissolution or liquidation of Tianrui Medical and the VIE Entities (as applicable) under the PRC laws, all the residual assets which are attributable to the Relevant Shareholders and Tianrui Medical (as applicable) shall be transferred to Dehong Medical or its designated person(s) at the minimum purchase price permitted under the then applicable PRC law, and each of the Relevant Shareholders, Tianrui Medical and the VIE Entities undertakes that they will return in full the consideration received in relation to such transfer to Dehong Medical or its designated person(s), (ii) in the event of bankruptcy, reorganisation or merger of Tianrui Medical, death, incapacity, bankruptcy or divorce of the Relevant Shareholders or any other event which causes changes to the Relevant Shareholders' shareholding in Tianrui Medical and Tianrui Medical's shareholding in the VIE Entities, (a) the successor of the Relevant Shareholders' equity interest in Tianrui Medical and the successor of Tianrui Medical's equity interest in the VIE Entities shall be bound by the Contractual Arrangements, and (b) any disposal of shareholding in Tianrui Medical and the VIE Entities shall be governed by the Contractual Arrangements unless Dehong Medical consents otherwise in writing.

The Exclusive Option Agreements took effect from 29 October 2019 and 26 August 2021. Each of the Exclusive Option Agreements has an indefinite term and a termination provision which stipulates that unless otherwise required by the then applicable PRC laws and regulations, none of the parties to the agreements (except Dehong Medical) is entitled to unilaterally terminate the agreements.

(3) Shareholders' Rights Entrustment Agreements and the Powers of Attorney

On 16 January 2020 and 26 August 2021, Dehong Medical, the Relevant Shareholders, Tianrui Medical and the VIE Entities entered into shareholders' rights entrustment agreements (the "**Shareholders' Rights Entrustment Agreements**") and the powers of attorney executed by the Relevant Shareholders and Tianrui Medical (the "**Powers of Attorney**") in favour of Dehong Medical (and its successors or liquidators) or a natural person designated by Dehong Medical (the "**Attorney**").

Pursuant to the Shareholders' Rights Entrustment Agreements and the Powers of Attorney, (i) the Relevant Shareholders irrevocably agree to authorise the Attorney to exercise all of its rights and powers as shareholders of Tianrui Medical, (ii) Tianrui Medical irrevocably agrees to authorise the Attorney to exercise all of its rights and powers as a shareholder of the VIE Entities, including but not limited to, the rights to vote in a shareholders' meeting, sign minutes, and arrange all the filings required for the operations of Tianrui Medical and the VIE Entities with the relevant companies registry. As Dehong Medical is a wholly-owned subsidiary of our Company, the terms of the Shareholders' Rights Entrustment Agreements and the Powers of Attorney will effectively give our Company control over all corporate decisions of the VIE Entities, as well as 100% equity interests of Tianrui Medical, Wenzhou Hospital, Lucheng Hospital, Lucheng Children Hospital and Wenzhou Oral Care, and 95% equity interests of Longgang Hospital.

The Shareholders' Rights Entrustment Agreements took effect from 29 October 2019 and 26 August 2021. Each of the Powers of Attorney has an indefinite term and a termination provision which stipulates that unless otherwise required by the then applicable PRC laws and regulations, none of the parties to the agreement (except Dehong Medical) is entitled to unilaterally terminate it.

(4) Equity Pledge Agreements

On 16 January 2020 and 26 August 2021, Dehong Medical, the Relevant Shareholders, Tianrui Medical and the VIE Entities entered into the equity pledge agreements (the "**Equity Pledge Agreements**"). Pursuant to the Equity Pledge Agreements, (i) the Relevant Shareholders agree to pledge all of their respective equity interests in Tianrui Medical, and (ii) Tianrui Medical agrees to pledge all of its equity interests in the VIE Entities, to Dehong Medical to secure performance of all their obligations and the obligations of the VIE Entities under the Contractual Arrangements.

In addition, pursuant to the Equity Pledge Agreements, the Relevant Shareholders and Tianrui Medical undertake to Dehong Medical, among other things, not to transfer their pledged equity interests, not to create or allow any pledge or encumbrance thereon and undertake or permit any action or behaviour that may adversely affect the rights and interest of Dehong Medical without its prior written consent. Tianrui Medical and the VIE Entities undertake to Dehong Medical, among other things, not to consent to any transfer the pledged equity interests or to create or allow any pledge or encumbrance thereon without Dehong Medical's prior written consent.

The Equity Pledge Agreements took effect from 29 October 2019 and 26 August 2021, while the equity pledges took effect on the date of completion of registration. Each of the Equity Pledge Agreements has an indefinite term and a termination provision which stipulates that unless otherwise required by the then applicable PRC laws and regulations, none of the parties to the agreement (except Dehong Medical) is entitled to unilaterally terminate it.

(5) Supplemental Agreement

On 26 August 2021, Dehong Medical, the Relevant Shareholders and Tianrui Medical entered into the supplemental agreement to the Exclusive Option Agreement, the Equity Pledge Agreement and the Shareholders' Rights Entrustment Agreement (the "**Supplemental Agreement**"), pursuant to which the parties thereto agreed to supplement certain terms and references of the aforesaid agreements to reflect the inclusion of Wenzhou Oral Care as one of the VIE Entities under the Contractual Arrangements.

The Supplemental Agreement took effect from 26 August 2021. Save for the terms and references amended by the Supplemental Agreement, all other terms and conditions of the Exclusive Option Agreement, the Equity Pledge Agreement and the Shareholders' Rights Entrustment Agreement remain in full force and effect.

(6) Spouse Undertakings

The spouse of each of the Relevant Shareholders has signed an undertaking (the "**Spouse Undertakings**") to the effect that (i) the respective interests of the Relevant Shareholders in Tianrui Medical (together with any other interests therein) do not fall within the scope of joint possession; and (ii) each of the spouses has no right to or control over such interests of the respective persons and will not have any claim on such interests.

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between the Group and VIE Entities during the six months ended 30 June 2023. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the six months ended 30 June 2023.

As at 30 June 2023, the Company had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through Tianrui Medical and the VIE Entities under the Contractual Arrangements. The Directors believe that each of the agreements under the Contractual Arrangements is enforceable under the PRC laws and regulations except that (i) the Wenzhou Arbitration Commission (溫州仲裁委員會) has no power to grant injunctive relief, nor will it be able to order the winding up of Tianrui Medical and the VIE Entities pursuant to the current PRC laws; (ii) interim remedies or enforcement orders granted by overseas courts such as the courts of Hong Kong and the Cayman Islands may not be recognised or enforceable in the PRC; (iii) the exercise of the exclusive options by Dehong Medical in accordance with the Exclusive Option Agreements, shall be subject to the then effective PRC laws and regulations and relevant approval procedures (if applicable); (iv) there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations; and (v) the Equity Pledge Agreements are subject to registration requirements with the relevant Administration for Industry and Commerce (the registration for which had been completed).

Reasons for Adopting the Contractual Arrangements

The Special Administrative Measures for the Access of Foreign Investment (Negative List) (2019) (外商投資准入特別管理措施（負面清單）（2019年版）) (the "**2019 Negative List**") stipulate that foreign investors are permitted to invest only in Sino-foreign equity and cooperative joint venture medical institutions. However, the 2019 Negative List does not expressly stipulate the percentage of equity interest or interest indirectly held by a foreign investor in a medical institution by means of domestic investment by a foreign-invested enterprise. On 23 June 2020 and 27 December 2021, the NDRC and the MOFCOM have jointly promulgated the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020) (外商投資准入特別管理措施（負面清單）（2020年版）) (the "**2020 Negative List**") and the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021) (外商投資准入特別管理措施（負面清單）（2021年版）) (the "**2021 Negative List**") respectively. The 2020 Negative List and the 2021 Negative List came into effect on 23 July 2020 and 1 January 2022, respectively, and the 2021 Negative List has replaced the 2019 Negative List and the 2020 Negative List. According to the 2021 Negative List, foreign investors are permitted to invest in medical institutions in the form of joint ventures.

Pursuant to the Interim Administrative Measures on Sino-Foreign Equity Medical Institutions and Sino-Foreign Cooperative Medical Institutions (中外合資、合作醫療機構管理暫行辦法) (the "**Interim Administrative Measures on Sino-Foreign Equity Medical Institutions**"), foreign investors are allowed to partner with Chinese medical entities to establish a healthcare institution in China by means of equity joint venture or cooperative joint venture. Establishment of equity joint venture or cooperative joint venture are subject to certain requirements, including the minimum 30% equity percentage held by the Chinese partner in the joint venture. These investor qualification requirements and establishment criteria may be relaxed where the foreign-invested medical institution is to be established in Central and Western China or areas inhabited by more elderly, ethnic-minorities and poorer demographics.

The Company is primarily engaged in the provision of dental medical services in the PRC. According to the Negative Lists, medical institutions fall within the "restricted" investment category, and therefore may not be held 100% by foreign investments. Foreign investments are also restricted to the form of joint venture, except for investments by qualified service providers as defined under Notice of Expanding the Territorial Scope for Hong Kong and Macao Service Suppliers to Establish Wholly-Owned Hospitals in the Mainland (關於擴大香港和澳門服務提供者在內地設立獨資醫院地域範圍的通知), the Mainland and Hong Kong Closer Economic Partnership Arrangement and its supplemental Agreements (內地與香港關於建立更緊密經貿關係的安排及其補充協議), Interim Measures for the Administration of Hong Kong and Macao Service Providers' Establishment of Sole Proprietorship Hospitals in the Mainland (香港和澳門服務提供者在內地設立獨資醫院管理暫行辦法), and Notice Concerning Establishment of Medical Institutions in the Mainland by Hong Kong and Macao Service Providers (關於香港和澳門服務提供者在內地設立醫療機構有關問題的通知).

The Contractual Arrangements are narrowly tailored to address solely the Foreign Ownership Restriction as set forth in the above paragraph. The Contractual Arrangements are also narrowly tailored to achieve the business purposes of our Company and to minimise the potential for conflict with relevant PRC laws and regulations.

The Contractual Arrangements enable Dehong Medical to obtain substantially all economic benefits of the VIE Entities, except for the 5% equity interest in Longgang Hospital which is held by an independent third party. Accordingly, our Company regards Wenzhou Hospital, Lucheng Hospital, Lucheng Children Hospital and Wenzhou Oral Care as wholly-owned subsidiaries and Longgang Hospital as a 95% owned subsidiary.

Risks Relating to the Contractual Arrangements

There are certain risks associated with the Contractual Arrangements, including:

(1) If the PRC government deems that the Contractual Arrangements in relation to the VIE Entities and their subsidiaries do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish the interests in those operations.

(2) The shareholders of VIE Entities may have conflict of interest with us, which may materially and adversely affect our business, financial condition and results of operations.

(3) Certain terms of Contractual Arrangements may not be enforceable under PRC laws.

(4) The Contractual Arrangements may be considered by the PRC tax authorities as requiring transfer pricing adjustment.

(5) If we exercise the option to acquire equity ownership and assets of the VIE Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.

(6) PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of the Global Offering to make loans to PRC subsidiaries, or to make additional capital contributions to PRC subsidiaries.

Please refer to "Risk Factors – Risks Relating to our Contractual Arrangements" in the Prospectus for details.

Actions Taken by the Group to Mitigate the Risks

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation and compliance of the Contractual Arrangements:

(1) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(2) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(3) the Company will disclose the overall performance and compliance with the Contractual Arrangements in its annual reports and interim reports to update our Shareholders and potential investors; and

(4) the Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements and the legal compliance of Dehong Medical, Tianrui Medical and the VIE Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waiver from the Stock Exchange

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules upon the Listing as certain parties to the Contractual Arrangements, including Mr. Wang Xiaomin, Ms. Zheng Man and Tianrui Medical are connected persons of the Group pursuant to Chapter 14A of the Listing Rules.

In view of the Contractual Arrangements, in respect of transactions contemplated under the Structured Contracts and any New Intergroup Agreements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares of the Company are listed on the Stock Exchange and Tianrui Medical and the VIE Entities will continue to be treated as the Company's subsidiaries subject to the following conditions:

(1) save as described in paragraph (4) below, no change to the Contractual Arrangements (including with respect to any fees payable to Dehong Medical thereunder) will be made without the approval of the independent non- executive Directors;

(2) save as described in paragraph (4) below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our independent Shareholders;

(3) the Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by Tianrui Medical and the VIE Entities;

(4) on the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on one hand, and Tianrui Medical, the VIE Entities and the Relevant Shareholders, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of our Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and

(5) the Group will disclose details relating to the Contractual Arrangements on an on-going basis.

Changes in the Directors' Information

As at the date of this interim report, there is no change in information of the Directors or chief executives of the Company which shall be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Use of Net Proceeds

The Company's Shares were listed on the Stock Exchange on 14 December 2022 by way of Global Offering, raised total net proceeds of approximately HK$74.9 million (the "**Net Proceeds**") from the Global Offering after deduction of the underwriting fees and other estimated expenses payable by the Company in connection with the Global Offering. There was no change in the intended use of Net Proceeds as previously disclosed in the Prospectus and the Company intends to utilise the Net Proceeds for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The Company will utilise the Net Proceeds in accordance with such intended purposes based on actual business needs.

As at 30 June 2024, approximately HK$12.7 million from the Global Offering has been utilised. The table below sets forth a detailed breakdown and description of the use of net proceed as at 30 June 2024:

Intended use of Net Proceeds	**Allocation of Net Proceeds** (HK$ million)	**Approximate percentage of total Net Proceeds**	**Unutilised Net Proceeds as at 31 December 2023** (HK$ million)	**Utilised Net Proceeds as at 30 June 2024** (HK$ million)	**Unutilised Net Proceeds as at 30 June 2024** (HK$ million)	**Intended timetable for use of unutilised Net Proceeds** *(Note 1)*
Potential strategic acquisition of two dental hospitals in the PRC	21.5	28.6%	21.5	–	21.5	12/2024 *(Note 2)*
Funding the capital expenditure and initial operating costs for the development of Wenzhou Oral Care	20.2	27.0%	19.3	1.0	19.2	9/2024 *(Note 3)*
Funding the capital expenditure and initial operating costs for establishing Lucheng Children Hospital in Wenzhou	10.6	14.1%	10.2	0.4	10.2	12/2024 *(Note 4)*
Working capital and other general corporate purposes	7.5	10.0%	2.6	7.5	–	N/A
Funding the capital expenditure and initial operating costs for establishing a dental clinic chain outside Wenzhou under a new trade name	6.4	8.6%	6.4	–	6.4	12/2024
Establishing a dentistry training centre to maintain our own dentists talent pool and improve the quality of our dental services	4.0	5.4%	4.0	–	4.0	12/2024
Acquiring new dental devices and consumables to improve the quality of our dental services offered	2.5	3.3%	1.4	1.6	0.9	12/2024
Renovating our Wenzhou Hospital in order to expand its children dental department	2.2	3.0%	–	2.2	–	N/A
Total	74.9	100.0%	65.4	12.7	62.2	

Notes:

1. *The expected timeline for utilising the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.*

2. *Due to abnormal fluctuations in market acquisition prices, the Group has made extensive adjustments to its acquisition strategy to control risks. Since there is no suitable subject in the original area, it has been adjusted to other areas.*

3. *Due to the delay in the approval of the medical practice license of Wenzhou Children Stomatological Hospital in the second phase of Wenzhou Oral Care, its investment will also be delayed.*

4. *With the negotiation with the government to identify new project locations, the use of raised funds is temporarily postponed.*

Public Float

Based on the information that is available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital held by the public for the six months ended 30 June 2024 and as at the date of this interim report.

Interim Dividend

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Audit Committee

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Ng Ming Chee (the chairman of the Audit Committee), Ms. Tam Hon Shan Celia and Dr. Zhou Jian. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control system of the Company. The unaudited interim result of the Group for the six months ended 30 June 2024 has been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of Listing Rules have been complied with, in the preparation of relevant result, and sufficient disclosures have been made.

Change in Constitutional Documents

Adopted by a special resolution passed on 18 June 2024, the Second Amended and Restated Memorandum and Articles of Association became effective on 18 June 2024.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management team, employees and business partners for their support and contribution to the Group.

By order of the Board
Meihao Medical Group Co., Ltd
Mr. Wang Xiaomin
Chairman and executive Director

Hong Kong, 28 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**2024 (Unaudited) RMB'000**	2023 (Unaudited) RMB'000
REVENUE	4	**33,797**	34,985
Cost of sales		**(21,449)**	(19,517)
Gross profit		**12,348**	15,468
Other income and gains		**2,878**	2,773
Selling expenses		**(11,217)**	(9,816)
Administrative expenses		**(17,454)**	(10,122)
Reversal of impairment losses/(impairment losses) on financial assets, net		**4**	(2)
Other expenses		**(205)**	(206)
Finance costs		**(786)**	(846)
LOSS BEFORE TAX	5	**(14,432)**	(2,751)
Income tax (expense)/credit	6	**(704)**	631
LOSS FOR THE PERIOD		**(15,136)**	(2,120)
Attributable to:			
Owners of the parent		**(15,074)**	(2,122)
Non-controlling interests		**(62)**	2
		(15,136)	(2,120)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	**RMB(2.51) cents**	RMB(0.35) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
LOSS FOR THE PERIOD	**(15,136)**	(2,120)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(5)**	–
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into presentation currency	**675**	3,125
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**670**	3,125
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	**(14,466)**	1,005
Attributable to:		
Owners of the parent	**(14,404)**	1,003
Non-controlling interests	**(62)**	2
	(14,466)	1,005

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**27,273**	27,799
Right-of-use assets		**32,846**	33,857
Goodwill		**674**	–
Intangible assets		**301**	373
Deferred tax assets		**1,131**	694
Prepayments, other receivables and other assets		**15,947**	17,394
Total non-current assets		**78,172**	80,117
CURRENT ASSETS			
Inventories		**2,810**	2,506
Trade receivables	*10*	**1,317**	789
Prepayments, other receivables and other assets		**12,284**	7,044
Time deposits with original maturity over three months		**29,381**	55,144
Cash and cash equivalents		**100,462**	86,827
Total current assets		**146,254**	152,310
CURRENT LIABILITIES			
Trade payables	*11*	**7,360**	6,640
Other payables and accruals		**22,805**	17,724
Contract liabilities		**3,780**	3,302
Lease liabilities		**8,396**	8,803
Tax payable		**1,914**	1,490
Total current liabilities		**44,255**	37,959
NET CURRENT ASSETS		**101,999**	114,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**180,171**	194,468

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**180,171**	194,468
NON-CURRENT LIABILITIES		
Lease liabilities	**23,538**	24,918
Contract liabilities	**3,952**	4,005
Total non-current liabilities	**27,490**	28,923
Net assets	**152,681**	165,545
EQUITY		
Equity attributable to owners of the parent		
Share capital	**5,365**	5,365
Reserves	**146,139**	159,813
	151,504	165,178
Non-controlling interests	**1,177**	367
Total equity	**152,681**	165,545

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent											
	Share capital RMB'000	Share premium* RMB'000	Merger reserve* RMB'000	Capital reserve* RMB'000	Treasury shares* RMB'000	Statutory surplus reserve* RMB'000	Share award reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2023 (audited)	5,365	93,354	12,016	8,450	-	10,715	-	1,323	33,955	165,178	367	165,545
Loss for the period	-	-	-	-	-	-	-	-	(15,074)	(15,074)	(62)	(15,136)
Other comprehensive income for the period:												
Exchange differences	-	-	-	-	-	-	-	670	-	670	-	670
Total comprehensive loss for the period	-	-	-	-	-	-	-	670	(15,074)	(14,404)	(62)	(14,466)
Acquisition of a subsidiary *(note 13)*	-	-	-	-	-	-	-	-	-	-	872	872
Final 2023 dividend declared	-	-	-	-	-	-	-	-	(5,398)	(5,398)	-	(5,398)
Shares repurchased	-	-	-	-	(88)	-	-	-	-	(88)	-	(88)
Share-based payments	-	-	-	-	-	-	6,216	-	-	6,216	-	6,216
At 30 June 2024 (unaudited)	5,365	93,354	12,016	8,450	(88)	10,715	6,216	1,993	13,483	151,504	1,177	152,681

	Attributable to owners of the parent									
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2022 (audited)	5,365	93,354	12,016	8,450	10,715	(77)	47,549	177,372	379	177,751
Profit and total comprehensive income for the period	–	–	–	–	–	3,125	(2,122)	1,003	2	(2,120)
At 30 June 2023 (unaudited)	5,365	93,354	12,016	8,450	10,715	3,048	45,427	178,375	381	178,756

* *These reserve accounts comprise the consolidated reserves of RMB146,139,000 in the condensed consolidated statement of financial position as at 30 June 2024.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Note	**2024 (Unaudited) RMB'000**	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(14,432)**	(2,751)
Adjustments for:			
Finance costs		**786**	846
Bank and other interest income		**(2,254)**	(2,273)
Depreciation of property, plant and equipment		**3,441**	4,340
Depreciation of right-of-use assets		**3,633**	3,376
Amortisation of intangible assets		**76**	78
Impairment of trade receivables, net	*5*	**(4)**	2
Share-based payment expense		**6,216**	–
Gain on termination of a lease		**–**	(114)
Exchange differences, net	*5*	**(46)**	(135)
		(2,584)	3,369
(Increase)/decrease in inventories		**(101)**	153
Increase in trade receivables		**(450)**	(544)
Increase in prepayments, other receivables and other assets		**(4,970)**	(10,127)
Increase in trade payables		**545**	1,197
(Decrease)/increase in contract liabilities		**(60)**	2,238
Decrease in other payables and accruals		**(663)**	(3,650)
Cash used in operations		**(8,283)**	(8,598)
Bank interest received		**2,254**	1,885
Income tax paid		**(717)**	(3,394)
Net cash flows used in operating activities		**(6,746)**	(10,107)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(812)**	(3,791)
Decrease in time deposits with original maturity of over three months		**26,302**	–
Acquisition of a subsidiary, net of cash acquired		**302**	–
Net cash flows from/(used) in investing activities		**25,792**	(3,791)

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares for the initial public offering	**–**	76,417
Share issue expenses	**–**	(5,867)
Principal portion of lease payments	**(4,737)**	(3,510)
Interest paid	**(786)**	(846)
Shares repurchased	**(88)**	–
Net cash flows (used in)/from financing activities	**(5,611)**	66,194
NET INCREASE IN CASH AND CASH EQUIVALENTS	**13,435**	52,296
Cash and cash equivalents at beginning of period	**86,827**	89,529
Effect of foreign exchange rate changes, net	**200**	5,702
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**100,462**	147,527
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**28,912**	147,527
Non-pledged time deposits with original maturity of less than three months when acquired	**71,550**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows and consolidated statement of financial position	**100,462**	147,527

1. Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2. Changes in Accounting Policies and Disclosures (Continued)

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. Operating Segment Information

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

4. Revenue

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	**33,797**	34,985

Disaggregated Revenue Information for Revenue from Contracts with Customers

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Type of services		
Dental services	**33,797**	34,985
Geographical market		
Chinese Mainland	**33,797**	34,985
Timing of revenue recognition		
Services transferred over time	**33,797**	34,985

5. Loss Before Tax

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories, consumables and customised products	**5,410**	5,066
Reversal of impairment losses/(impairment losses) on financial assets, net	**(4)**	2
Share-based payment expense	**6,216**	–
Foreign exchange differences, net	**(46)**	(135)

6. Income Tax

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiary incorporated in the British Virgin Islands are not subject to any income tax in the Cayman Islands or the British Virgin Islands.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on the Group's subsidiary has been provided as there was no assessable profit arising in Hong Kong during the period (2023: Nil).

Except for certain subsidiaries of the Group which were entitled to a preferential income tax rate of 20% for small and micro enterprises during the period with the RMB3.0 million of annual taxable income eligible for 75% reduction, the provision for Chinese Mainland current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries of Chinese Mainland as determined in accordance with the Corporate Income Tax Law.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – Chinese Mainland		
Charge for the period	**1,141**	936
Deferred	**(437)**	(1,567)
Total tax charge/(credit) for the period	**704**	(631)

7. Dividends

On 18 June 2024, the final dividend of HK$0.01 per ordinary share was approved by the Company's shareholders at the annual general meeting. The final dividend was payable in cash, with an option provided to the Shareholders to receive new and fully paid shares in lieu of cash, under the scrip dividend scheme. As at the date of this report, dividend of approximately HK$5.9 million (equivalent to approximately RMB5.4 million) was paid in cash and the rest was paid by issuing scrip shares.

8. Loss Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 599,799,204 (six months ended 30 June 2023: 600,000,000) in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares of the Company held under the share award scheme.

The calculations of basic loss per share are based on:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**(15,074)**	(2,122)

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**599,799,204**	600,000,000

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the period in respect of a dilution as the impact of the equity-settled share award and share option arrangements had an anti-dilutive effect on the basic loss per share amounts presented.

9. Property, Plant and Equipment

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Carrying amount at beginning of period/year	**27,799**	28,076
Acquisition of a subsidiary	**2,423**	–
Additions	**492**	7,175
Depreciation provided during the period/year	**(3,441)**	(7,287)
Disposals	**–**	(165)
Carrying amount at end of period/year	**27,273**	27,799

10. Trade Receivables

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	**1,301**	759
3 to 6 months	**1**	11
6 to 12 months	**14**	2
1 to 2 years	**–**	7
Over 2 years	**1**	10
Total	**1,317**	789

11. Trade Payables

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	**2,054**	1,161
3 to 6 months	**1,030**	1,212
6 to 12 months	**1,070**	1,373
Over 1 year	**3,206**	2,894
Total	**7,360**	6,640

12. Share-based Payments

The Company adopted the share option scheme on 8 November 2022. The purpose of the share option scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group. On 16 January 2024, the Board granted a total of 60,000,000 share options to certain employees of the Group to subscribe for a total of 60,000,000 ordinary shares of HK$0.01 each in the capital of the Company pursuant to the share option scheme. The share options shall vest on the first to tenth anniversary of the date of grant.

The Company adopted the share award scheme with effect from 16 January 2024. The purpose of the share award scheme is (i) to recognize the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Board granted a total of 24,000,000 awarded shares to the eligible participants, which will be satisfied by existing shares purchased or to be purchased by the trustee from the open market by utilising the Company's internal resources provided to the trustee, to four selected employees of the Group, pursuant to the share award scheme at nil consideration and shall be 100% vested on the first anniversary of the date of grant.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these schemes. The Group accounts for the schemes as an equity-settled plan.

The schemes do not confer rights on the holders to dividends or to vote at shareholders' meetings.

12. Share-based Payments (Continued)

The following share option were outstanding under the share option scheme during the period:

	2024 Weighted average exercise price HK$ per share	2024 Number of options '000
At 1 January	–	–
Granted during the period	**0.45**	**60,000**
At 30 June	**0.45**	**60,000**

The following awarded shares were outstanding under the share award scheme during the period:

	2024 Weighted average exercise price HK$ per share	2024 Number of awarded shares '000
At 1 January	–	–
Granted during the period	–	**24,000**
At 30 June	–	**24,000**

During the period, share-based payment expenses of RMB6,216,000 (six months ended 30 June 2023: Nil) were charged to the interim condensed consolidated statement of profit or loss.

The fair value of options and awarded shares granted during the period, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024
Dividend yield (%)	**2.50%**
Expected volatility (%)	**53.32%**
Risk-free interest rate (%)	**3.472%**
Expected life of options (year)	**10**
Weighted average share price (HK$ per share)	**0.26**

13. Business Combination

Pursuant to a share purchase agreement dated 19 December 2023, a wholly-owned subsidiary of the Group agreed to acquire a 51% interest in Wenzhou Ouhai Jielaiya Oral Clinic Co., Ltd. ("**Ouhai Jielaiya**") from its then shareholder at a cash consideration of RMB1,581,000. Ouhai Jielaiya is engaged in the provision of dental services in the Wenzhou City and the acquisition was made as part of the Group's strategy to expand its market share of dental service in this region.

The acquisition was completed on 19 March 2024 when the Group obtained control of the operating and financial activities of Ouhai Jielaiya.

The fair values of the identifiable assets and liabilities of Ouhai Jielaiya as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000 (Unaudited)
Non-current assets	5,049
Current assets	848
Current liabilities	(1,431)
Non-current liabilities	(2,687)
Total identifiable net assets at fair value	1,779
Non-controlling interests	(872)
Goodwill on acquisition	674
Purchase consideration	1,581

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration paid during the period*	–
Cash and bank balances acquired	302
Net outflow of cash and cash equivalents included in cash flows from investing activities	302

* The cash consideration was paid in 2023 pursuant to the share purchase agreement and included in the non-current portion of prepayment as at 31 December 2023.

13. Business Combination (Continued)

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000 (Unaudited)
Gross carrying amount	
At 1 January 2024	–
Acquisition of a subsidiary	**674**
At 30 June 2024	**674**

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB74,000 and RMB181,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB74,000 and RMB181,000, respectively, of which the total amount is expected to be collectible.

The goodwill of RMB674,000 recognised above is due to the new market entered into by the Group to achieve business diversification. The above factor is neither separable nor contractual and therefore it does not meet the criteria for recognition as intangible assets under HKAS 38 *Intangible Assets*. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since the acquisition, Ouhai Jielaiya contributed RMB908,000 to the Group's revenue and a loss of RMB81,000 to the consolidated loss for the six months ended 30 June 2024.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the loss of the Group for the period would have been RMB34,864,000 and RMB15,158,000, respectively.

The assessment of the fair value of the identifiable assets and liabilities of Ouhai Jielaiya is still undergoing and the information of the fair values of the identifiable assets and liabilities is provisional at the date of the interim condensed consolidated financial information. The finalised information will be disclosed in the consolidated financial statements of the Group for the year ending 31 December 2024.

14. Commitments

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Leasehold improvements	**2,397**	2,581
Medical equipments	**639**	664
Total	**3,036**	3,245

15. Related Party Transactions

Details of the Group's principal related party is as follows:

Name	Relationship with the Group
Ms. Zheng Man	Executive director

(a) During the year ended 31 December 2022, a subsidiary of the Group entered into an agreement to rent office premises from a director, Ms. Zheng Man, for a period of three years commencing from 1 January 2023 with an annual rental fee of RMB892,000. During the period, the rental fee was RMB446,000.

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	**1,715**	1,027
Post-employment benefits	**172**	126
Share-based payment expense	**129**	–
Total compensation paid to key management personnel	**2,016**	1,153

16. Events After the Reporting Period

On 19 December 2023, Dehong Medical and Tianrui Medical, wholly-owned subsidiaries of the Group, entered into share purchase agreements in relation to the acquisition of 98.5% equity interests in Yueqing Stomatological Hospital Co., Ltd, a private dental service provider, by way of acquisition of equity interests from its shareholders, Lin Chengyin and Wang Lianghua. On 1 August 2024, the acquisition is completed and Yueqing Stomatological Hospital Co., Ltd has become an indirect owned subsidiary of the Company.

DEFINITIONS

"2023 Final Dividend"	the final dividend of HK$0.01 per Share for the year ended 31 December 2023
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Awarded Shares"	in respect of a Selected Participant, such number of Shares as award to him by the Board
"Board"	the board of directors of the Company
"BVI"	the British Virgin Islands
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China and, except where the context requires otherwise and only for the purposes of this interim report, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"Company"	Meihao Medical Group Co., Ltd (美皓醫療集團有限公司) (formerly known as China Dental Medical Group Co., Ltd (中國口腔醫療集團有限公司)), an exempted company incorporated in the Cayman Islands on 18 November 2019 with limited liability, and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 17 January 2020
"Contractual Arrangements"	a series of contractual arrangements entered into by Dehong Medical, Tianrui Medical, the VIE Entities, and the Relevant Shareholders, details of which are described in the section headed "Contractual Arrangements" in this report
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context otherwise requires, refers to Mr. Wang, Ms. Zheng, JTC BVI, Ricon BVI and Meihao BVI
"Eligible Participant"	any individual being an employee participant, related entity participant or service provider, provided such person is not a connected person of the Group
"Grantee(s)"	certain employees of the Group to subscribe for a total 60,000,000 ordinary shares of HK$0.01 each of the Company under the Share Option Scheme or a Selected Participant who received and agrees to accept an award of shares under the Share Award Scheme
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"JTC BVI"	JTC (China) Co., LTD (健齒康(中國)有限公司), a business company incorporated in the BVI with limited liability on 8 November 2019, which is directly wholly owned by Mr. Wang, and one of our Controlling Shareholders
"Latest Practicable Date"	19 September 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication

"Listing Date"	14 December, 2022, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Longgang Hospital"	Longgang Stomatological Hospital Co., Ltd. (龍港口腔醫院有限公司) (formerly known as Cangnan Dental Hospital Co., Ltd. (蒼南牙科醫院有限公司)), a limited liability company established in the PRC on 24 August 2015, our indirect non wholly-owned subsidiary, which is a private dental hospital
"Lucheng Children Hospital"	Wenzhou Lucheng Children Stomatological Hospital Co., Ltd. (溫州鹿城兒童口腔醫院有限公司), a limited liability company established in the PRC on 29 October 2019 and our indirect wholly-owned subsidiary
"Lucheng Hospital"	Wenzhou Lucheng Stomatological Hospital Co., Ltd. (溫州鹿城口腔醫院有限公司), a limited liability company established in the PRC on 7 June 2016, our indirect wholly-owned subsidiary, which is a private dental hospital
"Meihao BVI"	Meihao (China) Co., LTD (美皓(中國)有限公司), a business company incorporated in the BVI with limited liability on 8 November 2019, which is directly wholly owned by Ms. Zheng, and one of our Controlling Shareholders
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Wang"	Mr. Wang Xiaomin (王曉敏), an executive Director, the spouse of Ms. Zheng, one of the Controlling Shareholders, and one of the Relevant Shareholders
"Ms. Zheng"	Ms. Zheng Man (鄭鑾), an executive Director, the spouse of Mr. Wang, one of the Controlling Shareholders, and one of the Relevant Shareholders
"Prospectus"	the prospectus of the Company dated 30 November 2022
"Relevant Shareholder(s)"	Mr. Wang and Ms. Zheng, being the registered shareholders of Tianrui Medical
"Reporting Period"	the six months ended 30 June 2024
"Ricon BVI"	Ricon (China) Co., LTD (瑞康(中國)有限公司), a business company incorporated in the BVI with limited liability on 8 November 2019, which is directly wholly owned by Mr. Wang, and one of our Controlling Shareholders
"RMB"	Renminbi, the lawful currency of PRC
"Rui'an Branch Hospital"	Wenzhou Dental Hospital Co., Ltd. Rui'an Branch Company (溫州牙科醫院有限公司瑞安分公司), a branch company established in the PRC on 9 November 2017, and the operating branch (院區) (not an independent established medical institution) of Wenzhou Hospital in Rui'an City

"Scheme Rules"	the rule of the Share Award Scheme, as may amend from time to time
"Scrip Dividend Scheme"	the scrip dividend scheme in relation to the 2023 Final Dividend, details of which are set out in the Company's circular published on 15 July 2024
"Scrip Share(s)"	the new Share(s) issued under the Scrip Dividend Scheme
"Selected Participant"	Eligible Participant(s) selected by the Board pursuant to the Scheme Rules for participation in the Share Award Scheme (or his/her legal personal representative or lawful successor as the case may be)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the Company
"Share Award Scheme"	the share award scheme adopted by the Company on 16 January 2024
"Share Option Scheme"	the share option scheme adopted by the Company on 8 November 2022
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tianrui Medical"	Wenzhou Tianrui Medical Management Co., Ltd. (溫州天睿醫療管理有限公司), a limited liability company established in the PRC on 2 August 2019 which is owned as to 90% by Mr. Wang and 10% by Ms. Zheng
"Trust"	the trust constituted by the Trust Deed
"Trust Deed"	a trust deed to be entered into between the Company as settlor and the Trustee as trustee of the Trust (as restated, supplemented and amended from time to time)
"Trustee"	the trustee as appointed under the Trust Deed to act as trustee of the Trust, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed