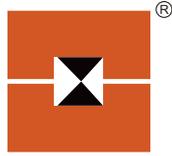


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**Kaisa Health Group Holdings Limited**  
**佳兆業健康集團控股有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 876)**

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

Reference is made to the announcement of Kaisa Health Group Holdings Limited (the “**Company**”) dated 30 March 2022 in relation to, among other things, the unaudited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (the “**Unaudited Annual Results Announcement**”). As stated in the Unaudited Annual Results Announcement, publication of the audited consolidated annual results of the Group for the year ended 31 December 2021 was delayed as the auditing process of the Group had not been completed.

**AUDITED ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that the auditing process of the consolidated annual results of the Group for the year ended 31 December 2021 has been completed. The audited consolidated annual results for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 are as follows:

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

*For the year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>209,626</b>	183,810
Cost of sales		<b>(112,211)</b>	(93,847)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>97,415</b>	89,963
Other income, gains and losses		<b>12,859</b>	7,840
Selling and distribution costs		<b>(49,143)</b>	(32,332)
Administrative expenses		<b>(108,159)</b>	(79,106)
Gain from change in fair value of financial assets at fair value through profit or loss	9	<b>57,146</b>	22,670
Loss from change in fair value of financial liabilities at fair value through profit or loss	11	<b>(1,688)</b>	–
Gain from change in fair value of convertible promissory note		<b>2,275</b>	5,044
Loss from change in fair value of convertible bonds receivable		–	(524)
Impairment loss on trade receivables, net	8	<b>(822)</b>	(286)
Reversal of impairment loss/(Impairment loss) on amount due from a director		<b>217</b>	(2,371)
Reversal of impairment loss/(Impairment loss) on loan receivable/convertible bonds receivable		<b>26,503</b>	(30,838)
Other expenses		<b>(17,217)</b>	(20,446)
Finance costs		<b>(8,183)</b>	(1,087)
		<hr/>	<hr/>
<b>Profit/(Loss) before income tax</b>	4	<b>11,203</b>	(41,473)
Income tax (expense)/credit	5	<b>(23,526)</b>	778
		<hr/>	<hr/>
<b>Loss for the year</b>		<b>(12,323)</b>	(40,695)

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other comprehensive income, including reclassification adjustments</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>5,084</u>	<u>30,985</u>
<b>Total comprehensive expense for the year</b>		<u><b>(7,239)</b></u>	<u><b>(9,710)</b></u>
<b>Profit/(Loss) for the year attributable to:</b>			
– Owners of the Company		2,359	(39,692)
– Non-controlling interests		<u>(14,682)</u>	<u>(1,003)</u>
		<u><b>(12,323)</b></u>	<u><b>(40,695)</b></u>
<b>Total comprehensive income/(expense) for the year attributable to:</b>			
– Owners of the Company		9,060	(9,634)
– Non-controlling interests		<u>(16,299)</u>	<u>(76)</u>
		<u><b>(7,239)</b></u>	<u><b>(9,710)</b></u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings/(Loss) per share</b>			
– Basic	7	<u><b>0.05</b></u>	<u><b>(0.79)</b></u>
– Diluted		<u><b>0.05</b></u>	<u><b>(0.79)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>58,760</b>	31,709
Right-of-use assets		<b>30,598</b>	22,906
Land use rights		<b>4,175</b>	46,583
Intangible assets		<b>5,132</b>	987
Goodwill		<b>20,217</b>	–
Investment in an associate		–	–
Convertible promissory note		–	33,005
Loan receivable		<b>21,240</b>	–
Prepayments and deposits	8	<b>24,495</b>	20,080
Financial assets at fair value through profit or loss	9	<b>230,098</b>	269,206
Financial assets at fair value through other comprehensive income		<b>245</b>	–
Deferred tax assets		<b>539</b>	593
		<b>395,499</b>	425,069
<b>Current assets</b>			
Properties under development		<b>144,669</b>	–
Inventories		<b>16,190</b>	6,729
Trade and other receivables	8	<b>135,893</b>	105,898
Convertible bonds receivable		–	18,842
Amount due from a director		<b>19,293</b>	21,093
Amounts due from fellow subsidiaries		<b>525</b>	207
Amounts due from a non-controlling shareholder of subsidiaries		–	477
Taxation recoverable		–	2,624
Bank balances and cash		<b>259,264</b>	176,600
		<b>575,834</b>	332,470
<b>Current liabilities</b>			
Trade and other payables	10	<b>127,873</b>	73,257
Other financial liabilities	11	<b>89,078</b>	–
Lease liabilities		<b>6,753</b>	6,025
Amount due to a related party		<b>785</b>	764
Amounts due to fellow subsidiaries		<b>1,443</b>	862
Amount due to a non-controlling shareholder of a subsidiary		<b>12,245</b>	11,919
Taxation payable		<b>23,814</b>	–
		<b>261,991</b>	92,827
<b>Net current assets</b>		<b>313,843</b>	239,643
<b>Total assets less current liabilities</b>		<b>709,342</b>	664,712

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	<b>25,528</b>	17,211
Deferred tax liabilities	<b>970</b>	—
	<hr/>	<hr/>
	<b>26,498</b>	17,211
	<hr/>	<hr/>
<b>Net assets</b>	<b>682,844</b>	647,501
	<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>		
Share capital	<b>6,303</b>	6,303
Reserves	<b>644,814</b>	630,213
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>651,117</b>	636,516
<b>Non-controlling interests</b>	<b>31,727</b>	10,985
	<hr/>	<hr/>
<b>Total equity</b>	<b>682,844</b>	647,501
	<hr/> <hr/>	<hr/> <hr/>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the year ended 31 December 2021*

### **1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES**

#### **1.1 Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the disclosure requirements of the Hong Kong Companies Ordinance.

#### **1.2 Principal accounting policies**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

Except for the application of new and amended HKFRSs as described in note 2 and the adoption of new accounting policies as a result of the recognition of properties under development noted below, the accounting policies and methods of computation used in the consolidated financial statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

Accounting policies not included in the Group’s annual financial statements for the year ended 31 December 2020:

#### **Properties under development**

Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised less applicable variable selling expenses and anticipated cost to completion.

Development cost of properties comprises mainly construction costs, land use rights in relation to properties under development for subsequent sale, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle.

## 2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### **Amended HKFRSs that are effective for annual periods beginning on 1 January 2021**

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
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In addition, on 1 January 2021, the Group has early applied the Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” which is mandatorily effective for the Group for financial year beginning on or after 1 April 2021.

Except for those mentioned below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

### ***Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”***

The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions as stated in paragraph 46B of HKFRS 16 for applying the practical expedient are met.

A lessee that chooses to apply this practical expedient would be required to apply it consistently to all lease contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying this amendment or Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”. Additional disclosures are required if this practical expedient is used.

The Group has elected to early adopt the amendment. Consequently, rent concessions received have been recognised in “Other income, gains and losses” in the consolidated statement of profit or loss and other comprehensive income in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2021.

## Issued but not yet effective HKFRSs

At the date of authorisation of this announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising a from Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 <sup>1</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> Effective date not yet determined

<sup>4</sup> Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

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

For the year ended 31 December 2021, the Group's operating activities are attributable to three (2020: two) operating segments focusing on the operation of manufacturing of and trading in dental prosthetics, the health care – rehabilitation business and the health care – health leisure business. As a result of the start of operation of project in Zhuhai Shili Lianjiang International Health City\* (珠海十里蓮江國際健康城) and the project in Fuhu Village, Xuhang Town, Jiading District, Shanghai\* (上海市嘉定區徐行鎮伏虎村), the health care – health leisure business became a new segment of the Group for reporting purpose for the year ended 31 December 2021.

#### 3.1 Segment revenue and results

##### For the year ended 31 December 2021

	Dental prosthetics business <i>HK\$'000</i>	Health care – rehabilitation business <i>HK\$'000</i>	Health care – health leisure business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>				
Revenue from external customers	200,487	7,125	2,014	209,626
<b>RESULTS</b>				
Segment profit/(loss) before depreciation and amortisation	22,975	52,377	(33,199)	42,153
Depreciation				
– Property, plant and equipment	(13,042)	(1,274)	(1,730)	(16,046)
– Right-of-use assets	(5,389)	(3,343)	(681)	(9,413)
Amortisation of land use rights	–	–	(1,200)	(1,200)
Amortisation of intangible assets	(654)	(77)	–	(731)
Segment operating profit/(loss)	3,890	47,683	(36,810)	14,763
Impairment loss on trade receivables, net	(822)	–	–	(822)
Reversal of impairment loss on amount due from a director	217	–	–	217
Loss on deregistration of a subsidiary	(1,031)	–	–	(1,031)
Segment profit/(loss) before income tax	2,254	47,683	(36,810)	13,127
Gain from change in fair value of convertible promissory note				2,275
Loss on disposal of convertible promissory note				(5,331)
Reversal of impairment loss on loan receivable				26,503
Unallocated income				758
Unallocated expenses				(26,129)
<b>Profit before income tax</b>				<b>11,203</b>

\* For identification purpose only

For the year ended 31 December 2020

	Dental prosthetics business <i>HK\$'000</i>	Health care – rehabilitation business <i>HK\$'000</i>	Health care – health leisure business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>REVENUE</b>				
Revenue from external customers	179,941	3,869	–	183,810
<b>RESULTS</b>				
Segment profit/(loss) before depreciation and amortisation	35,691	259	(888)	35,062
Depreciation				
– Property, plant and equipment	(11,165)	(1,740)	(1)	(12,906)
– Right-of-use assets	(3,343)	(2,755)	–	(6,098)
Amortisation of land use rights	–	–	(840)	(840)
Amortisation of intangible assets	(342)	(130)	–	(472)
Segment operating profit/(loss)	20,841	(4,366)	(1,729)	14,746
Impairment loss on trade receivables	(286)	–	–	(286)
Impairment loss on amount due from a director	(2,371)	–	–	(2,371)
Segment profit/(loss) before income tax	18,184	(4,366)	(1,729)	12,089
Gain from change in fair value of convertible promissory note				5,044
Loss from change in fair value of convertible bonds receivable				(524)
Impairment loss on convertible bonds receivable				(30,838)
Unallocated income				1,308
Unallocated expenses				(28,552)
Loss before income tax				(41,473)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned/incurred by each segment without allocation of central administration costs, certain other income, gains and losses, changes in fair value of convertible bonds receivable, convertible promissory note and unlisted managed fund and impairment loss on loan receivable/convertible bonds receivable. This is the information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

### 3.2 Segment assets and liabilities

#### As at 31 December 2021

	Dental prosthetics business <i>HK\$'000</i>	Health care – rehabilitation business <i>HK\$'000</i>	Health care – health leisure business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	348,728	295,350	279,459	923,537
Loan receivable				21,240
Deferred tax assets				539
Unallocated assets				26,017
Total assets				<u>971,333</u>
Reportable segment liabilities	(79,840)	(26,401)	(155,293)	(261,534)
Deferred tax liabilities				(970)
Taxation payable				(23,814)
Unallocated liabilities				(2,171)
Total liabilities				<u>(288,489)</u>

#### As at 31 December 2020

	Dental prosthetics business <i>HK\$'000</i>	Health care – rehabilitation business <i>HK\$'000</i>	Health care – health leisure business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	295,757	332,055	57,674	685,486
Convertible promissory note				33,005
Convertible bonds receivable				18,842
Deferred tax assets				593
Taxation recoverable				2,624
Unallocated assets				16,989
Total assets				<u>757,539</u>
Reportable segment liabilities	(77,575)	(10,603)	(15,695)	(103,873)
Unallocated liabilities				(6,165)
Total liabilities				<u>(110,038)</u>

During the year ended 31 December 2021, capital expenditure incurred by the dental prosthetic business segment, health care – rehabilitation business segment and health care – health leisure business segment amounted to approximately HK\$31,665,000 (2020: approximately HK\$43,161,000), approximately HK\$13,682,000 (2020: approximately HK\$5,653,000) and approximately HK\$40,212,000 (2020: approximately HK\$43,793,000), respectively.

### 3.3 Geographical information

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

	Revenue from external customers		Non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	–	33,103	–	–
PRC (excluding Hong Kong)	<b>207,966</b>	150,082	<b>118,251</b>	101,721
Others	<b>1,660</b>	625	<b>46,366</b>	20,544
	<b>209,626</b>	183,810	<b>164,617</b>	122,265

*Note:* Non-current assets include property, plant and equipment, right-of-use assets, land use rights, intangible assets, goodwill, loan receivable and deposits.

### 3.4 Information about major customers

The Group has no customer with whom transaction exceeded 10% of the Group's total revenue during the years ended 31 December 2021 and 2020.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(Loss) before income tax has been arrived at after charging/(crediting):		
Directors' remuneration		
– fees	1,565	1,612
– other emoluments	14,111	20,384
– equity-settled share-based payment expenses	4,639	3,093
– contributions to defined contribution retirement schemes (note (a))	131	65
	<u>20,446</u>	<u>25,154</u>
Other staff costs		
– staff salaries and allowances	110,060	97,785
– equity-settled share-based payment expenses	902	1,050
– contributions to defined contribution retirement schemes (note (a))	5,941	2,077
	<u>116,903</u>	<u>100,912</u>
Total staff costs	<u>137,349</u>	<u>126,066</u>
Auditor's remuneration		
– Current year	1,200	1,100
Amortisation of intangible assets (included in cost of sales)	731	472
Amortisation of land use rights	1,200	840
Cost of inventories recognised as expense	96,859	91,001
Depreciation:		
– Property, plant and equipment	16,046	12,906
– Right-of-use assets	9,413	6,302
Impairment loss on trade receivables, net	822	286
(Reversal of impairment loss)/Impairment loss on amount due from a director	(217)	2,371
(Reversal of impairment loss)/Impairment loss on loan receivable/convertible bonds receivable	(26,503)	30,838
Lease charges:		
– Short-term leases with lease term less than 12 months	832	2,398
– COVID-19-related rent concessions received (note (b))	(193)	(153)
Net exchange loss/(gain) (included in other income, gains and losses)	1,812	(3,469)
Research and development expenses (included in other expenses)	17,217	20,446
Finance charges on lease liabilities	1,739	935
Loss on disposal of convertible promissory note (included in other income, gains and losses)	5,331	–
(Gain)/Loss on disposal of financial assets at fair value through profit or loss (included in other income, gains and losses)	(12,620)	1,463
	<u><u>137,349</u></u>	<u><u>126,066</u></u>

Notes:

- (a) Due to the impact of COVID-19, a number of policies including the relief of social insurance had been promulgated by the government in the PRC during the year ended 31 December 2020 to expedite resumption of economic activities, which resulted in the relief of certain contributions to defined contribution scheme during the year ended 31 December 2020. At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: HK\$Nil).
- (b) As disclosed in note 2, the Group has early adopted Amendments to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” and applies the practical expedients introduced by the amendments to all eligible rent concessions received by the Group during the year. During the year ended 31 December 2021, the rent concessions received by the Group are in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to prevent the spread of COVID-19.

## 5. INCOME TAX EXPENSE/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	<b>23,472</b>	–
	<u>23,472</u>	<u>–</u>
Over-provision in prior years:		
Hong Kong Profits Tax	–	(185)
PRC Enterprise Income Tax	–	–
	<u>–</u>	<u>(185)</u>
Deferred tax expense/(credit)	<b>54</b>	(593)
	<u><b>23,526</b></u>	<u>(778)</u>

No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the years ended 31 December 2021 and 2020.

The provision for PRC Enterprise Income Tax (“EIT”) is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for the year ended 31 December 2021 (2020: No PRC Enterprise Income Tax had been provided as the Group did not have any taxable income for PRC taxation purpose).

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. A subsidiary of the Group was accredited as a “High and New Technology Enterprise” in the PRC with effect from 23 December 2021, and was registered with the local tax authority to be eligible to a concessionary tax rate of 15% for three years from 2021 to 2023.

According to a policy promulgated by the State Tax Bureau of the PRC, effective from September 2019 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining taxable profits for that year (“**Super Deduction**”). A subsidiary is eligible to such Super Deduction in ascertaining its tax assessable profit for the years ended 31 December 2021 and 2020.

## 6. DIVIDENDS

No dividends were paid, declared or proposed for the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting periods.

## 7. EARNINGS/(LOSS) PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(Loss) for the year attributable to owners of the Company	<u>2,359</u>	<u>(39,692)</u>
<b>Number of shares</b>		
	2021	2020
Weighted average number of ordinary shares in issue during the year	<u>5,042,139,374</u>	<u>5,042,139,374</u>

The diluted earnings/(loss) per share for the years ended 31 December 2021 and 2020 does not assume the exercise of the Company’s share options because the exercise price of those share options was higher than the average market price for shares. Therefore, the diluted earnings/(loss) per share is the same as basic earnings/(loss) per share for the years ended 31 December 2021 and 2020.

## 8. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current:		
Deposits for acquisition of a subsidiary	–	20,080
Deposits for acquisition of land use rights ( <i>note (i)</i> )	<u>24,495</u>	<u>–</u>
	<u>24,495</u>	<u>20,080</u>
Current:		
Trade receivables	68,337	89,292
Less: expected credit loss (“ECL”) allowance	<u>(1,131)</u>	<u>(1,013)</u>
	67,206	88,279
Other receivables, prepayments and deposits ( <i>note (ii)</i> )	17,077	8,530
Prepayments for construction costs in relation to the properties under development	<u>51,610</u>	<u>9,089</u>
	<u>135,893</u>	<u>105,898</u>
	<u><b>160,388</b></u>	<u><b>125,978</b></u>

### Notes:

- (i) The amount represented deposits paid for an acquisition of land use rights pursuant to the Original Cooperation Agreement and the Supplementary Cooperation Agreement entered into by the Group, Shanghai Jiayu Health Services Co., Ltd.\* (上海佳煦健康服務有限公司), The Economic Cooperative of the Fuhu Village of Xuhang Town, Jiading District, Shanghai\* (上海嘉定區徐行鎮伏虎經濟合作社) and Shanghai Xinxing Construction Investment Co., Ltd.\* (上海新行建設投資有限公司) on 3 March 2021 and 2 July 2021, respectively.

Pursuant to the Original Cooperation Agreement and Supplementary Cooperation Agreement, the Group is committed to contribute RMB167,000,000 (equivalent to approximately HK\$201,000,000) which comprises contribution of RMB120,000,000 (equivalent to approximately HK\$144,000,000) to be the registered capital to Shanghai Jiading Health Services Co., Ltd.\* (上海嘉定健康服務有限公司), and shareholder’s loan of RMB47,000,000 (equivalent to approximately HK\$57,000,000) to engage in a project for rural revitalization, construction and development in the Fuhu Village.

Further details in relation to the Original Cooperation Agreement and Supplementary Cooperation Agreement were set out in the Company’s announcements dated 3 March 2021, 2 July 2021, 13 August 2021 and circular dated 29 July 2021 respectively.

- (ii) The amounts mainly included deposits paid, prepayments to suppliers and VAT tax receivables.

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

\* For identification purpose only

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

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	<b>50,062</b>	60,076
91 – 180 days	<b>9,112</b>	19,572
181 – 365 days	<b>4,780</b>	5,115
Over 1 year	<b>3,252</b>	3,516
	<hr/>	<hr/>
	<b>67,206</b>	88,279
	<hr/> <hr/>	<hr/> <hr/>

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

The movement in the ECL allowance of trade receivables is as follows:

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	<b>1,013</b>	730
Recognised during the year	<b>1,042</b>	286
Reversed during the year	<b>(220)</b>	–
Write-off during the year	<b>(727)</b>	–
Exchange realignment	<b>23</b>	(3)
	<hr/>	<hr/>
At 31 December	<b>1,131</b>	1,013
	<hr/> <hr/>	<hr/> <hr/>

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current:		
Unlisted equity investment ( <i>note (a)</i> )	–	269,206
Limited partnership interest ( <i>note (b)</i> )	<b>230,098</b>	–
	<b>230,098</b>	269,206

### Notes:

- (a) On 3 August 2018, the Group entered into the Sale and Purchase Agreement (“SPA”) with Rui Jing Investment Company Limited (“Vendor”), a wholly-owned subsidiary of Kaisa Group Holdings Ltd. (“Kaisa Group”), which is the Group’s ultimate holding company, pursuant to which the Vendor has conditionally agreed to sell, and the Group has conditionally agreed to acquire the entire issued share capital (“Sale Share”) of Trade Guide Limited (“Target Company”), a wholly-owned subsidiary of the Vendor, and the Vendor has conditionally agreed to assign and the Group has conditionally agreed to take up the interest free shareholder’s loan in an estimated amount of RMB191,412,000 (“Sale Loan”) to be provided by the Vendor to the Target Company and its associates (collectively referred to as “the Target Group”), at an aggregate consideration of RMB193,000,000 (equivalent to approximately HK\$221,732,000).

The Target Group is planned to engage in a project which is intended to be built as a Grade 3A Hospital with 2,000 beds and to cover organ transplantation, minimum invasive surgery, biological diagnosis and precision medical services (“Shulan Project”). Further details of the SPA are disclosed in the Company’s circular dated 28 November 2018, and the announcements dated 4 May 2018, 24 May 2018, 3 August 2018, 31 August 2018, 28 September 2018, 31 October 2018 and 14 December 2018 respectively.

The directors of the Company announced that the acquisition of Sale Share and Sale Loan of the Target Group were completed on 23 May 2019, further details are disclosed in the Company’s announcement dated 24 May 2019.

Upon the completion of the acquisition of Sale Share and Sale Loan of the Target Group on 23 May 2019, the Group has contributed RMB191,412,000 (equivalents to approximately HK\$219,908,000) to Hangzhou Jiayue Investment Partnership\* (杭州佳躍投資合夥企業(有限合夥)) (“Hangzhou Jiayue”) and holds 9.6% effective interest in Hangzhou Jiayue, a limited partnership established in the PRC.

\* For identification purpose only

Hangzhou Jiayue directly holds 99.9% interest in Ningbo Meishan Bonded Zone Jieshuo Investment Partnership\* (寧波梅山保稅港區傑鑠投資合夥企業(有限合夥)) (“**Meishan Jieshuo**”), which in turns holds 90% equity interest in Hangzhou Zhaojin Real Estate Co., Ltd.\* (杭州兆金置業有限公司) (“**Hangzhou Zhaojin**”), which in turns owns Shulan Project.

As at 31 December 2020, the unlisted equity investment had been fair valued with reference to the valuation conducted by an independent qualified professional valuer.

On 24 May 2021, the Group entered into a sales and purchase agreement to dispose of its entire equity interest in the unlisted equity investment and Hangzhou Jinyun Investment Management Co., Ltd.\* (杭州金韻投資管理有限公司) (the “**Disposal**”) for a consideration of RMB276,000,000 (equivalent to approximately HK\$337,962,000) and RMB2,000,000 (equivalent to approximately HK\$2,400,000), respectively. The Disposal was subsequently approved by the Independent Shareholders of the Company on 23 July 2021. Further details in relation to the Disposal were set out in the Company’s announcements dated 24 May 2021, 23 July 2021 and circular dated 8 July 2021 respectively.

During the year ended 31 December 2021, the Group has recognised a gain from change in fair value and a gain on disposal of approximately HK\$47,609,000 and HK\$12,620,000 respectively, in the consolidated statement of profit or loss and other comprehensive income.

Details of movement is set out below:

	<i>HK\$’000</i>
At 1 January 2020	229,879
Exchange realignment	16,657
Change in fair value recognised in profit or loss	22,670
	<hr/>
At 31 December 2020 and 1 January 2021	269,206
Exchange realignment	8,527
Change in fair value recognised in profit or loss	47,609
Disposal for the year	(325,342)
	<hr/>
<b>At 31 December 2021</b>	<b>–</b>
	<hr/> <hr/>

\* For identification purpose only

- (b) On 20 July 2021, 21 July 2021 and 31 August 2021, the Group and Shenzhen Yingdou Technology Co., Ltd.\* (深圳盈都科技有限公司) (the “**Vendor**”) entered into three transfer agreements respectively. Pursuant to these agreements, the Vendor has agreed to transfer to the Group, of an aggregate of 5.51% limited partnership interest in Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.)\* (珠海金鑑銘股權投資基金合夥企業(有限合夥)) (the “**Limited Partnership**”), at a consideration of RMB180,000,000 (equivalent to HK\$220,410,000) through certain contractual arrangements.

The Limited Partnership has investment focuses in equity and equity related securities in the information technology, high-quality medical and health industries. Pursuant to the applicable PRC laws and regulations, investments in medical or healthcare businesses should be subjected to a sino-foreign joint venture structure, with the Chinese party holding not less than 30% equity interests in it. As the Group is regarded as a foreign investor, the Group and the Vendor have entered into certain contractual arrangements (the “**Contractual Arrangements**”) to avoid the aforementioned foreign restrictions.

Under the Contractual Arrangements, the cooperation agreements and the VIE agreements (including the exclusive consulting and service provision agreement, the exclusive option agreement, the power of attorney, the equity pledge agreement and the loan agreement) have been entered into by the Group, the Vendor and Shenzhen Dayizhen Technology Co., Ltd.\* (深圳達逸臻科技有限公司) (the “**VIE entity**”), a special purpose vehicle established by the Vendor, which enable the Group to:

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

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

\* *For identification purpose only*

The Group does not have any equity interest in the VIE entity. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the VIE entity and has the ability to affect those returns through its power over the VIE entity and is considered to control the VIE entity. Consequently, the Company regards the VIE entity as consolidated structured entity under HKFRSs. The Group has consolidated the financial position and results of the VIE entity in the Group's consolidated financial statements for the year ended 31 December 2021.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the VIE entity and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the VIE entity. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with relevant PRC laws and regulations and are legally enforceable.

As at 31 December 2021, the investment in limited partnership interest has been fair valued with reference to the valuation conducted by an independent qualified professional valuer.

Details of movement is set out below:

	<i>HK\$'000</i>
At 1 January 2021	–
Additions	220,410
Change in fair value recognised in profit or loss	9,537
Exchange realignment	151
	<hr/>
<b>At 31 December 2021</b>	<b>230,098</b>
	<hr/> <hr/>

## 10. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	45,571	4,939
Receipts in advance	22,128	23,965
Other payables ( <i>note (a)</i> )	27,063	19,560
Accrued charges ( <i>note (a)</i> )	29,520	23,987
Contract liabilities ( <i>note (b)</i> )	1,251	806
Deferred contingent consideration	2,340	–
	<u>127,873</u>	<u>73,257</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 90 days	41,671	4,734
91 – 180 days	3,662	131
Over 180 days	238	74
	<u>45,571</u>	<u>4,939</u>

The average credit period on purchases of goods is 90 days (2020: 90 days).

All amounts are short-term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

*Notes:*

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

## 11. OTHER FINANCIAL LIABILITIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Financial liabilities at fair value through profit or loss:		
Put option liability ( <i>note (a)</i> )	25,350	–
Financial liabilities measured at amortised cost:		
Other financial liabilities ( <i>note (b)</i> )	63,728	–
	<u>89,078</u>	<u>–</u>

### Notes:

- (a) On 31 May 2021, the Group, Zhuhai Shili Lianjiang Agricultural Tourism Development Co., Ltd.\* (珠海十里蓮江農業旅遊開發有限公司) (“**Zhuhai Shili Lianjiang Development**”) and Sinochem Investment Management (Tianjin) Co., Ltd.\* (中能化投資管理(天津)有限公司) (“**Sinochem**”), had entered into the Capital Contribution Agreement, pursuant to which, among others, Sinochem agreed to make a capital contribution of RMB65,600,000 (equivalent to approximately HK\$80,327,000) (“**Capital Contribution**”) in cash to Zhuhai Shili Lianjiang Health Care Development Co., Ltd.\* (珠海十里蓮江健康產業發展有限公司) (“**Zhuhai Shili Lianjiang Health Care**”), out of which an amount of RMB43,870,000 (equivalent to approximately HK\$53,718,000) and RMB21,730,000 (equivalent to approximately HK\$26,608,000) will be contributed to the registered capital and capital reserve of Zhuhai Shili Lianjiang Health Care, respectively. Upon completion of the Capital Contribution, Zhuhai Shili Lianjiang Health Care will be owned as to 40% by Sinochem, 33% of the Group and 27% by Zhuhai Shili Lianjiang Development. Pursuant to the Capital Contribution Agreement, Sinochem will not involve in daily operation of Zhuhai Shili Lianjiang Health Care.

Pursuant to the Capital Contribution Agreement, the Group and Zhuhai Shili Lianjiang Development undertake that, the audited annual operating income growth rate and net profit growth rate of Zhuhai Shili Lianjiang Health Care shall not be less than 21% and 30%, respectively (the “**Profit Guarantee**”). In the event the Profit Guarantee is not being achieved in any of the years, Sinochem has the option right (“**Put Option**”), upon expiry of 18 months after its capital contribution, to request the Group and Zhuhai Shili Lianjiang Development to repurchase its 40% equity interest in Zhuhai Shili Lianjiang Health Care at a repurchase price, based on 100% of the amount of Capital Contribution made by Sinochem, and a simple annual return rate of 9.8% from the date on which Sinochem has fully paid up the Capital Contribution until the date of repurchase, with a deduction of the dividends declared and distributed to Sinochem, and the repurchase price is capped at RMB100,000,000 (equivalent to approximately HK\$122,450,000).

\* *For identification purpose only*

Further details of the Capital Contribution from Sinochem were disclosed in the Company's announcement dated 31 May 2021.

The Put Option is classified as financial liabilities at fair value through profit or loss on initial recognition and are measured at fair value with changes in fair value recognised in profit or loss. The remaining balance of the Capital Contribution over the Put Option was initially recognised at its fair value and was subsequently measured at amortised cost.

Details of movement is set out below:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	–	–
At initial recognition	23,662	–
Change in fair value recognised in profit or loss	1,688	–
	<hr/>	<hr/>
At 31 December	<b>25,350</b>	–
	<hr/> <hr/>	<hr/> <hr/>

- (b) The movement of liability component of the Capital Contribution recognised in the consolidated statement of financial position is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	–	–
At initial recognition	56,666	–
Interest expense	8,205	–
Interest paid	(1,143)	–
	<hr/>	<hr/>
At 31 December	<b>63,728</b>	–
	<hr/> <hr/>	<hr/> <hr/>

Interest expense on the liability component of other financial liabilities is calculated using the effective interest method by applying effective interest rate of 14.7% per annum.

Kaisa Group (Shenzhen) Co., Ltd.\* (佳兆業集團(深圳)有限公司), a wholly-owned subsidiary of Kaisa Group, which is the Group's ultimate holding company, provided a corporate guarantee for the repayment of capital contributed from Sinochem, the distribution of investment returns, and the necessary administrative expenses.

\* *For identification purpose only*

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL HIGHLIGHTS**

During the year, the Group's revenue reached approximately HK\$209.6 million (2020: approximately HK\$183.8 million), representing an increase of 14.04% when compared with last year. The gain attributable to the shareholders of the Company for the year ended 31 December 2021 was approximately HK\$2.4 million, representing a basic earnings per share of HK0.05 cents (2020: loss of approximately HK\$39.7 million, representing a basic loss per share of HK0.79 cents).

### **FINAL DIVIDEND**

The Board did not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

There is no arrangement under which a shareholder has waived or agreed to waive any dividend.

### **BUSINESS REVIEW**

#### **Dental Prosthetics Business**

The Group has engaged in the Dental Prosthetics Business, including the sales (both overseas and domestic) and production of dental prosthetics, including crowns and bridges, removable full and partial dentures, implants and full-cast restorations.

Revenue from the Dental Prosthetics Business was approximately HK\$200.5 million as of 31 December 2021, and revenue was approximately HK\$179.9 million for the corresponding period in 2020.

The Dental Prosthetics Business was acquired in May 2015. With regard to the sales distribution of the Dental Prosthetics Business, domestic sales accounted for 99% of annual sales in the year 2021. Comparing with the domestic sales accounting for 82% of annual sales and overseas sales accounting for 18% of annual sales in 2020, the proportion of overseas sales in 2021 has significantly decreased, reflecting the impact from the Group's contraction of international market resulted from the COVID-19 pandemic. Also, the overseas competitors actively engaged in merger and acquisitions of dental prosthetics suppliers, which led to a shrink of overseas sales.

On the other hand, since the quality of Condor Tech’s three-dimensional intraoral scanners is not certain, the Company reached a settlement agreement with Condor Tech on 25 March 2021, pursuant to which the outstanding convertible bonds with Condor Tech were transferred to an independent third party at a price of EUR5,225,000. For further details, please refer to the announcement of the Company dated 25 March 2021.

Investment in research and know-hows is always a focus in the Group’s business. Research and development expense of HK\$17.2 million was incurred during the year 2021 (2020: HK\$20.4 million), reflecting the management’s determination and vision to invest in the future technologies in the Dental Prosthetics Business. On the other hand, grants and awards of HK\$4.0 million (2020: HK\$4.4 million) were received from the Municipal Government for acknowledging the Group’s continued effort in research and development of skills and know-hows in the dental prosthetics areas.

In view of the high growth of the implant market in China and internationally, the Group has entered the field of value-added consumable dental implants. In the first half of 2021, the Group acquired 100% equity of Basic Dental Implant System Inc. (“**Basic Dental**”) based in the US, among which Basic Dental owns the brand of “BIOTANIUM (必適佳)” implants. BIOTANIUM implants, equipped with internationally advanced designs and material processing technology, were launched in the US in 1996 and landed in China in 2010 with abundant successful cases accumulated.

The Group has established a technical and sales team to improve the technical production of the Group’s products and sales in the Chinese and international markets. It has also established a Sino-US implant research and development centre in Shenzhen, China, to integrate the capabilities of Chinese, US and other international medical technology experts to promote the development of implant technology. The Chinese and US teams are fully prepared for re-entering the Chinese market by upgrading research and development, registration and licensing of implant products.

## **Healthcare business**

### ***Health Leisure Business***

In 2021, Zhuhai Shili Lianjiang International Health City\* (珠海十里蓮江國際健康城) was in the stage of comprehensive development and construction. In January, the Rural Revitalization in the Pearl River Delta as well as Agricultural and Innovative IP Design Competition were launched. In May, a hostel in Shili Lianjiang started its operation. In October, the tourist spot started operation after fully upgraded. Currently, the projects are under construction in an orderly manner through a series of brand promotion and festive operation as well as diligent exploration and promotion of towns featuring “agricultural (cultural) tourism + health leisure”.

In March 2021, the Group entered into the cooperation agreement with Shanghai Xinxing Construction Investment Co., Ltd. \*(上海新行建設投資有限公司) to further expand its health care and leisure business. In September 2021, the approval for transferring agricultural land lot no. B-08 to collective construction land was obtained. Currently, the Xuhang Town Project has been carried out to promote the overall planning and design as well as transport evaluation on project basis. The overall planning and design as well as transport evaluation on project basis were completed. The Group communicated with relevant government authorities in advance to obtain feedback.

### ***Rehabilitation Business***

The Group is engaged in the field of sports rehabilitation, including postoperative rehabilitation, sports injury rehabilitation, chronic pain, scoliosis, deformity correction and other rehabilitation services. In 2021, Professor Wang Liming (汪黎明) from Beijing Sport University was invited to be our Chief Technical Specialist. In October 2019, our first sports rehabilitation clinic, Shenzhen Yijia General Specialist Clinic\* (深圳醫佳普通專科門診部) (“**Yijia Clinic**”) has commenced business and operation. As of 31 December 2021, the revenue from Yijia Clinic was approximately RMB3.72 million (equivalent to approximately HK\$4.49 million). On 28 December 2020, our second sports rehabilitation clinic, Shenzhen Jiayi General Specialist Clinic\* (深圳佳醫普通專科門診部) (“**Jiayi Clinic**”) commenced business and operation. As of 31 December 2021, the revenue from Jiayi Clinic was approximately RMB1.66 million (equivalent to approximately HK\$2 million). On 17 August 2021, our third sports rehabilitation clinic, Shenzhen Jiakang Rehabilitation Clinic\* (深圳佳康康復醫學科門診部) (“**Jiakang Clinic**”) commenced business and operation.

\* For identification purpose only

Sports rehabilitation business is undergoing rapid development in China. In view of lack of leading enterprises in the industry, the market is currently in the stage of expansion. In terms of the Group's rehabilitation program, it strived to introduce industry experts with more than 120 doctors from public hospitals to provide outpatient services, organised 20 academic training sessions for rehabilitation, and recommended 5 rehabilitation technicians to have field studies throughout the year. Jiakang Clinic under preparation has successfully commenced business and operation.

In 2021, the Group's rehabilitation project strictly controlled medical risks. During the year, there were no medical complaints, nor was there any in compliance with the medical insurance inspections throughout the year under its model operations.

During the year under review, the Group has invested in a total of RMB180 million (equivalent to approximately HK\$220.4 million) in the Limited Partnership with investment focuses in equity and equity related securities in the information technology, high-quality medical and health industries. The Board believes that this investment would enable the Group to capture investment opportunities and generate potential investment returns.

## **IMPORTANT EVENTS AFTER THE REPORTING PERIOD**

No important events affecting the Company occurred since 31 December 2021 and up to the date of this announcement.

## **PROSPECT**

The Group is principally engaged in the Dental Prosthetics Business and healthcare businesses, and its business strategy was to further expand its businesses so as to further enhance shareholders' value. The Group has been oriented towards advanced technologies and integrated quality medical devices in China and overseas to become a high-end dental prosthetics instrument supplier. The Group has put efforts in exploring a medical appliance system with the oral business as its up-stream and down-stream industry chain and a medical service system integrating medical care and health care, developing a closed-loop ecosystem with the coordination of these three major systems.

## **Dental Prosthetics Business**

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

The number of dental implants in the PRC market in 2021 has reached approximately 4 million, with an annual growth rate of approximately 40%. The implant business of the Group is expected to achieve rapid growth upon the completion of research and development registration upgrade and license upgrade of the implant products of the Group. Meanwhile, the Group plans to rebuild a national high-tech enterprise with implant technology development as its core capability within 3 years, in order to contribute to the localisation of implant products and to continuously introduce products that suitable for the PRC market.

The Group has formulated a number of growth strategies in the Dental Prosthetics Business, including enlarging its sales network in the PRC and foreign markets (such as the US), expanding its production capacity in the PRC and developing high-end new denture prosthetics products with beauty attributes.

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

## **Health Care Business**

### ***Health Leisure Business***

With the vigorous development and construction of the Shili Lianjiang Project, the health care business is expected to contribute a contracted sales scale of approximately RMB250 million to the Group in 2022. Under the background that health has officially become the core concept of national development in China, and drawing on the development model of cultural and tourism healthy towns from the PRC and overseas, the Zhuhai Shili Lianjiang International Health City Project will become an rural leisure destination in the Greater Bay Area that integrated the ideas of “leisure and health care, integrated eldercare services with medical care, ecological agriculture, and tourism and vacation”.

Building from the Zhuhai Shili Lianjiang International Health City Project, the Group will leverage its advantages in health care and medical care, to promote the construction of agricultural (cultural) tourism + health care service system, and create health care real estate projects that covering all types of urban, suburban and rural areas, in order to form a large-scale, replicable health resort town model and provide comprehensive and personalised health services to customers in the Greater Bay Area.

### ***Rehabilitation business***

Sports rehabilitation is booming in China, and the concept of sports rehabilitation was getting more well received by the public. With the gradual maturity of the market, the Group has launched its comprehensive business roadmap. The Group plans to deploy 1-2 sports rehabilitation clinics in Shenzhen in 2022, and introduce the rehabilitation medical team of Beijing Sport University to join its team. Leveraging its experience gained from the development of Shenzhen Yijia General Specialist Clinic, the Group has expanded its portfolio of sports rehabilitation projects and increased the use of peripheral rehabilitation products such as braces, orthopedic insoles, fascia guns, etc. to carry out sports rehabilitation education in various industries. The Group has also actively explored the business of offering insurance for competitions organised by enterprises and schools and conducted comprehensive promotion with the help of medical insurance units from large-scale sports events such as the Shenzhen Marathon.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

The sales for the year has increased steadily because of recovery of the Dental Prosthetics Business of the Group. Other revenue has been increased mainly because of the disposal of financial assets at fair value through profit or loss which amounted to approximately HK\$12.6 million.

### Gross Profit and Gross Profit Margin

Gross profit for the year amounted to HK\$97.4 million (2020: HK\$90.0 million). Gross profit margin for the year decreased to 46.5% (2020: 48.9%). An increase in the gross profit of the Group of approximately HK\$7.4 million mainly because of a recovery of the dental prosthetics business after the COVID-19 pandemic. The gross profit for the dental prosthetics business has increased from approximately HK\$89.0 million to approximately HK\$105.1 million for a total of approximately HK\$16.1 million. The gross profit margin of the Group was adversely affected by the start of operation of project in Zhuhai Shili Lianjiang International Health City\* (珠海十里蓮江國際健康城) (the “**Shili Lianjiang Project**”) in the second half of the year 2021 which resulted in a gross loss of HK\$7.1 million and the opening of 2 new clinics in the second half of the year 2021 which resulted in a gross loss of approximately HK\$1.5 million.

### Selling and Distribution Costs

Selling and distribution costs represented the management’s effort to enhance the level of marketing activities.

### Administrative Expenses

An increase in administrative expenses of approximately HK\$29 million as compared with that of the year 2020 which was mainly due to the start of operation of Shili Lianjiang Project in the second half of the year 2021 which incurred approximately HK\$8.9 million and the opening of 2 new clinics in the second half of the year 2021 which incurred approximately HK\$0.7 million. Dental prosthetics business was also involved in technical reform projects which incurred approximately HK\$5.6 million in the second half of the year 2021. Apart from that, the Group has also engaged in development of internet medical business which incurred approximately HK\$10 million in the second half of the year 2021. The project in 中國上海市嘉定區徐行鎮伏虎村 (Fuhu Village, Xuhang Town, Jiading District, Shanghai, the PRC) (the “**Xuhang Town Project**”) has started its operation in the second half of the year 2021 which incurred approximately HK\$5.6 million.

## **Other Expenses**

Other expenses represented the research and development (“R&D”) expenses. The Group spent its investments in research and development to enhance the competitiveness, production capacity, popularity of its products in the future while reducing labour costs. At the same time the Group would also apply for a deduction or exemption of PRC Enterprise Income Tax and grants and subsidies from the government in accordance with the requirements of the state. The related R&D projects include 3D engraving machines, 3D printers, 3D scanners and the development of an invisible orthodontic software. The scale of the applications for government subsidies for R&D projects and the utilisation of labour and raw materials were smaller and lower than that of 2020 because of decrease in overseas revenue during the year.

## **Finance Costs**

An increase in finance costs of approximately HK\$7 million as compared with that of the year 2020 which was mainly due to the capital injection of approximately HK\$80.3 million from a new investor of the Shili Lianjiang Project which incurred approximately HK\$8.2 million interest expense in the second half of the year 2021.

## **Income Tax Expenses**

An increase in income tax expenses which was due to the disposal of the Shulan Project for its realised capital gain on investment of approximately HK\$100 million which incurred approximately HK\$24 million income tax provision in the second half of the year 2021.

## **Loan Receivable**

The loan receivable represented the loan granted to Financière Wow for settlement of the Group’s EUR5 million investment in convertible bonds issued by Condor Tech, which specialises in the sales, distribution and development of the three dimensional intraoral scanners.

## **Cash Position and Cash Flow**

The Group had a solid cash position for the year under review, with bank balances and cash amounting to approximately HK\$259.3 million as at 31 December 2021 (2020: approximately HK\$176.6 million).

## **Capital Expenditure and Capital Commitments**

During the year, the Group invested approximately HK\$43.9 million (2020: approximately HK\$7.7 million) mainly on the purchase of equipment. As at 31 December 2021, the Group has capital expenditure commitment of approximately HK\$181.6 million (2020: approximately HK\$52.1 million).

## **Contingent Liabilities**

The Group had no significant contingent liabilities as at 31 December 2021 (31 December 2020: Nil).

## **Treasury Policy**

The Group's sales were principally denominated in Renminbi, EUR dollars, US dollars and Hong Kong dollars while purchases were transacted mainly in US dollars, Renminbi and Hong Kong dollars.

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

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

Equity attributable to owners of the Company as at 31 December 2021 amounted to approximately HK\$651.1 million (2020: approximately HK\$636.5 million).

As at 31 December 2021, the net current assets of the Group amounted to approximately HK\$313.8 million (2020: HK\$239.6 million). The current and quick ratio were 2.20 and 2.14 respectively (2020: 3.58 and 3.51 respectively).

At 31 December 2021, the amount of HK\$785,000 (2020: HK\$764,000) represented balance due to Ms. Jiang Sisi, the spouse of Mr. Wu Tianyu (an executive Director). The amount is unsecured, interest-free and repayable on demand.

As at 31 December 2021 and 2020, no gearing ratio was calculated as there was no net debt as defined as other financial liabilities less cash and cash equivalents by the Group.

Taking the above figures into account, the management is confident that the Group has adequate resources to settle its outstanding debts and finance its daily operational expenditures.

## **Charge on Assets**

There was no charge on assets of the Group as at 31 December 2021 and 2020.

## **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets**

### ***Significant disposal on financial assets at fair value through profit or loss***

Mega Deluxe Holdings Limited, a wholly-owned subsidiary of the Company and Rui Jing Investment Company Limited (a wholly-owned subsidiary of Kaisa Group, the controlling shareholder of the Company), entered into a sale and purchase agreement on 3 August 2018, pursuant to which the Company acquired the Shulan Project in Hangzhou City, Zhejiang Province, the PRC for the provision of public health and medical services. The investment cost was approximately HK\$219.9 million.

The investment was disposed to an independent third party at a consideration of RMB276 million (equivalent to approximately HK\$331 million) pursuant to a sale and purchase agreement on 24 May 2021 and was approved by independent shareholders of the Company in the special general meeting on 23 July 2021.

The gain on disposal of an unlisted equity investment of the project was approximately HK\$12.6 million during the year ended 31 December 2021.

Further details were set out in the Company's announcements dated 24 May 2021, 23 July 2021 and circular dated 8 July 2021 respectively.

### ***Significant investment on financial assets at fair value through profit or loss***

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

\* For identification purpose only

As at 31 December 2021, the fair value of financial assets at fair value through profit or loss was approximately HK\$230.1 million, representing approximately 23.7% of the total assets of the Group. The fair value gain on this financial assets at fair value through profit or loss was approximately HK\$9.5 million during the year ended 31 December 2021.

Further details were set out in the Company's announcements dated 31 January 2022 and 3 March 2022.

#### ***Significant disposal on convertible promissory note***

Pursuant to a sale and purchase agreement dated 30 November 2021, Huge Profit Group Limited, a wholly-owned subsidiary of the Company, disposed the senior secured convertible promissory notes of a principal amount of USD 3.5 million issued by Quanergy Systems, Inc. to Beach Point Securitized Credit Fund LP, Beach Point SC Offshore Fund Ltd. and Beach Point TX SCF LP at a consideration of USD 3.85 million (equivalent to approximately HK\$29.9 million).

The loss on disposal of such convertible promissory note was approximately HK\$5.3 million during the year ended 31 December 2021.

Further details were set out in the Company's announcement dated 30 November 2021.

#### ***Significant investment on properties under development***

In the second half of 2021, Shili Lianjiang Project started its operation. Land use rights, construction costs and interest expenses were capitalised during the year ended 31 December 2021. Shili Lianjiang project is expected to complete in 2022 and the properties are expected to be ready for sale within 2022.

As at 31 December 2021, the carrying amount of properties under development was approximately HK\$144.7 million, representing approximately 14.9% of the total assets of the Group.

#### ***Significant investment on loan receivable and disposal of convertible bonds receivable***

On 19 October 2016, the Group's indirect wholly-owned subsidiary, United Noble Development Limited ("**United Noble**"), entered into a conditional agreement with Condor Technologies NV (formerly known as Condor International NV) ("**Condor Tech**"), a listed company incorporated in Belgium, to subscribe 257,663 unlisted 5% coupon convertible bonds issued by Condor Tech (the "**Convertible Bonds**"), at an aggregate principal amount of EUR5,000,000 maturing on the third anniversary of the date of issue. The subscription of the Convertible Bonds was subsequently completed on 29 November 2016. The maturity date of the Convertible Bonds was extended for one year on 29 November 2019. The investment cost was approximately HK\$41.2 million.

The investment was used to prepare for the development of intraoral scanner market in China. Condor Tech is the manufacturer of intraoral scanner. On 25 March 2021, the Company reached a settlement agreement with Condor Tech (the “**Settlement Agreement**”), pursuant to which the outstanding Convertible Bonds was transferred to Financière Wow, an independent third party, at a price of EUR5,225,000. The purchase price of EUR5,225,000 (which is equivalent to approximately HK\$49,167,000) for the transfer of the Convertible Bonds from United Noble to Financière Wow was determined taking into consideration of the principal amount of the Convertible Bonds of EUR5,000,000 (which is equivalent to approximately HK\$47,050,000) together with interest received in advance at 3% per annum based on deferred payment, and shall be payable in cash as follows:

- (i) a payment in cash in an amount of EUR2,225,000 (which is equivalent to approximately HK\$20,937,000) to be made within five (5) business days after the date of the entering of the Settlement Agreement (the “**First Instalment**”); and
- (ii) a deferred payment in cash in an amount of EUR3,000,000 (which is equivalent to approximately HK\$28,230,000) (the “**Second Instalment**”) to be made upon the expiry of a period of thirty (30) months from the date of the entering of the Settlement Agreement, i.e. on or before 25 September 2023.

Upon completion of the transfer, United Noble and Condor Tech were released from all its respective liabilities under the subscription agreement and the Company recorded a gain of approximately HK\$26.5 million on reversal of impairment loss during the year ended 31 December 2021.

As at 31 December 2021, the carrying amount of loan receivable was approximately HK\$21.2 million, representing approximately 2.19% of the total assets of the Group.

Further details were set out in the Company’s announcement dated 25 March 2021.

Saved as disclosed above, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year 31 December 2021. There was no plan authorised by the Board for other material investments or additional capital assets as at the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group employed approximately 700 employees in total as at 31 December 2021 in Hong Kong and the PRC (31 December 2020: approximately 900 in Hong Kong and the PRC). The Group implemented its remuneration policy, bonus and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance to ensure competitiveness.

The Group operates a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustee. Under the rules of the MPF Scheme, each of the employer and an employee is required to make contributions to the scheme at the respective rate specified in the rules.

The employees of the Company’s PRC subsidiaries are members of state-managed retirement benefits scheme operated by the PRC government. The Company’s PRC subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefits scheme to fund the benefits.

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing of Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2021.

The Company has also established written guidelines on terms no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of inside information of the Company or its securities. No incidence of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2021.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The requirements under the new Corporate Governance Code as set out in the existing Appendix 14 to the Listing Rules (the “**New CG Code**”) which came into effect on 1 January 2022 shall apply to the Company’s corporate governance report for the financial year commencing on 1 January 2022. During the year ended 31 December 2021, the Company has complied with the Corporate Governance Code and the Corporate Governance Report as set out in the previous Appendix 14 to the Listing Rules before the New CG Code came into effect on 1 January 2022 (the “**Code**”), except for the following deviations:

### **Code Provisions A.6.7 of the Code**

Code Provision A.6.7 of the Code stipulated that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other important engagements, the independent non-executive Director of the Company, Ms. Li Yonglan, was unable to attend the special general meeting held on 13 August 2021.

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

## MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with the Company's auditors as at the date of its publication, subsequent adjustments have been made to certain information. Shareholders and potential investors of the Company are advised to pay attention to the following differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

	Disclosure in this announcement <i>HK\$'000</i>	Disclosure in the Unaudited Annual Results Announcement <i>HK\$'000</i>	Difference <i>HK\$'000</i>	<i>Notes</i>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
Administrative expenses	(108,159)	(109,595)	(1,436)	(1)
Loss from change in fair value of financial liabilities at fair value through profit or loss	(1,688)	(905)	783	(2)
Finance costs	(8,183)	(7,228)	955	(3)
Loss for the year	(12,323)	(12,021)	(302)	(4)
Exchange differences arising on translation of foreign operations	5,084	4,425	(659)	(5)
Profit for the year attributable to owners of the Company	2,359	1,885	474	(5)
Loss for the year attributable to non-controlling interests	(14,682)	(13,906)	(776)	(5)
Total comprehensive income for the year attributable to owners of the Company	9,060	8,223	837	(5)
Total comprehensive expense for the year attributable to non-controlling interests	(16,299)	(15,819)	(480)	(5)
Earnings per share – Basic & Diluted	0.05	0.04	0.01	(6)

	<b>Disclosure in this announcement</b>	<b>Disclosure in the Unaudited Annual Results Announcement</b>	<b>Difference</b>	<i>Notes</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>				
<b>Non-current assets</b>				
Loan receivable	21,240	22,611	(1,371)	(7)
Prepayments and deposits	24,495	–	24,495	(8)
<b>Current assets</b>				
Trade and other receivables	135,893	160,388	(24,495)	(8)
<b>Current liabilities</b>				
Trade and other payables	(127,873)	(133,330)	5,457	(9)
Other financial liabilities	(89,078)	(83,926)	(5,152)	(2), (3) & (9)
<b>Equity</b>				
Reserves	(644,814)	(645,400)	586	(10)
Non-controlling interests	(31,727)	(32,207)	480	(10)

*Notes:*

- (1) Mainly due to a reclassification adjustment of bank charges between administrative expenses and finance costs, and an adjustment of the overstated share-based payment expenses recorded in the administrative expenses.
- (2) Mainly represents an adjustment to the fair value of financial liabilities at fair value through profit or loss based on the valuation conducted by an independent qualified professional valuer, and an adjustment to the carrying amount of other financial liabilities measured at amortised cost.
- (3) Mainly represents an adjustment to the interest expense of other financial liabilities measured at amortised cost as mentioned in note (2) above, and the reclassification adjustment of bank charges mentioned in note (1) above.
- (4) Mainly represents an adjustment in profit or loss as a result of the adjustments mentioned in notes (1) to (3) above.
- (5) Mainly represents an adjustment to the exchange differences arising from the retranslation of other financial liabilities denominated in RMB, the adjustment on share-based payment expenses mentioned in note (1) above, and the allocation of profit or loss and other comprehensive income attributable to owners of the Company and non-controlling interests.

- (6) Mainly represents a recalculation of basic and diluted earnings per share due to the adjustments mentioned in notes (1) to (3) above.
- (7) Mainly due to a reclassification adjustment of the interest received in advance on loan receivable between current liabilities and non-current assets.
- (8) Mainly due to a reclassification adjustment of the deposits for acquisition of land use rights between current assets and non-current assets.
- (9) Mainly due to a reclassification adjustment of the interest payable on other financial liabilities within current liabilities.
- (10) Mainly represents an adjustment to equity attributable to owners of the Company and non-controlling interests arising from the adjustments mentioned in notes (1) to (4) above.

Corresponding adjustments as a result of the differences referred to above have been made to note 3 (Revenue and segment information), note 7 (Earnings/(Loss) per share), note 8 (Trade and other receivables), note 10 (Trade and other payables) and note 11 (Other financial liabilities) to the consolidated financial statements of the Group (see pages 9 to 12, page 15, pages 16 to 17, page 22 and pages 23 to 24 of this announcement respectively) and the section titled “Operating Results and Financial Review” in the Management Discussion and Analysis disclosed in the Unaudited Annual Results Announcement (see pages 31 to 36 of this announcement respectively).

Amendments have been made to note 3 (Revenue and segment information) to the consolidated financial statements of the Group (see pages 9 to 12 of this announcement respectively). The differences is due to the reclassification of segment revenue and results, segment assets and liabilities of Zhuhai Shili Lianjiang International Health City\* (珠海十里蓮江國際健康城) and Xuhang Town Project\* (上海市嘉定區徐行鎮伏虎村) into a new business segment namely “Health care – health leisure business”, and the original business segment of “Health care business” has been named as “Health care – rehabilitation business”, which are in line with the information reported to the chief operating decision maker for the purposes of resources allocation and performance assessment for the year ended 31 December 2021.

Amendments have been made to note 4 (Profit/(Loss) before income tax) to the consolidated financial statements of the Group (see page 13 of this announcement) due to the recalculation of total staff costs and finance costs on lease liabilities respectively.

\* *For identification purpose only*

## **REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE**

The Audit Committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Liu Yanwen, chairman of the Audit Committee, Dr. Lyu Aiping and Ms. Li Yonglan. Mr. Fok Hei Yu was a member of the Audit Committee during the year and resigned as a member of the Audit Committee on 4 March 2021. The Audit Committee has reviewed and discussed with management and the external auditors on matters regarding internal control, systems of risk management, the accounting standards and practices adopted by the Group and the Group's annual results for the year ended 31 December 2021.

## **SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Messrs. Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Grant Thornton Hong Kong Limited on this announcement.

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

This annual results announcement is published on the Company's website (<http://www.kaisahealth.com>) and the Hong Kong Exchanges and Clearing Limited website (<http://www.hkexnews.hk>). The 2021 annual report will be dispatched to the shareholders of the Company and will be made available on the websites of the Company and Hong Kong Exchanges and Clearing Limited in due course in accordance with the Listing Rules.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our valuable shareholders, respectable customers, dedicated vendors and professional bankers for their support over the year and look forward to a closer cooperation in the coming years.

I would also like to personally thank our management and staff for their hard working and commitment to the Group.

By order of the Board  
**Kaisa Health Group Holdings Limited**  
**Zhang Huagang**  
*Chairman*

Hong Kong, 20 April 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhang Huagang (Chairman), Mr. Luo Jun (Co-Vice Chairman), Mr. Wu Tianyu (Co-Vice Chairman) and Mr. Kwok Ying Shing and three independent non-executive Directors, namely Dr. Liu Yanwen, Dr. Lyu Aiping and Ms. Li Yonglan.*