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**GREEN INTERNATIONAL**

Holdings Limited

格林國際控股有限公司

**GREEN INTERNATIONAL HOLDINGS LIMITED**

**格林國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2700)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of Green International Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the corresponding year in 2020, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

|   | Notes | 2021<br>HK\$'000       | 2020<br>HK\$'000<br>(restated) |
|---|-------|------------------------|--------------------------------|
| <b>Continuing operations:</b>   |       |                        |                                |
| Revenue   | 4     | 69,057                 | 65,488                         |
| Direct costs and operating expenses   |       | <u>(31,451)</u>        | <u>(28,788)</u>                |
| <b>Gross profit</b>   |       | <b>37,606</b>          | 36,700                         |
| Other incomes, gains and losses, net  | 5     | (563)                  | 1,278                          |
| Selling expenses  |       | (21,347)               | (23,601)                       |
| Administrative expenses   |       | (37,441)               | (41,588)                       |
| Gain on disposal of subsidiaries  |       | –                      | 2,789                          |
| Fair value changes of derivative financial instruments:                                       |       |                        |                                |
| — Derivative financial assets   |       | –                      | (3,505)                        |
| Impairment loss of goodwill   |       | (8,566)                | (2,162)                        |
| Impairment loss of trademark user right and technical know-how                                |       | (11,027)               | (12,203)                       |
| Impairment loss of property, plant and equipment  |       | (8,569)                | (5,787)                        |
| Impairment loss of right-of-use assets  |       | (18,971)               | (3,504)                        |
| Finance costs   | 6     | <u>(4,189)</u>         | <u>(6,549)</u>                 |
| <b>Loss before income tax</b>   | 7     | <b>(73,067)</b>        | (58,132)                       |
| Income tax (expenses)/credit  | 8     | <u>(342)</u>           | 685                            |
| <b>Loss for the year from continuing operations</b>   |       | <u><b>(73,409)</b></u> | <u>(57,447)</u>                |
| <b>Discontinued operations:</b>   |       |                        |                                |
| Profit/(loss) for the year from discontinued operations                                       | 9     | <u>1,149</u>           | <u>(3,865)</u>                 |
| <b>Loss for the year</b>  |       | <u><b>(72,260)</b></u> | <u>(61,312)</u>                |
| <b>Attributable to owners of the Company</b>  |       |                        |                                |
| — Loss from continuing operations   |       | (70,329)               | (55,409)                       |
| — Profit/(loss) from discontinued operations  |       | <u>1,149</u>           | <u>(3,865)</u>                 |
|   |       | <u><b>(69,180)</b></u> | <u>(59,274)</u>                |
| <b>Attributable to non-controlling interest</b>   |       |                        |                                |
| — Loss from continuing operations   |       | <u>(3,080)</u>         | <u>(2,038)</u>                 |
|   |       | <u><b>(3,080)</b></u>  | <u>(2,038)</u>                 |
| <b>Loss for the year</b>  |       | <u><b>(72,260)</b></u> | <u>(61,312)</u>                |
| <b>Loss per share for loss for the year attributable to the equity holders of the Company</b> |       |                        |                                |
| — From continuing operations  |       |                        |                                |
| Basic and diluted (HK cents per share)  | 10    | (10.66)                | (10.19)                        |
| — From continuing and discontinued operations   |       |                        |                                |
| Basic and diluted (HK cents per share)  | 10    | <u><b>(10.48)</b></u>  | <u>(10.90)</u>                 |

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

*For the year ended 31 December 2021*

|  | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i><br><i>(restated)</i> |
|--|--------------------------------|--|
| <b>Loss for the year</b>   | <b>(72,260)</b>                | (61,312)                                     |
| <b>Other comprehensive (expenses)/income, net of tax</b>                   |                                |  |
| — Release of exchange differences upon disposal of subsidiaries            | —                              | (366)  |
| — Exchange differences arising during the year                             | <u>280</u>                     | <u>8,633</u>                                 |
| <b>Total comprehensive expenses for the year</b>                           | <u><b>(71,980)</b></u>         | <u>(53,045)</u>                              |
| <b>Total comprehensive expenses for the year attributable to:</b>          |                                |  |
| — Equity holders of the Company  | <b>(68,939)</b>                | (51,312)                                     |
| — Non-controlling interests  | <u><b>(3,041)</b></u>          | <u>(1,733)</u>                               |
|  | <u><b>(71,980)</b></u>         | <u>(53,045)</u>                              |
| <b>Total comprehensive (expenses)/income for the year attributable to:</b> |                                |  |
| — from continuing operations   | <b>(73,129)</b>                | (49,180)                                     |
| — from discontinued operations   | <u><b>1,149</b></u>            | <u>(3,865)</u>                               |
|  | <u><b>(71,980)</b></u>         | <u>(53,045)</u>                              |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

|   | <i>Notes</i> | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>ASSETS</b>   |              |                                |                         |
| <b>Non-current assets</b>   |              |                                |                         |
| Property, plant and equipment   |              | <b>13,461</b>                  | 23,191                  |
| Right-of-use assets   |              | <b>51,947</b>                  | 65,028                  |
| Goodwill  |              | –                              | 8,566                   |
| Trademark user right and technical know-how                                   |              | <b>11,514</b>                  | 22,541                  |
|   |              | <u>76,922</u>                  | <u>119,326</u>          |
| <b>Current assets</b>   |              |                                |                         |
| Inventories   |              | <b>9,319</b>                   | 9,891                   |
| Trade receivables   | <i>12</i>    | <b>11,137</b>                  | 6,002                   |
| Prepayments, deposits and other receivables                                   |              | <b>6,692</b>                   | 7,025                   |
| Bank balances — trust and segregated accounts                                 |              | –                              | 1,945                   |
| Bank balances (general accounts) and cash                                     |              | <b>110,743</b>                 | 139,788                 |
|   |              | <u>137,891</u>                 | <u>164,651</u>          |
| <b>Total assets</b>   |              | <b><u>214,813</u></b>          | <b><u>283,977</u></b>   |
| <b>EQUITY</b>   |              |                                |                         |
| <b>Capital and reserves attributable to the equity holders of the Company</b> |              |                                |                         |
| Share capital   | <i>15</i>    | <b>131,979</b>                 | 131,979                 |
| Reserves  |              | <b>(65,728)</b>                | 3,211                   |
|   |              | <u>66,251</u>                  | <u>135,190</u>          |
| <b>Non-controlling interests</b>  |              | <b>3,064</b>                   | 6,105                   |
| <b>Total equity</b>   |              | <b><u>69,315</u></b>           | <b><u>141,295</u></b>   |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

|  | <i>Notes</i> | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| <b>LIABILITIES</b>                           |              |                                |                         |
| <b>Non-current liabilities</b>               |              |                                |                         |
| Bonds payables                               |              | <b>4,897</b>                   | 12,313                  |
| Lease liabilities                            |              | <b>62,912</b>                  | 59,991                  |
| Deferred tax liabilities                     |              | <b>1,151</b>                   | 2,254                   |
|  |              | <u>68,960</u>                  | <u>74,558</u>           |
| <b>Current liabilities</b>                   |              |                                |                         |
| Trade payables                               | <i>13</i>    | <b>4,255</b>                   | 5,111                   |
| Contract liabilities                         |              | <b>3,599</b>                   | –                       |
| Accruals and other payables                  | <i>14</i>    | <b>56,113</b>                  | 51,863                  |
| Lease liabilities                            |              | <b>12,552</b>                  | 11,104                  |
| Tax payable                                  |              | <b>19</b>                      | 46                      |
|  |              | <u>76,538</u>                  | <u>68,124</u>           |
| <b>Total liabilities</b>                     |              | <u><b>145,498</b></u>          | <u>142,682</u>          |
| <b>Total equity and liabilities</b>          |              | <u><b>214,813</b></u>          | <u>283,977</u>          |
| <b>Net current assets</b>                    |              | <u><b>61,353</b></u>           | <u>96,527</u>           |
| <b>Total assets less current liabilities</b> |              | <u><b>138,275</b></u>          | <u>215,853</u>          |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 March 2006 as an exempted company with limited liability. Its registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2006. Its parent company is Jumbo Faith International Limited (“**Jumbo Faith**”), which is wholly owned by Ms. Zhou Cuiqiong, mother of Mr. Yu Zhoujie (a non-executive Director and the Chairman of the Company).

The Group was principally engaged in provision of (i) health and medical services and (ii) beauty and wellness products and related services.

These consolidated financial statements are presented in Group’s functional currency, Hong Kong dollars (“**HK\$**”), which is also the Company functional currency, and all values are rounded to the nearest thousand (“**HK\$’000**”), except when otherwise indicated.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) relating to the preparation of consolidated financial statements.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 2.2 Application of Amendments to Hong Kong Financial Reporting Standards

### *Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”) for the first time, which are mandatorily effective for their annual reporting period commencing 1 January 2021 for the preparation of consolidated financial statements:

|   |  |
|---|--|
| Amendment to HKFRS 16   | Covid-19-Related Rent Concessions        |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

In addition, the Group applied the agenda decision of the HKFRS Interpretations Committee (the “Committee”) of the HKICPA issued on June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

## 2.3 New and Amendments to HKFRS in issued but not yet effective

|   |  |
|---|--|
| HKFRS 17  | Insurance Contracts and the related Amendments <sup>3</sup>  |
| Amendments to HKFRS 3                               | Reference to Conceptual Framework <sup>2</sup>   |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>                               |
| Amendments to HKFRS 16                              | Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>   |
| Amendments to HKAS 1                                | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup> |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies <sup>3</sup>   |
| Amendments to HKAS 8                                | Definition of Accounting Estimates <sup>3</sup>  |
| Amendments to HKFRS 12                              | Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>                                    |
| Amendments to HKAS 16                               | Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>  |
| Amendments to HKAS 37                               | Onerous Contracts — Costs of Fulfilling a Contract <sup>2</sup>  |
| Amendments to HKFRSs                                | Annual Improvement to HKFRSs 2018-2020 <sup>2</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE AND SEGMENT INFORMATION

The Group primarily operates in the People's Republic of China (the "PRC"). The Group's operating businesses are structured and managed separately according to the nature of their operations and the products or services they provide. Each of the Group's business units represents a strategic business unit that offers products or services which are subject to risks and returns that are different from those of the other business units. The Group's business units are as follows:

- (a) the health and medical segment engages in the operation of health and medical related businesses of its clubhouse, hemodialysis center and hospital;
- (b) the beauty and wellness segment engages in selling of beauty and wellness products and related services; and

The information reported below does not include any amounts for the discontinued operation, more details of which are disclosed in Note (9) to the consolidated financial statements.

During the year ended 31 December 2021, the Group discontinued to operate the financial segment which engages in securities brokerage, advising on securities and asset management businesses upon disposal of Green Securities Limited and Green Asset Management Limited.

Operating segments are identified for financial reporting purposes in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board has been identified as the Group's chief operating decision-maker.

Inter-segment revenue is eliminated on consolidation. Inter-segment sales and transfers are transacted according to the relevant prevailing market prices.

Segment results are presented as operating profit or loss.

**3.1 Revenue of the Group, together with the analysis of the revenue by segments and geographical regions are as follows:**

|   | <b>Health and<br/>medical<br/>business<br/><i>HK\$'000</i></b> | <b>Beauty and<br/>wellness<br/>business<br/><i>HK\$'000</i></b> | <b>Consolidated<br/><i>HK\$'000</i></b> |
|---|--|---|---|
| <b>For the year ended 31 December 2021</b>            |  |   |   |
| <b>The PRC</b>  |  |   |   |
| — At a point in time                                  | <b>39,930</b>  | <b>29,127</b>   | <b>69,057</b>                           |
|   | <b>39,930</b>  | <b>29,127</b>   | <b>69,057</b>                           |
|   | <i>Health and<br/>medical<br/>business<br/>HK\$'000</i>        | <i>Beauty and<br/>wellness<br/>business<br/>HK\$'000</i>        | <i>Consolidated<br/>HK\$'000</i>        |
| <b>For the year ended 31 December 2020 (restated)</b> |  |   |   |
| <b>The PRC</b>  |  |   |   |
| — At a point in time                                  | 38,434   | 27,054  | 65,488                                  |
|   | 38,434   | 27,054  | 65,488                                  |

The geographic location analysis of revenue is allocated based on the geographic location of customers and the operating geographic location of the health and medical business and beauty and wellness business. For the years ended 31 December 2021 and 2020, no single customer's revenue accounted for more than 10% of the Group's total revenue.

### 3.2 Results by operating segments are as follows:

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i><br><i>(restated)</i> |
|--|-------------------------|--|
| <b>Continuing operations:</b>                              |                         |  |
| Health and medical business <i>(Note (i))</i>              | <b>(19,557)</b>         | (12,883)                                     |
| Beauty and wellness business <i>(Note (ii))</i>            | <b>(33,250)</b>         | (22,106)                                     |
|  | <hr/>                   | <hr/>  |
| Total net operating loss by operating segments             | <b>(52,807)</b>         | (34,989)                                     |
| Unallocated corporate expenses, net                        | <b>(15,686)</b>         | (14,843)                                     |
| Gain on disposal of subsidiaries                           | –                       | 2,789  |
| Fair value changes of derivative financial instrument:     |                         |  |
| — Derivative financial assets                              | –                       | (3,505)                                      |
| Net allowance of expected credit loss on other receivables | <b>(385)</b>            | (525)  |
| Loss on disposal of property, plant and equipment          | –                       | (510)  |
| Finance costs, net   | <b>(4,189)</b>          | (6,549)                                      |
|  | <hr/>                   | <hr/>  |
| Loss before income tax                                     | <b>(73,067)</b>         | (58,132)                                     |
| Income tax (expenses)/credit                               | <b>(342)</b>            | 685  |
|  | <hr/>                   | <hr/>  |
| Loss for the year from continuing operations               | <b>(73,409)</b>         | (57,447)                                     |
|  | <hr/> <hr/>             | <hr/> <hr/>                                  |

*Notes:*

- (i) For the year ended 31 December 2021, impairment loss of goodwill, property, plant and equipment and right-of-use assets of approximately HK\$8,566,000 (2020: HK\$2,162,000), HK\$1,089,000 (2020:HK\$Nil) and HK\$6,348,000 (2020:HK\$Nil) respectively and loss on disposal of property, plant and equipment of approximately HK\$143,000 (2020:HK\$Nil) was included within the health and medical business segment.
- (ii) For the year ended 31 December 2021, impairment loss of trademark user right and technical know-how, property, plant and equipment and right-of-use assets of approximately HK\$11,027,000 (2020: HK\$12,203,000), HK\$7,480,000 (2020: HK\$5,787,000) and HK\$12,623,000 (2020:HK\$3,504,000) respectively were included within the beauty and wellness business segment.

**3.3 Other segment information are as follows:**

|   | <b>2021</b>     | 2020              |
|---|-----------------|-------------------|
|   | <b>HK\$'000</b> | HK\$'000          |
|   |                 | <i>(restated)</i> |
| <b>Continuing operations:</b>                               |                 |                   |
| Amounts included in the measure of segment results:         |                 |                   |
| Depreciation and amortization:                              |                 |                   |
| — Health and medical business                               | <b>6,319</b>    | 8,280             |
| — Beauty and wellness business                              | <b>9,684</b>    | 9,225             |
|   | <u>16,003</u>   | 17,505            |
| — Unallocated   | <b>787</b>      | 865               |
|   | <u>16,790</u>   | 18,370            |
| Net allowance for expected credit loss of other receivables |                 |                   |
| — Health and medical business                               | <b>385</b>      | 525               |
|   | <u>385</u>      | 525               |

**3.4 Total assets of the Group by operating segments and geographical regions are as follows:**

|                               | <b>Health and</b> | <b>Beauty and</b> | <b>Assets</b>       | <b>Unallocated</b> | <b>Consolidated</b> |
|-------------------------------|-------------------|-------------------|---------------------|--------------------|---------------------|
|                               | <b>medical</b>    | <b>wellness</b>   | <b>relating to</b>  | <b>corporate</b>   |                     |
|                               | <b>business</b>   | <b>business</b>   | <b>discontinued</b> | <b>assets</b>      |                     |
|                               | <b>HK\$'000</b>   | <b>HK\$'000</b>   | <b>operations</b>   | <b>HK\$'000</b>    | <b>HK\$'000</b>     |
| <b>As at 31 December 2021</b> |                   |                   |                     |                    |                     |
| <b>Hong Kong</b>              | —                 | —                 | —                   | <b>109,544</b>     | <b>109,544</b>      |
| <b>The PRC</b>                | <b>64,261</b>     | <b>41,008</b>     | —                   | —                  | <b>105,269</b>      |
|                               | <u>64,261</u>     | <u>41,008</u>     | <u>—</u>            | <u>109,544</u>     | <u>214,813</u>      |
| <b>Segment total assets</b>   | <b>64,261</b>     | <b>41,008</b>     | <b>—</b>            | <b>109,544</b>     | <b>214,813</b>      |

|                        | Health and<br>Medical<br>business<br><i>HK\$'000</i> | Beauty and<br>wellness<br>business<br><i>HK\$'000</i> | Assets<br>relating to<br>discontinued<br>operations<br><i>HK\$'000</i> | Unallocated<br>corporate<br>assets<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|------------------------|--|---|--|---|---------------------------------|
| As at 31 December 2020 |  |   |  |   |                                 |
| Hong Kong              | –  | –   | 9,320  | 123,219   | 132,539                         |
| The PRC                | <u>82,744</u>  | <u>68,398</u>   | <u>–</u>   | <u>296</u>  | <u>151,438</u>                  |
| Segment total assets   | <u><u>82,744</u></u>                                 | <u><u>68,398</u></u>                                  | <u><u>9,320</u></u>  | <u><u>123,515</u></u>                                 | <u><u>283,977</u></u>           |

**3.5 Non-current assets of the Group (excluding financial instruments) by operating segments and geographical regions are as follows:**

|                                     | Health and<br>medical<br>business<br><i>HK\$'000</i> | Beauty and<br>wellness<br>business<br><i>HK\$'000</i> | Assets<br>relating to<br>discontinued<br>operations<br><i>HK\$'000</i> | Unallocated<br>corporate<br>assets<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|-------------------------------------|--|---|--|---|---------------------------------|
| As at 31 December 2021              |  |   |  |   |                                 |
| Hong Kong                           | –  | –   | –  | 9   | 9                               |
| The PRC                             | <u>45,408</u>  | <u>31,505</u>   | <u>–</u>   | <u>–</u>  | <u>76,913</u>                   |
| Segment total non-current<br>assets | <u><u>45,408</u></u>                                 | <u><u>31,505</u></u>                                  | <u><u>–</u></u>  | <u><u>9</u></u>                                       | <u><u>76,922</u></u>            |

|                                     | Health and<br>medical<br>business<br><i>HK\$'000</i> | Beauty and<br>wellness<br>business<br><i>HK\$'000</i> | Assets<br>relating to<br>discontinued<br>operations<br><i>HK\$'000</i> | Unallocated<br>corporate<br>assets<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|-------------------------------------|--|---|--|---|---------------------------------|
| As at 31 December 2020              |  |   |  |   |                                 |
| Hong Kong                           | –  | –   | 383  | 791   | 1,174                           |
| The PRC                             | <u>64,515</u>  | <u>53,637</u>   | <u>–</u>   | <u>–</u>  | <u>118,152</u>                  |
| Segment total non-current<br>assets | <u><u>64,515</u></u>                                 | <u><u>53,637</u></u>                                  | <u><u>383</u></u>  | <u><u>791</u></u>                                     | <u><u>119,326</u></u>           |

#### 4. REVENUE

The revenue of the Group is represented by the revenue generated by the health and medical business and beauty and wellness business.

An analysis of revenue by type of service is as follows:

|  | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i><br><i>(restated)</i> |
|--|--------------------------------|--|
| <b>Continuing operations:</b>                                  |                                |  |
| Health and medical business                                    |                                |  |
| — Providing medical services                                   | <b>39,930</b>                  | 38,434                                       |
| Beauty and wellness business                                   |                                |  |
| — Selling of beauty and wellness products and related services | <b>29,127</b>                  | 27,054                                       |
|  | <u><b>69,057</b></u>           | <u>65,488</u>                                |
| Total revenue recognised at a point in time                    |                                |  |

All of the Group's revenue from contracts with customers are generated in the PRC where the goods or services are sold or rendered. All revenue contracts are for the period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contacts is not disclosed.

#### 5. OTHER INCOMES, GAINS AND LOSSES, NET

|   | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i><br><i>(restated)</i> |
|---|--------------------------------|--|
| <b>Continuing operations:</b>                     |                                |  |
| Bank interest income                              | <b>155</b>                     | 141  |
| Government subsidy ( <i>Note</i> )                | <b>682</b>                     | 417  |
| Sundry income                                     | <b>416</b>                     | 1,201  |
| Gain on termination of lease liability            | —                              | 29   |
| Loss on early release of bonds payable            | <b>(1,673)</b>                 | —  |
| Loss on disposal of property, plant and equipment | <b>(143)</b>                   | (510)  |
|   | <u><b>(563)</b></u>            | <u>1,278</u>                                 |

*Note:* During the year ended 31 December 2021, the Group recognised government grant of approximately HK\$682,000 which was derived from the government tax policy in PRC. During the year ended 31 December 2020, the Group recognised government grant of approximately HK\$417,000 in respect of COVID-19 related subsidies which is related to Employee Support Scheme provided by Hong Kong Government.

## 6. FINANCE COSTS, NET

|                               | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i><br><i>(restated)</i> |
|-------------------------------|-------------------------|--|
| <b>Continuing operations:</b> |                         |  |
| Interest expenses:            |                         |  |
| — Convertible bonds           | —                       | (1,958)                                      |
| — Bonds payable               | (1,162)                 | (1,816)                                      |
| — Other borrowing             | (199)                   | (90)   |
| — Lease liabilities           | (2,828)                 | (2,685)                                      |
|                               | <u>(4,189)</u>          | <u>(6,549)</u>                               |

## 7. LOSS BEFORE INCOME TAX

Loss from continuing operations has been arrived at after charging:

|  | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i><br><i>(restated)</i> |
|--|-------------------------|--|
| <b>Continuing operations:</b>                              |                         |  |
| Auditors' remuneration                                     | 1,650                   | 1,500  |
| Depreciation of property, plant and equipment              | 5,304                   | 5,096  |
| Depreciation of right-of-use assets                        | 11,486                  | 13,274                                       |
| Merchandise purchased and movements in inventories         | 20,054                  | 18,485                                       |
| Employee benefit expenses                                  | 29,189                  | 30,315                                       |
| Expenses relating to short-term leases                     | —                       | 111  |
| Net allowance of expected credit loss on other receivables | 385                     | 525  |
|  | <u>385</u>              | <u>525</u>                                   |

## 8. INCOME TAX (EXPENSES)/CREDIT

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards

The amounts of income tax debited/(credited) to the consolidated statement of profit or loss are as follows:

|                               | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|-------------------------------|-------------------------|-------------------------|
| <b>Continuing operations:</b> |                         |                         |
| <b>Current taxation</b>       |                         |                         |
| PRC enterprise income tax     |                         |                         |
| — Current year                | 1,445                   | 653                     |
| Deferred taxation             | <u>(1,103)</u>          | <u>(1,338)</u>          |
|                               | <u>342</u>              | <u>(685)</u>            |

No provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for the years ended 31 December 2021 and 2020.

## 9. DISCONTINUED OPERATIONS

- (a) On 9 March 2021 and 19 March 2021, the Group entered into sale and purchase agreements to dispose of two subsidiaries, namely, Celestial Radiant Limited (including its wholly owned subsidiary, Green Securities Limited) and World Path Limited (including its wholly owned subsidiary, Green Asset Management Limited), (collectively, the “**Integrated Finance Business**”) which were principally engaged in securities brokerage, advising on securities and asset management. The disposals were completed on 11 March 2021 and 24 March 2021 respectively, beyond which the Group no longer had control of the Integrated Finance Business and had passed control to the respective acquirers.

The profit/(loss) for the period from the discontinued operations of the Integrated Finance Business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Integrated Finance Business as discontinued operations.

Profit/(loss) for the period/year from discontinued operations was as follows:

|   | 2021<br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i><br><i>(restated)</i> |
|---|-------------------------|--|
| Loss for the period/year of the Integrated Finance Business | (751)                   | (3,865)                                      |
| Gain on disposal of the Integrated Finance Business         | <u>1,900</u>            | <u>—</u>                                     |
| Profit/(loss) from discontinued operations                  | <u>1,149</u>            | <u>(3,865)</u>                               |

The results of the Integrated Finance Business for the period from 1 January 2021 to the respective disposal dated 11 March 2021 and 24 March 2021, which have been included in the consolidated statement of profit or loss and other comprehensive income/statement of profit or loss of the Group were as follows:

|                                | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--------------------------------|--------------------------------|-------------------------|
| Revenue                        | 4                              | 44                      |
| Other income, gains and losses | –                              | 266                     |
| Administrative expenses        | (755)                          | (4,202)                 |
| Finance income, net            | –                              | 27                      |
|                                | <u>–</u>                       | <u>27</u>               |
| Loss for the period/year       | <u>(751)</u>                   | <u>(3,865)</u>          |

Loss for the period/year from discontinued operations includes the following:

|   | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Depreciation of property, plant and equipment | 5                              | 29                      |
| Depreciation of right-of-use assets           | 63                             | 381                     |
| Employee benefit expenses                     | 384                            | 2,394                   |
|   | <u>384</u>                     | <u>2,394</u>            |

Analysis of the cash flow of discontinued operations is as follows:

|  | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Net cash used in operating activities                  | (637)                          | (3,503)                 |
| Net cash generated from investing activities           | 2                              | 48                      |
| Net cash (used in)/generated from financing activities | (64)                           | 3,625                   |
|  | <u>(64)</u>                    | <u>3,625</u>            |
| Net cash (outflow)/inflow                              | <u>(699)</u>                   | <u>170</u>              |

- (b) (i) On 9 March 2021, the Group entered into a sale and purchase agreement to dispose of Celestial Radiant Limited (including its wholly owned subsidiary, Green Securities Limited). The disposal was completed on 11 March 2021. Summary of the effects of the disposal is as follows:

**Consideration:**

|  | <i>HK\$'000</i> |
|--|-----------------|
| Consideration received in respect of premium                           | 2,900           |
| Consideration received in respect of reimbursement of net assets value | 6,296           |
|  | <u>6,296</u>    |
| Total consideration  | <u>9,196</u>    |

**Analysis of asset and liabilities over which control was lost:***HK\$'000***Non-current assets**

|                               |            |
|-------------------------------|------------|
| Right-of-use assets           | 29         |
| Property, plant and equipment | <u>285</u> |
|                               | <u>314</u> |

**Current assets**

|   |              |
|---|--------------|
| Prepayment, deposits and other receivables    | 814          |
| Bank balances — trust and segregated accounts | 1,651        |
| Bank balances (general accounts) and cash     | <u>5,461</u> |
|   | <u>7,926</u> |

**Current liabilities**

|                             |              |
|-----------------------------|--------------|
| Trade payables              | 1,651        |
| Lease liabilities           | 292          |
| Accruals and other payables | <u>1</u>     |
|                             | <u>1,944</u> |

|                    |              |
|--------------------|--------------|
| Net asset disposed | <u>6,296</u> |
|--------------------|--------------|

**Gain on disposal of subsidiaries**

|                                |                |
|--------------------------------|----------------|
| Consideration received in cash | 9,196          |
| Net assets disposed            | (6,296)        |
| Transaction costs of disposal  | <u>(1,900)</u> |

|                                  |                     |
|----------------------------------|---------------------|
| Gain on disposal of subsidiaries | <u><u>1,000</u></u> |
|----------------------------------|---------------------|

**Net cash inflow on disposal of subsidiaries**

|   |                |
|---|----------------|
| Consideration received in cash          | 9,196          |
| Less: cash and bank balance disposal of | (5,461)        |
| Less: transaction costs of disposal     | <u>(1,900)</u> |

|                 |                     |
|-----------------|---------------------|
| Net cash inflow | <u><u>1,835</u></u> |
|-----------------|---------------------|

- (b) (ii) On 19 March 2021, the Group entered into a sale and purchase agreement to dispose of World Path Limited (including its wholly owned subsidiary, Green Asset Management Limited). The disposal was completed on 24 March 2021. Summary of the effects of the disposal is as follows:

**Consideration:**

|  | <i>HK\$'000</i>     |
|--|---------------------|
| Consideration received in respect of premium                           | 2,600               |
| Consideration received in respect of reimbursement of net assets value | <u>3,898</u>        |
| Total consideration  | <u><u>6,498</u></u> |

**Analysis of asset and liabilities over which control was lost:**

|  | <i>HK\$'000</i>   |
|--|-------------------|
| <b>Current assets</b>                              |                   |
| Prepayment, deposits and other receivables         | 4                 |
| Bank balances (general accounts) and cash          | <u>3,894</u>      |
|  | <u>3,898</u>      |
| Net asset disposed                                 | <u>3,898</u>      |
| <b>Gain on disposal of subsidiaries</b>            |                   |
| Consideration received in cash                     | 6,498             |
| Net assets disposed of                             | (3,898)           |
| Transaction costs of disposal                      | <u>(1,700)</u>    |
| Gain on disposal of subsidiaries                   | <u><u>900</u></u> |
| <b>Net cash inflow on disposal of subsidiaries</b> |                   |
| Consideration received in cash                     | 6,498             |
| Less: cash and bank balance disposal of            | (3,894)           |
| Less: transaction costs of disposal                | <u>(1,700)</u>    |
| Net cash inflow                                    | <u><u>904</u></u> |

## 10. LOSS PER SHARE

### For continuing operations:

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

|  | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>Loss</b>  |                                |                         |
| Loss for the purpose of basic and diluted loss per share | <u>(70,329)</u>                | <u>(55,409)</u>         |
|  | <i>'000</i>                    | <i>'000</i>             |
| <b>Number of shares</b>                                  |                                |                         |
| Weighted average number of ordinary shares in issue      | <u>659,895</u>                 | <u>543,996</u>          |
| <b>Loss per share</b>                                    |                                |                         |
| Basic loss per share ( <i>HK cents</i> )                 | <u><u>(10.66)</u></u>          | <u><u>(10.19)</u></u>   |

### For continuing and discontinued operations:

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

|  | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>Loss</b>  |                                |                         |
| Loss for the purpose of basic and diluted loss per share | <u>(69,180)</u>                | <u>(59,274)</u>         |
|  | <i>'000</i>                    | <i>'000</i>             |
| <b>Number of shares</b>                                  |                                |                         |
| Weighted average number of ordinary shares in issue      | <u>659,895</u>                 | <u>543,996</u>          |
| <b>Loss per share</b>                                    |                                |                         |
| Basic loss per share ( <i>HK cents</i> )                 | <u><u>(10.48)</u></u>          | <u><u>(10.90)</u></u>   |

**For discontinued operations:**

Basic earnings/(loss) per share from discontinued operations attributable to owners of the Company based on the profit for the period from discontinued operations of approximately HK\$1,149,000 (2020: loss of HK\$3,865,000) is HK0.17 cents per share (2020: HK(0.71) cents per share).

*Note:* The weighted average number of ordinary shares for the years ended 31 December 2021 and 2020 has been adjusted for the five-to-one share consolidation of the Company which became effective on 22 January 2021.

**Diluted**

The basic earnings/(loss) per share was same as diluted earnings/(loss) per share as there were no potential ordinary shares in issue for both 2021 and 2020.

**11. DIVIDENDS**

No dividend in respect of the year ended 31 December 2021 (2020: Nil) is to be proposed at the forthcoming annual general meeting.

**12. TRADE RECEIVABLES**

|  | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Trade receivables arising from businesses of health and medical services and beauty and wellness products and related services | <u>11,137</u>                  | <u>6,002</u>            |

The Group's trade receivables generally have a credit period of 90 days. The maximum credit risk exposure at the end of the reporting period is the carrying amount of trade receivables. The Group does not have any collateral as security. The Group formulates policies and procedures to ensure the sale of products or services to customers with appropriate credit history in order to minimise credit risk.

### Ageing analysis

The ageing analysis of trade receivables from businesses of health and medical services and beauty and wellness products and related services, based on invoice dates, as at 31 December 2021 and 2020 are as follows:

|                | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | <b>5,156</b>                   | 4,442                   |
| 31-60 days     | <b>1,080</b>                   | 508                     |
| 61-90 days     | <b>1,202</b>                   | 400                     |
| 91-180 days    | <b>3,496</b>                   | 138                     |
| Over 180 days  | <b>203</b>                     | 514                     |
|                | <u><b>11,137</b></u>           | <u>6,002</u>            |

Management assessed the credit quality of the trade receivables in the amount of approximately HK\$7,438,000 (31 December 2020: HK\$5,350,000) that are neither past due nor impaired by reference to the repayment history of those customers.

### 13. TRADE PAYABLES

|   | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Trade payables arising from the business of dealing in securities:  |                                |                         |
| — Cash clients  | —                              | 1,945                   |
| Trade payables arising from businesses of health and medical services and beauty and wellness products and related services | <u><b>4,255</b></u>            | <u>3,166</u>            |
| Total   | <u><b>4,255</b></u>            | <u>5,111</u>            |

## Ageing analysis

The ageing analysis of trade payables from businesses of health and medical services and beauty and wellness products and related services, based on invoice dates, as at 31 December 2021 and 2020 are as follows:

|                | <b>2021</b><br><i>HK\$'000</i> | 2020<br><i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | <b>1,934</b>                   | 2,021                   |
| 31 — 60 days   | <b>1,496</b>                   | 605                     |
| 61 — 90 days   | <b>279</b>                     | 395                     |
| 91 — 180 days  | <b>439</b>                     | 1                       |
| Over 180 days  | <b>107</b>                     | 144                     |
|                | <u><b>4,255</b></u>            | <u>3,166</u>            |

## 14. ACCRUALS AND OTHER PAYABLES

|                                     | <b>31 December</b><br><b>2021</b><br><i>HK\$'000</i> | 31 December<br>2020<br><i>HK\$'000</i> |
|-------------------------------------|--|--|
| Bond payable ( <i>Note (i)</i> )    | <b>14,835</b>  | 14,835                                 |
| Accruals                            | <b>7,792</b>   | 9,481                                  |
| Other payables ( <i>Note (ii)</i> ) | <b>33,486</b>  | 27,547                                 |
|                                     | <u><b>56,113</b></u>                                 | <u>51,863</u>                          |

### Notes:

- (i) On 15 April 2016, the Company issued 8% per annum convertible bonds to Hong Kong Qian Hai Financial Group Limited in an aggregate principal amount of HK\$12,000,000 (the “**Qianhai CB**”) carrying conversion right to convert into 40,000,000 shares at the conversion price of HK\$0.30 per share (after adjustment) maturing on 15 April 2019. As disclosed in the Company’s announcement dated 20 December 2019, the Company was capable and willing to honour its contractual obligations under the Qianhai CB but due to conflicting instructions given by Zhang Xuejun and Shenzhen Qianhai Shengzun Hualong Holdings Co., Ltd. as to the recipient of cash payment, the redemption process was delayed without any fault on the part of the Company, pending the resolution of litigation and dispute amongst the various parties. After the date of maturity of Qianhai CB on 15 April 2019, the bond is no longer convertible into shares of the Company. Therefore, the Qianhai CB in an aggregate principal amount of HK\$12,000,000 and accrued interest of approximately HK\$2,835,000 was reclassified to accruals and other payables as bond payable in the consolidated statement of financial position.
- (ii) Among the other payables, approximately HK\$13,537,000 (2020: HK\$6,987,000) was payables to the lessor in respect of leased machineries as at 31 December 2021.

## 15. SHARE CAPITAL

Details on the movements of the share capital for the years ended 31 December 2021 and 2020 are set out as follows:

|  | Number of shares      |                       | Nominal value         |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2021<br><i>Number</i> | 2020<br><i>Number</i> | 2021<br><i>HK'000</i> | 2020<br><i>HK'000</i> |
| <b>Authorised capital:</b>   |                       |                       |                       |                       |
| As at 1 January  | 5,000,000,000         | 5,000,000,000         | 200,000               | 200,000               |
| Share consolidation ( <i>Note (iii)</i> )                                    | (4,000,000,000)       | —                     | —                     | —                     |
| As at 31 December  | <u>1,000,000,000</u>  | <u>5,000,000,000</u>  | <u>200,000</u>        | <u>200,000</u>        |
| <b>Issued and fully paid:</b>  |                       |                       |                       |                       |
| As at 1 January  | 3,299,473,466         | 1,473,266,145         | 131,979               | 58,931                |
| Issue of new shares upon conversion of convertible bonds ( <i>Note (i)</i> ) | —                     | 176,470,588           | —                     | 7,058                 |
| Rights issue ( <i>Note (ii)</i> )  | —                     | 1,649,736,733         | —                     | 65,990                |
| Share consolidation ( <i>Note (iii)</i> )                                    | (2,639,578,773)       | —                     | —                     | —                     |
| As at 31 December  | <u>659,894,693</u>    | <u>3,299,473,466</u>  | <u>131,979</u>        | <u>131,979</u>        |

*Notes:*

- (i) On 23 March 2020, the Company issued and allotted 176,470,588 ordinary shares to the holders of the HK Yinger CB in the principal amount of HK\$120,000,000 at its maturity date on 23 March 2020.
- (ii) On 16 December 2020, the Company issued and allotted 1,649,736,733 ordinary shares under the rights issue on the basis of one rights share for every one existing share held on the record date at the subscription price of HK\$0.06 per rights share, details of which were disclosed in the Company's prospectus dated 23 November 2020 and announcement dated 15 December 2020.
- (iii) The share consolidation became effective on 22 January 2021 on the basis of every five issued and unissued ordinary shares of par value HK\$0.04 each in the share capital of the Company being consolidated into one consolidated share of par value HK\$0.20 each.

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### OVERVIEW

During the year ended 31 December 2021 (the “**Year**”) under review, the Group continued to be principally engaged in provision of (i) health and medical services, (ii) beauty and wellness products and related services, and (iii) integrated financial services.

The Group discontinued the operation of the integrated financial services upon completion of the disposal in March 2021. Since then, the Group focused on engaging in provision of (i) health and medical services and (ii) beauty and wellness products and related services.

### BUSINESS REVIEW

#### Health and Medical Business

The health and medical business segment (the “**Health and Medical Business**”) of the Group operates its hospital business in Hunnan Province, China through Li County Phoenix Hospital Company Limited (“**Phoenix Opco**”) and Yiyang Zizhong Kidney Disease Hospital Company Limited (“**Zizhong Opco**”) having the medical organisation operating license granted by the local bureau of the National Health Commission to carry out, amongst other permitted medical treatments, hemodialysis treatment.

In 2021, China has launched the deepening of reform of medicine and healthcare systems, calling for the need of high-quality services under a sound pricing system to guarantee deserved prices for medical services at local hospitals in China. In addition, the Group’s Health and Medical Business faced challenges from market competitors. Operating overheads of the Health and Medical Business have increased due to the implementation of various hygiene measures and additional patient handling procedures to eliminate the threat of the epidemic.

#### Beauty and Wellness Business

The beauty and wellness business (the “**Beauty and Wellness Business**”) of the Group operates its beauty parlors under the brand name of 瑪莎 (Marsa) in Shenzhen, China through selling of beauty and wellness products and related services to local customers.

The performance of the Beauty and Wellness Business continued to be sluggish in the year of 2021 due to the abrupt downturn of the service industry and weakened consumer market as a result of the change in consumption pattern during the epidemic. In particular, the continuing implementation of various hygiene control measures and travel restrictions policies in China, including Shenzhen, resulting in a significant decrease in traffic volume of hotel-customers. As a result, the Group closed a beauty parlor in a hotel in Shenzhen during the Year due to its unsatisfactory operating results.

### **Integrated Financial Business**

Prior to the disposal in March 2021, the integrated financial business segment (the “**Integrated Financial Business**”) of the Group operated its integrated financial business through Green Securities Limited, a licensed corporation licensed to carry out type-1 (dealing in securities) and type-4 (advising on securities) regulated activities in Hong Kong and Green Asset Management Limited, a licensed corporation licensed to carry out type-9 (asset management) regulated activities in Hong Kong.

In view of loss making and the small scale of operation and revenue of the Integrated Financial Business, the Group disposed of the Integrated Financial Business during the Year. After completion of the disposal, the Group discontinued its operation of the Integrated Financial Business.

### **Prospect**

The prolonged effect of COVID-19 has caused uncertainty of economy and business environment. Going forward, the Group will closely monitor the development of the epidemic and its impact on the Group’s businesses, and will take preventive measures to mitigate the impact of the COVID-19 on its businesses.

### **Events with Impact on the Financial Position and the Business Operations**

The following events, having impact on the financial position or the business operations of the Group, occurred during the Year:

- (i) The share consolidation became effective on 22 January 2021 on the basis of every five issued and unissued ordinary shares of par value HK\$0.04 each in the share capital of the Company being consolidated into one consolidated share of par value HK\$0.20 each.

- (ii) The Group disposed of the Integrated Financial Business in March 2021 and recorded a gain on disposal in the amount of approximately HK\$1,900,000, details of which are set out in Note (9) to the consolidated financial statements.

The following subsequent events occurred between the end of the Year and the date thereof:

During the first quarter of 2022, certain beauty parlors of the Group in Shenzhen were temporarily suspended for business to comply with certain hygiene control measures under the guidance of local governmental authorities.

## **FINANCIAL REVIEW**

For the purpose of this section, the results of discontinued operations are presented separately under the section headed “Profit/(loss) for the Year from Discontinued Operations” in line with the presentation of the consolidated statement of profit or loss.

### **Revenue**

The Group reported total revenue in the amount of approximately HK\$69,057,000 (2020: HK\$65,488,000) during the Year, representing a slight increase of approximately 5.45% as compared to last year. Despite the challenges faced by the Group, the revenue increased through the marketing efforts and the provision of quality services.

### **Direct Costs and Operating Expenses**

The Group reported total direct costs and operating expenses in the amount of approximately HK\$31,451,000 (2020: HK\$28,788,000) during the Year, representing an increase of approximately 9.25% as compared to last year. The increase in the total direct costs and operating expenses were mainly caused by the increase in revenue and increase in staff salaries and costs of goods.

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

The Group reported gross profit in the amount of approximately HK\$37,606,000 (2020: HK\$36,700,000) during the Year, representing a slight decrease of approximately 2.47% as compared to last year. Despite the challenges faced by the Group, we strive to maintain a similar level of gross profit during the year. The gross profit margin for the Year was 54.45% (2020: 56.04%).

## **Selling Expenses**

The Group reported selling expenses in the amount of approximately HK\$21,347,000 (2020: HK\$23,601,000) during the Year, representing a decrease of approximately 9.55% as compared to last year. The decrease in the selling expense was mainly attributable to the decrease in advertising expenses.

## **Administrative Expenses**

The Group reported administrative expenses in the amount of approximately HK\$37,441,000 for the Year (2020: HK\$41,588,000), representing a decrease of approximately 9.97%. The decrease in the administrative expenses was mainly attributable to implementation of cost control measures.

## **Fair Value Changes of Derivative Financial Assets**

The Group recognised no changes in fair value of derivative financial assets in the consolidated statement of profit or loss for the Year. The decrease in the fair value of derivative financial assets in the amount of approximately HK\$3,505,000 in the consolidated statement of profit or loss for the year ended 31 December 2020 as a result of the redemption of the Zheyin Tianqin 2018 CB in the principal amount of HK\$60,000,000 in full in cash by the bond holder was an one-off event in 2020.

## **Impairment Testing on Cash-Generating Unit of the Health and Medical Business**

The management regards the Health and Medical Business as a separately identifiable cash-generating unit. Management carried out an impairment assessment for the Health and Medical Business, including property, plant and equipment and right-of-use assets, which have an impairment indicator.

The management performed an impairment assessment on the cash-generating unit in respect of the Health and Medical Business at the end of the reporting period by reference to the valuation prepared by an independent valuer. The valuation was based on (a) the five years cash flow projections which are discounted using the discount rate of 11.8%; (b) a terminal value calculated using a discount rate of 3%; and (c) the updated financial forecast figures provided by the management of Phoenix Opco and Zizhong Opco taking into account the potential adverse impact on the performance of the Health and Medical Business as a result of prolonged effect of the COVID-19 and the latest market trend and environment. The carrying amount of the goodwill as at 31 December 2021 was assessed at approximately HK\$Nil (2020: HK\$8,566,000), resulting in an impairment loss of goodwill, property, plant and equipment and right-of-use assets of approximately HK\$8,566,000 (2020: HK\$2,162,000), HK\$1,089,000 (2020: HK\$Nil) and HK\$6,348,000 (2020: HK\$Nil) respectively being recognised in the consolidated statement of profit or loss for the Year.

## **Impairment Testing on Cash-Generating Unit of Beauty and Wellness Business**

The management regards the Beauty and Wellness Business as a separately identifiable cash-generating unit. Management carried out an impairment assessment for the Beauty and Wellness Business, including property, plant and equipment and right-of-use assets, which have an impairment indicator.

The management performed an impairment assessment on the cash-generating unit in respect of Beauty and Wellness Business at the end of the reporting period by reference to the valuation prepared by an independent valuer. The valuation was based on (a) the five years cash flow projections which are discounted using the discount rate of 16.1%; (b) a terminal value calculated using a discount rate of 3% and (c) the updated financial forecast figures provided by the management of Beauty and Wellness Business taking into account the potential adverse impact on the performance of the Beauty and Wellness Business as a result of prolonged effect of the COVID-19 and the latest market trend and environment. The impairment losses of the trademark user right and technical know-how, property, plant and equipment and right-of-use assets were approximately HK\$11,027,000 (2020: HK\$12,203,000), HK\$7,480,000 (2020: HK\$5,787,000) and HK\$12,623,000 (2020: HK\$3,504,000) respectively being recognised in the consolidated statement of profit or loss for the Year.

## **Finance Costs**

The Group reported finance costs, net of approximately HK\$4,189,000 for the Year (2020: HK\$6,549,000). Details of the finance costs, net for the Year are set out in Note (6) to the consolidated financial statements.

## **Loss for the Year from Continuing Operations**

The Group reported net loss for the Year from continuing operations of approximately HK\$73,409,000 (2020: HK\$57,447,000).

## **Profit/Loss for the Year from Discontinued Operations**

The Group reported profit for the Year from discontinued operations of approximately HK\$1,149,000 (2020: loss of HK\$3,865,000), details of which are set out in Note (9) to the consolidated financial statements.

## USE OF PROCEEDS OF EQUITY FUND RAISING ACTIVITIES

The Company had not conducted any equity fund raising activities during the Year.

The amount of proceeds brought forward from issue of equity securities (including securities convertible into equity securities) made in previous years and details of the use of such proceeds pursuant to the paragraphs 11(8) and 11A of Appendix 16 to the Listing Rules are set out as below:

| <b>Date of announcement</b> | <b>Fund raising activity</b>   | <b>Net proceeds raised</b>    | <b>The amount of proceeds brought forward from issue of equity securities (including securities convertible into equity securities) made in previous financial year(s) and the intended use of proceeds</b> | <b>Actual use of proceeds</b>   |
|-----------------------------|--|-------------------------------|---|---|
| 3 April 2019                | The Company issued 754,716,981 ordinary shares to Jumbo Faith at the subscription price of HK\$0.212 per under specific mandate, which was completed on 3 April 2019 | Approximately HK\$156 million | Approximately HK\$15 million being set aside for the cash redemption of the Qianhai 2016 CB maturing in April 2019  | Approximately HK\$15 million continuing to be set aside for the cash redemption of the Qianhai 2016 CB, pending the final judgment of the litigation as disclosed in the section headed "LITIGATIONS" of this announcement. |

| Date of announcement | Fund raising activity  | Net proceeds raised            | The amount of proceeds brought forward from issue of equity securities (including securities convertible into equity securities) made in previous financial year(s) and the intended use of proceeds   | Actual use of proceeds  |
|----------------------|--|--------------------------------|--|---|
| 15 December 2020     | The Company issued and allotted 1,649,736,733 ordinary shares under the rights issue on the basis of one rights share for every one existing share held on the record date at the subscription price of HK\$0.06 per rights share. The rights issue became unconditional on 9 December 2020. | Approximately HK\$95.9 million | <p>(i) as to the first HK\$15 million for the Group's corporate expenses and overheads (including salaries, rental payments, professional fees and capital injection for the Group's licensed corporations); and</p> <p>(ii) as to the remaining net proceeds of HK\$80.9 million for the potential acquisitions, expansion and equipment purchase of the Group's hospital business.</p> | <p>(i) By the end of 31 December 2021, approximately HK\$15 million was used for the Group's corporate expenses and overheads; and</p> <p>(ii) The acquisition and expansion plans of the Group's hospital business have slowed down and the net proceeds have not been utilised by the end of 31 December 2021, due to the deepening of reform of medicine and healthcare systems in 2021, calling for the need of high-quality services under a sound pricing system to guarantee deserved prices for medical services at local hospitals in China and the prolonged effect of COVID-19 leading to a high degree of uncertainty of economy and business environment.</p> <p>In the meantime, the Company will continue to take preventive measures to mitigate the impact of the COVID-19 on evaluating potential acquisition and expansion opportunities but does not intend to commit to any acquisition or expansion plans under any specified timeline prematurely, pending the clarification of market reactions under the reform and the continuing threat of the COVID-19.</p> |

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2021, the Group had total assets of approximately HK\$214,813,000 (31 December 2020: HK\$283,977,000) and debts of approximately HK\$80,361,000 (31 December 2020: HK\$83,408,000), giving rise to a leverage ratio (defined as debt to total assets) of approximately 37.4% (31 December 2020: 29.4%).

As at 31 December 2021, the Group had net current assets of approximately HK\$61,353,000 (31 December 2020: HK\$96,527,000), being the surplus of current assets of approximately HK\$137,891,000 (31 December 2020: HK\$164,651,000) over the current liabilities of approximately HK\$76,538,000 (31 December 2020: HK\$68,124,000), giving rise to a current ratio of approximately 1.80 (31 December 2020: 2.42).

As at 31 December 2021, the Group had cash and bank balances (including trust and segregated accounts) of approximately HK\$110,743,000 (31 December 2020: HK\$141,733,000). As at 31 December 2021, the Group had cash and bank balances (excluding trust and segregated accounts) of approximately HK\$110,743,000 (31 December 2020: HK\$139,788,000).

## **GEARING RATIO**

As at 31 December 2021, the gearing ratio of the Group (defined as debt to equity) was approximately 121% (31 December 2020: 62%). Debt includes bonds payable and lease liabilities, if applicable.

## **SIGNIFICANT INVESTMENT HELD**

The Group had no significant investment held as at 31 December 2021.

## **ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

The Group disposed of the Integrated Financial Business in March 2021, details of which are set out in Note (9) to the consolidated financial statements. Save as disclosed herein, the Group had no other material acquisition or disposal of subsidiaries during the Year.

## **CHARGES ON ASSETS**

None of the Group's assets was pledged to secure any facilities and borrowings granted to the Group as at 31 December 2021.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 December 2021.

## **FOREIGN EXCHANGE EXPOSURE**

The Group's business transactions were mainly carried out in Hong Kong Dollars and Renminbi. The Group was not engaged in any hedging measures during the Year. The Group will regularly review its position and may use financial measures to hedge its foreign currency exposure if it considers the risk to be significant.

## **CAPITAL STRUCTURE**

Save as disclosed herein, there were no changes in the capital structure of the Company for the Year and year ended 31 December 2020 and up to the date of this announcement.

### **(A) Share Capital**

Details on the movements of the share capital for the Year and the year ended 31 December 2020 are set out in Note (15) to the consolidated financial statements.

### **(B) Share Options**

#### *Old Share Option Scheme*

The old share option scheme (the “**Old Share Option Scheme**”) adopted by the Company on 2 September 2006 lapsed on 2 September 2016 pursuant to the terms of the Old Share Option Scheme.

#### *New Share Option Scheme*

At the annual general meeting of the Company held on 26 June 2019, a new share option scheme (the “**New Share Option Scheme**”) was approved by the shareholders of the Company. The New Share Option Scheme has a lifespan of 10 years. At the annual general meeting of the Company held on 26 June 2019, the Scheme Mandate Limit was approved to allow the Company to grant options for the holders thereof to subscribe up to 147,326,614 shares (before adjustments upon the share consolidations) representing 10% of the shares in issue as the date of approval of the scheme. Details of the New Share Option Scheme are set out in the circular of the Company dated 24 May 2019.

No share options were granted under the New Share Option Scheme for the Year and the year ended 31 December 2020 and there were no outstanding share options as at 31 December 2021 and 2020. As at the date of this announcement, the maximum number of options which can be granted under the New Share Option Scheme was 29,465,322 consolidated shares (equivalent to 147,326,614 options before the five-to-one share consolidation took effect on 22 January 2021), representing 4.47% of the existing issued share capital of the Company.

### **(C) Convertible Bonds**

There were no outstanding convertible bonds as at 31 December 2021 and 2020.

### **DIVIDEND**

The Directors do not recommend the payment of any dividend for the Year (2020: Nil).

### **HUMAN RESOURCES**

As at 31 December 2021, the Group has 198 employees in Hong Kong and China. Employees' remuneration, promotion and salary increments are assessed based on both individuals' and the Group's performance, professional and working experiences and by reference to prevailing market practices and standards.

### **LITIGATION**

Save as disclosed below, as at the date of this announcement, neither the Company nor any other member of the Group was engaged in any litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group:

The Company issued 8% per annum convertible bonds to Hong Kong Qian Hai Financial Group Limited ("**HK Qianhai Financial**") in an aggregate principal amount of HK\$12,000,000 (the "**Qianhai 2016 CB**") carrying conversion right to convert into the shares of the Company. The Qianhai 2016 CB matured on 15 April 2019 without conversion. At or around the maturity date of the Qianhai 2016 CB, the Company received conflicting instructions from Mr. Zhang Xuejun (張學軍) ("**Mr. Zhang**") and another entity named 深圳市前海盛尊華龍控股有限公司 (Shenzhen Qianhai Shengzun Hualong Holdings Co., Ltd.) ("**Shengzun Hualong**"), both purporting to have the authority from the holder of the Qianhai 2016 CB and each purporting to give different payment instructions to the Company regarding the recipient of the cash redemption amount. The Company was notified that Shengzun Hualong has commenced legal action against Mr. Zhang, HK Qianhai Financial and the Company (the "**Litigation**") seeking to recover the cash redemption amount of the Qianhai 2016 CB. As the Company is capable and willing to honour its contractual obligations under

the Qianhai 2016 CB and the delay, if any, on the redemption was the sole responsibilities of other parties who failed to provide consistent instructions to the Company, the Directors are of the view that the Litigation shall not have any significant impact on the financial position of the Company. The Company has instructed its legal advisers to uphold its own lawful right in the Litigation.

## **OTHER INFORMATION**

### **CHANGES IN INFORMATION OF DIRECTORS**

With effect from 25 March 2021, Mr. Yu Qigang stepped down from the position of the Chairman of the Board, and Mr. Yu Zhoujie was appointed as the Chairman of the Board. Mr. Yu Qigang did not participate in re-election and retired as an executive Director of the Company at the conclusion of annual general meeting of the Company on 7 June 2021.

With effect from 14 May 2021, Mr. David Tsoi, an independent non-executive Director of the Company, has been appointed as an independent non-executive director of InvesTech Holdings Limited (stock code: 1087).

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the Year.

## **CORPORATE GOVERNANCE**

The Company and the Directors confirm, to the best of their knowledge, that the Company complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Year, except the deviation disclosed in the following paragraphs:

With respect to Code Provision A.6.7 (subsequently rearranged and renumbered as C.1.6), independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive Director was not able to attend the annual general meeting of the Company held on 7 June 2021 due to other work commitments.

With respect to Code Provision E.1.2 (subsequently rearranged and renumbered as F.2.2), the chairman of the board should attend annual general meeting and also invite the chairmen of the audit, remuneration and nomination committees to attend. The Chairman of the Board was not able to attend the annual general meeting of the Company held on 7 June 2021 due to other business engagement.

With respect to Code Provision C.2.5 (subsequently rearranged and renumbered as D.2.5), an issuer should have an internal audit function and issuers without an internal audit function should review the need for one on an annual basis and should disclose the reasons for the absence of such a function in the Corporate Governance Report. Due to the size and scale of operations, the Group did not have internal audit function during the Year.

The Company has engaged Crowe (HK) Risk Advisory Limited as an external consultant to establish an internal audit function for the Year. The external consultant has assisted the audit committee in carrying out an independent review on the adequacy and effectiveness of the risk management and internal control systems of the Group, and has reported the status of its review to the audit committee on a regular basis. The Group has formulated an internal audit charter to define the scope and duties and responsibilities of the internal audit function and its reporting protocol.

## **MODEL CODE ON SECURITIES TRANSACTION BY DIRECTORS OF LISTED ISSUERS**

The Company follows the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of conduct for Directors in their dealings in the Company’s securities. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee comprises three independent non-executive Directors, namely Mr. David Tsoi (Chairman), Mr. Wu Hong and Mr. Wang Chunlin. One out of three audit committee members, Mr. David Tsoi, possesses recognised professional qualifications in accounting and has wide experience in audit and accounting. No former partner of the Company’s existing auditing firm acted as a member of the audit committee within two years from ceasing to be a partner or having any financial interest in the auditing firm.

The audit committee has adopted the terms of reference which are in line with the CG Code.

The audited consolidated financial statements of the Group for the Year have been reviewed by the audit committee of the Company, which is of the opinion that such statements complied with applicable accounting standards and the Listing Rules, and that adequate disclosures have been made.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement of the Group's result have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited (“**HLB**”), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by the Auditor on the preliminary results announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement has been published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.iraia.com/listco/hk/greeninternational/>) (collectively referred to as the “**Websites**”). The 2021 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the Websites on or before 30 April 2022. The Company will give further notice on the proposed date of the forthcoming annual general meeting of the Company (the “**AGM**”) and the book closure period for the purpose of ascertaining shareholders' eligibility to attend and vote at the AGM.

## **APPRECIATION**

On behalf of the Board, I would like to express our sincere thanks to our colleagues for their efforts and commitment.

By Order of the Board  
**Green International Holdings Limited**  
**Yu Zhoujie**  
*Chairman*

Hong Kong, 30 March 2022

*As at the date of this announcement, the executive Directors are Mr. Liu Dong and Mr. Yu Xiangjin; the non-executive Directors are Mr. Chen Hanhong and Mr. Yu Zhoujie (Chairman); and the independent non-executive Directors are Mr. Wu Hong, Mr. David Tsoi and Mr. Wang Chunlin.*