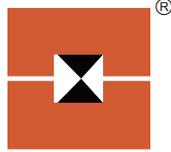


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Kaisa Health Group Holdings Limited
佳兆業健康集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 876)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Kaisa Health Group Holdings Limited (the “**Company**”) would like to inform the shareholders and potential investors of the Company that the audit procedures for the consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 have not been completed due to the implementation of the COVID-19 pandemic prevention and control quarantine measures in Hong Kong and the PRC. As a result, the Company’s auditor expected that it would require additional time to complete the audit procedures. In order to keep the shareholders and potential investors of the Company informed of the Group’s business operation and financial position, the Board hereby announces the unaudited consolidated results of the Group for the year ended 31 December 2021 in this announcement.

The unaudited results for the year ended 31 December 2021 contained herein have not been agreed with the Company’s auditor as required under Rule 13.49(2) of the Listing Rules and are subject to possible adjustments. The audited results may therefore be different from the unaudited annual results as disclosed in this announcement. However, the unaudited annual results in this announcement have been reviewed by the Audit Committee of the Company and approved by the Board.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Revenue	3	209,626	183,810
Cost of sales		(112,211)	(93,847)
Gross profit		97,415	89,963
Other income, gains and losses		12,859	7,840
Selling and distribution costs		(49,143)	(32,332)
Administrative expenses		(109,595)	(79,106)
Gain from change in fair value of financial assets at fair value through profit or loss		57,146	22,670
Loss from change in fair value of financial liabilities at fair value through profit or loss		(905)	–
Gain from change in fair value of convertible promissory note		2,275	5,044
Loss from change in fair value of convertible bonds receivable		–	(524)
Impairment loss on trade receivables, net	8	(822)	(286)
Reversal of/(Impairment loss) on amount due from a director		217	(2,371)
Reversal of/(Impairment loss) on loan receivable/convertible bonds receivable		26,503	(30,838)
Other expenses		(17,217)	(20,446)
Finance costs		(7,228)	(1,087)
Profit/(Loss) before income tax	4	11,505	(41,473)
Income tax (expense)/credit	5	(23,526)	778
Loss for the year		(12,021)	(40,695)

	<i>Notes</i>	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Other comprehensive income, including reclassification adjustments			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		4,425	30,985
		<u>4,425</u>	<u>30,985</u>
Total comprehensive expense for the year		(7,596)	(9,710)
		<u>(7,596)</u>	<u>(9,710)</u>
Profit/(Loss) for the year attributable to:			
– Owners of the Company		1,885	(39,692)
– Non-controlling interests		(13,906)	(1,003)
		<u>(12,021)</u>	<u>(40,695)</u>
		<u>(12,021)</u>	<u>(40,695)</u>
Total comprehensive income/(expense) for the year attributable to:			
– Owners of the Company		8,223	(9,634)
– Non-controlling interests		(15,819)	(76)
		<u>(7,596)</u>	<u>(9,710)</u>
		<u>(7,596)</u>	<u>(9,710)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(Loss) per share			
– Basic	7	0.04	(0.79)
		<u>0.04</u>	<u>(0.79)</u>
– Diluted		0.04	(0.79)
		<u>0.04</u>	<u>(0.79)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		58,760	31,709
Right-of-use assets		30,598	22,906
Land use rights		4,175	46,583
Intangible assets		5,132	987
Goodwill		20,217	–
Convertible promissory note		–	33,005
Loan receivable		22,611	–
Prepayments and deposits	8	–	20,080
Financial assets at fair value through profit or loss		230,098	269,206
Financial assets at fair value through other comprehensive income		245	–
Deferred tax assets		539	593
		372,375	425,069
Current assets			
Properties under development		144,669	–
Inventories		16,190	6,729
Trade and other receivables	8	160,388	105,898
Convertible bonds receivable		–	18,842
Amount due from a director		19,293	21,093
Amounts due from fellow subsidiaries		525	207
Amounts due from a non-controlling shareholder of subsidiaries		–	477
Taxation recoverable		–	2,624
Bank balances and cash		259,264	176,600
		600,329	332,470
Current liabilities			
Trade and other payables	9	133,330	73,257
Other financial liabilities		83,926	–
Lease liabilities		6,753	6,025
Amount due to a related party		785	764
Amounts due to fellow subsidiaries		1,443	862
Amount due to a non-controlling shareholder of a subsidiary		12,245	11,919
Taxation payable		23,814	–
		262,296	92,827
Net current assets		338,033	239,643
Total assets less current liabilities		710,408	664,712

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Lease liabilities	25,528	17,211
Deferred tax liabilities	970	–
	<hr/>	<hr/>
	26,498	17,211
	<hr/>	<hr/>
Net assets	683,910	647,501
	<hr/> <hr/>	<hr/> <hr/>
Equity		
Share capital	6,303	6,303
Reserves	645,400	630,213
	<hr/>	<hr/>
Equity attributable to owners of the Company	651,703	636,516
Non-controlling interests	32,207	10,985
	<hr/>	<hr/>
Total equity	683,910	647,501
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

The unaudited 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 unaudited 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 Hong Kong Financial Reporting Standards (“**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 unaudited 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 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 Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are relevant to the Group’s operations and effective for the Group’s unaudited 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 unaudited 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 ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ 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 unaudited 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.

The Group's operating activities are attributable to two operating segments focusing on the operation of manufacturing of and trading in dental prosthetics and the health care business.

3.1 Segment revenue and results

For the year ended 31 December 2021

	Dental prosthetics business HK\$'000 (Unaudited)	Health care business HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
REVENUE			
Revenue from external customers	<u>200,487</u>	<u>9,139</u>	<u>209,626</u>
RESULTS			
Segment profit before depreciation and amortisation	24,171	19,705	43,876
Depreciation			
– Property, plant and equipment	(14,239)	(1,807)	(16,046)
– Right-of-use assets	(5,389)	(4,024)	(9,413)
Amortisation of land use rights	–	(1,200)	(1,200)
Amortisation of intangible assets	<u>(654)</u>	<u>(77)</u>	<u>(731)</u>
Segment operating profit	3,889	12,597	16,486
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	<u>(1,031)</u>	<u>–</u>	<u>(1,031)</u>
Segment profit before income tax	2,253	12,597	14,850
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			759
Unallocated expenses			<u>(27,551)</u>
Profit before income tax			<u><u>11,505</u></u>

For the year ended 31 December 2020

	Dental prosthetics business HK\$'000 (Audited)	Health care business HK\$'000 (Audited)	Total HK\$'000 (Audited)
REVENUE			
Revenue from external customers	179,941	3,869	183,810
RESULTS			
Segment profit/(loss) before depreciation and amortisation	35,691	(629)	35,062
Depreciation			
– Property, plant and equipment	(11,165)	(1,741)	(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	(6,095)	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	(6,095)	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> (Unaudited)	Health care business <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Reportable segment assets	349,267	574,809	924,076
Loan receivable			22,611
Deferred tax assets			539
Unallocated assets			<u>25,478</u>
Total assets			<u><u>972,704</u></u>
Reportable segment liabilities	(81,211)	(180,630)	(261,841)
Deferred tax liabilities			(970)
Taxation payable			(23,814)
Unallocated liabilities			<u>(2,169)</u>
Total liabilities			<u><u>(288,794)</u></u>

As at 31 December 2020

	Dental prosthetics business <i>HK\$'000</i> (Audited)	Health care business <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Reportable segment assets	295,757	389,729	685,486
Convertible promissory note			33,005
Convertible bonds receivable			18,842
Deferred tax assets			593
Taxation recoverable			2,624
Unallocated assets			<u>16,989</u>
Total assets			<u><u>757,539</u></u>
Reportable segment liabilities	(77,575)	(26,298)	(103,873)
Unallocated liabilities			<u>(6,165)</u>
Total liabilities			<u><u>(110,038)</u></u>

During the year ended 31 December 2021, capital expenditure incurred by the dental prosthetic business segment and health care business segment amounted to approximately HK\$17,117,000 (2020: approximately HK\$43,161,000) and approximately HK\$39,923,000 (2020: approximately HK\$49,446,000), 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> (Unaudited)	2020 <i>HK\$'000</i> (Audited)	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Hong Kong	–	33,103	–	–
PRC (excluding Hong Kong)	207,966	150,082	95,127	101,721
Others	1,660	625	46,366	20,544
	209,626	183,810	141,493	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> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Profit/(Loss) before income tax has been arrived at after charging/(crediting):		
Directors' remuneration		
– fees	1,565	1,612
– other emoluments	14,036	20,384
– equity-settled share-based payment expenses	4,639	3,093
– contributions to defined contribution retirement schemes (note a)	110	65
	<u>20,350</u>	<u>25,154</u>
Other staff costs		
– staff salaries and allowances	99,332	97,785
– equity-settled share-based payment expenses	2,325	1,050
– contributions to defined contribution retirement schemes (note a)	10,937	2,077
	<u>112,594</u>	<u>100,912</u>
Total staff costs	<u>132,944</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 on amount due from a director	(217)	2,371
(Reversal of)/Impairment loss on loan receivable/convertible bonds receivables	(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	1,749	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>132,944</u></u>	<u><u>126,066</u></u>

Note:

- (a) Due to the impact of COVID-19, a number of policies including the relief of social insurance have 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> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Current tax:		
Hong Kong Profits Tax	–	–
PRC Enterprise Income Tax	<u>23,472</u>	–
	<u>23,472</u>	–
Under/(Over)-provision in prior years:		
Hong Kong Profits Tax	–	(185)
PRC Enterprise Income Tax	–	–
	–	(185)
Deferred tax expense/(credit)	<u>54</u>	(593)
	<u><u>23,526</u></u>	<u><u>(778)</u></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 both years.

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> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Profit/(Loss) for the year attributable to owners of the Company	<u><u>1,885</u></u>	<u><u>(39,692)</u></u>
Number of shares		
	2021	2020
Weighted average number of ordinary shares in issue during the year	<u><u>5,042,139,374</u></u>	<u><u>5,042,139,374</u></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> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
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	41,572	8,530
Deposits for acquisition of a subsidiary	–	20,080
Prepayments for construction costs	<u>51,610</u>	<u>9,089</u>
	<u>93,182</u>	<u>37,699</u>
	<u>160,388</u>	<u>125,978</u>

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.

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:

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
0 – 90 days	53,905	60,076
91 – 180 days	8,704	19,572
181 – 365 days	4,597	5,115
Over 1 year	<u>–</u>	<u>3,516</u>
	<u>67,206</u>	<u>88,279</u>

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

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

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

9. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Trade payables	45,571	4,939
Receipts in advance	34,462	23,965
Other payables (<i>note (a)</i>)	21,807	19,560
Accrued charges (<i>note (a)</i>)	26,153	23,987
Contract liabilities (<i>note (b)</i>)	1,251	806
Interest payable on other financial liabilities	4,086	–
	<hr/>	<hr/>
	133,330	73,257
	<hr/> <hr/>	<hr/> <hr/>

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

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

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, and contributions to defined contribution retirement schemes.
- (b) Contract liabilities represents deposits received from medical services under the health care business segment. 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.

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\$1.9 million, representing a basic earning per share of HK0.04 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 in the Group's expansion 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 company’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 Xuhang Town, Jiading District, Shanghai 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. 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. 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 incompliance with the medical insurance inspections throughout the year under its model operations.

Other business

During the year under review, the Group has invested a total of RMB180 million in a limited partnership interest 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 its business strategy was to further expand its business 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 localization 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 Healthy 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 Healthy 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 personalized 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%). The main reason for the decrease in profit margin due to the start of agricultural tourism operation in the Shili Lianjiang Project and 2 new clinic operations in the second half of 2021.

Selling and Distribution Costs

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

Administrative Expenses

The increase in administrative expenses was mainly due to the expansion of Dental Prosthetics Business, the increase in investment in the acquisition of health care businesses and the increase in the introduction of dental prosthetics and medical related professionals during the year.

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.

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\$259.2 million as at 31 December 2021 (31 December 2020: 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\$651.7 million (31 December 2020: approximately HK\$636.5 million).

As at 31 December 2021, the net current assets of the Group amounted to approximately HK\$338.1 million (31 December 2020: HK\$239.6 million). The current and quick ratio were 2.29 and 2.23 respectively (31 December 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 bank borrowing or other long term debt borrowed 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 the 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, 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 in 珠海金鎰銘股權投資基金合夥企業(有限合夥) (Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.))* at a total consideration of RMB180,000,000 through certain contractual arrangements.

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.

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).

* For identification purpose only

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 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, 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\$22.6 million, representing approximately 2.32% 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, the employer and its employees are each required to make contributions to the scheme at rates 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.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual consolidated results for the year ended 31 December 2021 has not been completed due to the implementation of the COVID-19 pandemic prevention and control quarantine measures in Hong Kong and the PRC.

The unaudited annual consolidated results contained in this announcement have not been agreed by the Company's auditor. The audited results may therefore be different from the unaudited annual results as disclosed in this announcement. An announcement relating to the annual results as agreed with the Company's auditor will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained in this announcement have been reviewed by the audit committee of the Company and approved by the Board.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the annual consolidated results for the year ended 31 December 2021 as agreed with the Company's auditor and the material differences (if any) as compared with the unaudited annual consolidated results contained herein. In addition, the Company will issue further announcement on 15 April 2022 as and when necessary if there are other material developments in the completion of the auditing process.

PUBLICATION OF RESULTS ANNOUNCEMENT

This announcement is published on the website of the Company (<http://http://www.kaisahealth.com>) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The financial information contained in this announcement has not been audited and has not been agreed with the Company's auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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, 30 March 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.