爱帝宫

2021

ANNUAL REPORT

AIDIGONG MATERNAL & CHILD HEALTH LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 286)

Contents

* Should there be any discrepancy between the English and Chinese versions, the English version shall prevail

Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Ms. Zhu Yufei *(Chairman and Chief Executive Officer)*
Mr. Cheung Wai Kuen
Mr. Lin Jiang
Mr. Li Runping

NON-EXECUTIVE DIRECTORS

Mr. Wong Kin Man
Mr. Yang Zhibo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Chi Wing
Mr. Mai Yang Guang (Resigned on 5 September 2021)
Mr. Wong Yiu Kit, Ernest
Ms. Yu Lin (Appointed on 5 September 2021)

AUDIT COMMITTEE

Mr. Wong Yiu Kit, Ernest *(Chairman)*
Mr. Lam Chi Wing
Mr. Mai Yang Guang (Resigned on 5 September 2021)
Ms. Yu Lin (Appointed on 5 September 2021)

NOMINATION COMMITTEE

Ms. Zhu Yufei *(Chairman)*
(Appointed on 5 September 2021)
Mr. Mai Yang Guang
(Resigned on 5 September 2021)
Mr. Lam Chi Wing
Mr. Wong Yiu Kit, Ernest (Resigned on 5 September 2021)
Ms. Yu Lin (Appointed on 5 September 2021)

REMUNERATION COMMITTEE

Ms. Yu Lin *(Chairman)*
(Appointed on 5 September 2021)
Mr. Mai Yang Guang (Resigned on 5 September 2021)
Mr. Lam Chi Wing
Mr. Wong Yiu Kit, Ernest

COMPANY SECRETARY

Mr. Wong Wing Cheung

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong

PRINCIPAL BANKERS

Bank of Dongguan Co., Ltd.
China Merchants Bank Co., Ltd.
China Construction Bank Corporation
CMB Wing Lung Bank Limited
Dongguan Rural Commercial Bank Co., Ltd
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia Limited

PLACE OF INCORPORATION

Bermuda

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

Unit E, 28th Floor, YHC Tower,
1 Sheung Yuet Road,
Kowloon Bay, Kowloon, Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.aidigong.hk

STOCK CODE

286

BOARD LOT

2,000 shares

INVESTOR RELATIONS

For enquiries relating to investor relations, please contact:
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Chairman's Statement

Dear Shareholders,

We are pleased to present the results of Aidigong Maternal & Child Health Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 (the "Year") to the shareholders of the Company (the "Shareholders").

HISTORICAL REVIEW

In 2021, there are two key words for Aidigong's postpartum care services business: one is "stable" and the other is "fast".

"Stable" means that we have always maintained stable service standard and profitability.

Despite raging COVID-19 pandemic and various changes in external environment in recent two years, our business remained stable and achieved continuous profitability. The overall income and profit of the postpartum care centres with over one year of operation since their opening of the postpartum care services business under the Aidigong brand remained stable.

In 2020, our postpartum care services business achieved a net profit of HK$108.49 million, representing a year-on-year increase of 3.4%. In 2021, the overall revenue and profit of all postpartum care centres (excluding new postpartum care centres) "with over one year of operation" within the Group remained stable, amounting to HK$590.18 million and HK$110.13 million, with a year-on-year increase of 2.0% and 1.5%, respectively.

The stability of the operation and service stems from the philosophy of professional-oriented leadership and caring service adopted since the establishment of postpartum care centres under the Aidigong brand in 2007. It has established, improved and realized the "Nine Professional Care Standard Systems", including rehabilitation care system for postpartum mothers, nutrition application system of postpartum care meals, traditional Chinese medicine conditioning and health care system, body repair and shaping system for postpartum mothers, health care system for newborns, early education and intellectual development system for newborns, butler-style high-end service system, three-dimensional defense system for postpartum care, and all-weather seamless security system. After 15 years of improvement and verification by nearly 30,000 mothers, the Nine Professional Care Standard Systems have been applied in the "Digital Management System for Postpartum Care Centres" independently developed by the postpartum care brand of Aidigong, and are implemented in our daily customer service management.

To ensure service quality, the Group has set up a quality training centre to continuously improve and optimize various service standards and inspection standards, established an effective and efficient employee training system and training courses, and implemented visual online teaching. It greatly improved the efficiency and sustainability of employee induction training and in-service continuous education, which have effectively guaranteed the quality and efficiency of customer service, and strengthened the foundation of professional services. Meanwhile, we also regularly hold seminars on customer demand to identify new demand of customers and issues found in practical services, which will be studied in-depth as special matters through the "Group Expert Committee" to find solution until they are resolved, thereby being professional-oriented as always.

Stable service standards, income and profits represent the ability to maintain certainty for years, which has been tested for 15 years. It is not a flash in the pan, but a steady and long-term progress, and a gold medal given by time.

"Fast" means that after years of accumulation, we are on our fast lane. This is our proactive choice, and also the result of our long-term accumulation and "break out after deep experience accumulation".

The first meaning of "fast" is the increase in the number of rooms during the Year. In 2021, the Group opened four new postpartum care centres under the brand name of Aidigong with a total of new 257 postpartum care rooms. Chengdu Concept Courtyard converted 4 postpartum care rooms into functional rooms that provide value-added services of postpartum care and rehabilitation due to surging demand for value-added business of postpartum care and rehabilitation, resulting in an increase of 58.2% from 435 postpartum care rooms as at 31 December 2020 to 688 postpartum care rooms. Although the number of rooms is not the only indicator in measuring our growth as an integrated professional service provider, as the most basic unit of service, the number of rooms can be used to determine our growth rate. Certainly, with expanding base number, we will face more and more challenges in maintaining such growth. However, the postpartum care services team of Aidigong is not afraid of challenges, and long-term accumulation has laid a unique foundation for us. In the future, we will strive to maintain a high growth in the number of rooms.

The second meaning of "fast" is that, during the Year, the numer of orders and revenue of our new postpartum care centres which have less than one year of operation since their opening met our expectation.

As a majority of customers reserve postpartum care centres 3-6 months in advance and pay a 30% deposit at the time of booking and signing of the contracts on reservation, the new postpartum care centres will experience a process of escalating occupancy rate as well as higher cash inflow as compared to their revenue growth under the same period. During the Year, four new postpartum care centres under the brand of Aidigong have contributed 10.2% of receipts in advance and 7.2% of revenue from the postpartum care services business. With the continuous improvement of occupancy rate and increasing operating months of the new postpartum care centres, the four new postpartum care centres that opened in 2021 will bring more contributions in 2022. Thus, the above can be summed up as fast opening of new postpartum care centres, fast signing of customer orders and fast generation of income.

The third meaning of "fast" is achieving profitability by new postpartum care centres in a short period of time. Shenzhen Qiaochengfang Luxury Courtyard, being the first new postpartum care centre opened by us in 2021, started operation in April and achieved profitability since the sixth month. The profitability is stable and sustainable. As at 28 February 2022, Shenzhen Qiaochengfang Luxury Courtyard has achieved profitability for six consecutive months. It demonstrated that the first new postpartum care centre under the ultra-light asset model has reached the historic profitability rate of the postpartume care centres under the brand of Aidigong, which proves that the ultra-light asset model is reproducible with strong profitability. The success of Shenzhen Qiaochengfang Luxury Courtyard in adopting the ultra-light asset model demonstrated that there is no barrier in space and time under the new model, which has strong replication and certainty. The Group will continue to vigorously open new postpartum care centres under the ultra-light asset model to further improve the net asset return rate of postpartum care centres.

The first reason for fast growth is that we have a history of 15 years. During the first seven-year period, we focused on operating one postpartum care centre well and concentrated on establishing systems and standards. During the second seven-year period, we focused on operating four postpartum care centres to improve and achieve operating system standardisation as well as forming a solid foundation. During the Year, we opened four new postpartum care centres. The eventual success of service enterprises lies on the control of service details. An enterprise is unable to replicate and expand successfully and rapidly without long-term accumulation of experience and improvement of standardised service systems. Great high-end service enterprises cannot be developed through rapid expansion with only huge investment. Besides, postpartum care centres require care at professional standard and longer time and more customer service experience to validate the safety of the system. Only after deep experience accumulation can one break out. Our accumulation is solid and hard and it is time to burst. We have entered the stage of "fast" growth.

The second reason for fast growth is that we have acquired high adaptability based on its core service capabilities. Such adaptability is mainly reflected in physical space. We have a great variety of property types, covering almost all types in the market such as independent parks, hotels, hotel apartments, pure apartments and holiday garden villas. Credits to our strong brands and our core service capabilities, we have succeeded in our attempts in each property type. It further proved that the property type will not confine our development and our business model is applicable to all property types. According to the Top 20 Brands of Postpartum Care Centres and Institutions in China in 2021 released by iiMedia, a third-party research institute, Aidigong excelled its peers with a ranking index of 90.98, which is much higher than the ranking index of other brands which ranked the second and the third with 88.42 and 85.21 respectively. While the gap among the places that follow is not huge, it means that the leading enterprise in the postpartum care centre industry enjoys a solid position while enterprises in the middle and bottom face fierce competitions. Our strong branding and professional maternal and infant nursing service and operation capabilities also enabled us to adopt any type of property in large scale at the outset. As at the end of December 2021, the average scale of a single postpartum care centre under the brand of Aidigong was 76 rooms. We can maintain stable services and sustainable profitability only by expanding the scale, thereby reassuring our customers, building long-term reputations and continuously improving repeated purchase rate among customers.

FUTURE PROSPECTS

15 years of solid and steady development, the continuous profitability we witnessed, and our continuous and orderly increase in the supply of postpartum care rooms, are the strong growth logic of Aidigong.

Such good logic doesn't change. In 2022, the stable and fast features of 2021 will continue, with more rooms and new profitable postpartum care centres to serve more families with newborns. Certainly, we will also further expand to ecological industries in the maternal and infant industry under such basis in 2022. The Group will concentrate all resources and efforts and focus on the development of the maternal and infant industry. Therefore, there will be more exciting innovations and changes in 2022.

As an emerging industry in the maternal and infant industry in China with a market size of RMB1 trillion, the postpartum care services industry is still under the preliminary stage of development. The postpartum care centre is a new entry point to the new consumption habits of maternal and infant groups. It has been accepted and favoured by increasingly more consumers. With further refinement of social division of labour, the contributions of postpartum care centres to the society and families will be reflected and recognized remarkably, which will further show the value created by the postpartum care services business. For the sake of population planning, the PRC is formulating and implementing various incentive policies for the declining birth rate. Although the postpartum care centre is not a medical institution, it is also an important part in the process of childbirth. It helps more families with newborns to solve the problems during the postpartum care period and provides postpartum mothers with services such as baby care and postpartum recovery, so that mothers can enjoy hassle-free postpartum services. The healthy growth of babies as well as harmonious and happy family are also part of the contribution made by the industry to the PRC's population planning.

The postpartum care centres under the brand name of Aidigong are characterized by low investments, rapid returns and strong cash flows. After years of accumulation, our development is on its fast lane. The increase in the supply of new postpartum care rooms represents our development target and pace in recent five years and we will strive to maintain such trend. With expanding base number, we will face more and more challenges in maintaining our rapid growth in the number of postpartum care rooms. The Group believes that relying on the sophisticated team's ability to replicate and nurture, including the solid staff base construction of grass-roots staff teams and by empowering and leading grass-roots staff in continuously enhancing their business capabilities through the professional promotion mechanism of "star rating" + the cultivation of grassroots staff's personal comprehensive quality and the selection of teaching team, the management can rapidly identify talents through precise talent portrait under the training path of "management talent training maps" and "group talent reserve pool" to carry out targeted cultivation, provide qualified talents periodically and reserve the cadre employees and management staff required for new postpartum care centres as scheduled. Meanwhile, to guarantee the continuous supply of outstanding graduates, the Group established strategic partnership with another five nursing colleges in November 2021. It will deepen the cooperation with various professional colleges and increase the supply of graduates in various majors to meet the demand for employees for its rapid establishment of new postpartum care centres through setting up training classes and practice bases, implementing joint teaching and academic researches. Aidigong's team is fearless of challenges. Continuously embracing and overcoming challenges can only make our team stronger. Our values are "eternal love, professionalism-oriented, perseverance, and self-transcendence", so as to become an excellent enterprise that will never be surpassed.

We would like to take this opportunity to express our gratitude to the Shareholders for their continued support, and the directors of the Company (the "Directors") and those who have worked for the Group for their valuable contributions.

On behalf of the Board
Aidigong Maternal & Child Health Limited

Zhu Yufei
Chairman

Hong Kong, 31 March 2022

POSTPARTUM CARE SERVICES BUSINESS

REVENUE GROWTH FROM POSTPARTUM CARE SERVICES BUSINESS, ALBEIT A DECREASE IN PROFIT DUE TO EXPANSION

During the Year, the revenue of the postpartum care services business increased by 9.3% year-on-year to HK$631.98 million. Net profit decreased by 31.0% year-on-year to HK$74.85 million. The growth in revenue is mainly attributable to the slight increase in occupancy rate and the revenue contribution of new postpartum care centres. The decrease in net profit is due to the losses of new postpartum care centres which are in the early stage of opening and in the process of growing the occupency rate.

During the Year, its business performance was as follows:

	For the Year ended 31 December 2021 *HK$'000*	For the Year ended 31 December 2020 *HK$'000*
Revenue	**631,976**	578,402
Gross profit	**188,355**	220,297
Administrative expenses	**25,661**	32,991
Selling and distribution expenses	**107,479**	84,787
Profit for the Year	**74,854**	108,492

REVENUE AND PROFIT OF COURTYARDS "WITH OVER ONE YEAR OF OPERATION" REMAINED STABLE

We categorise postpartum care centres based on their opening time. Postpartum care centres that have been in operation for 12 months or more since opening are referred to as courtyards "with over one year of operation"; while postpartum care centres that have been in operation for less than 12 months since opening are referred as courtyards "with less than one year of operation". During the Year, the revenue of courtyards "with over one year of operation" increased by 2.0% year-on-year to HK$590.18 million and net profit increased by 1.5% year-on-year to HK$110.13 million. The operation and profit of courtyards "with over one year of operation" remained stable. The increase in revenue and net profit of courtyards "with over one year of operation" is mainly attributable to the slight increase in occupancy rate.

POSTPARTUM CARE SERVICES BUSINESS (CONTINUED)

REVENUE AND PROFIT OF COURTYARDS "WITH OVER ONE YEAR OF OPERATION" REMAINED STABLE (CONTINUED)

During the Year, the revenue and profit of courtyards "with over one year of operation" were as follows:

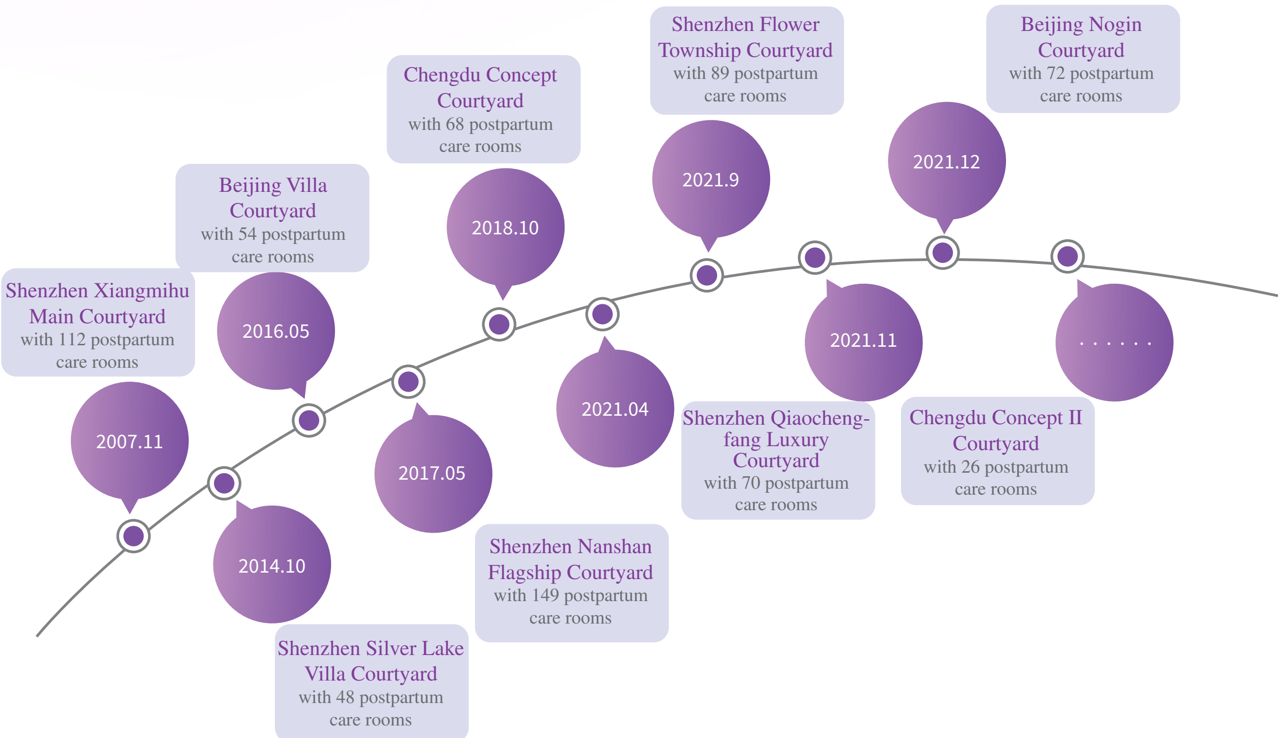
	For the Year ended 31 December 2021 ***HK$'000***	For the Year ended 31 December 2020 *HK$'000*
Revenue	**590,179**	578,402
Profit for the Year	**110,129**	108,492

THERE ARE 257 NEW POSTPARTUM CARE ROOMS IN THE POSTPARTUM CARE CENTRES UNDER THE BRAND OF AIDIGONG IN 2021, REACHING AN AGGREGATE OF 688 POSTPARTUM CARE ROOMS AS OF 31 DECEMBER 2021 AND REPRESENTING A YEAR-ON-YEAR INCREASE OF 58.2%

As of 31 December 2020, postpartum care centres under the Aidigong brand opened 5 postpartum care centres in Shenzhen, Beijing and Chengdu with a total of 435 postpartum care rooms. In 2021, the Aidigong brand opened Shenzhen Qiaochengfang Luxury Courtyard (深圳僑城輕奢院) with 70 postpartum care rooms and Shenzhen Flower Township Courtyard (深圳花卉小鎮院) with 89 postpartum care rooms in April and September in Shenzhen, respectively. It opened Chengdu Concept II Courtyard (成都概念二院) with 26 postpartum care rooms in Chengdu in November and opened Beijing Nogin Courtyard (北京諾金院) with 72 postpartum care rooms in Beijing in December. As of 31 December 2021, Aidigong postpartum care centres have opened 257 new postpartum care rooms, while Chengdu Concept Courtyard converted 4 postpartum care rooms into functional rooms that provide value-added services of postpartum care and rehabilitation due to surging demand for value-added business of postpartum care and rehabilitation. As of 31 December 2021, therefore, postpartum care centres under the brand name of Aidigong have an aggregate of 688 postpartum care rooms, representing a year-on-year increase of 58.2%.

POSTPARTUM CARE SERVICES BUSINESS (CONTINUED)

TIMELINE OF THE OPENING OF AIDIGONG POSTPARTUM CARE CENTRES



OPERATION INDICATORS OF SHENZHEN QIAOCHENGFANG LUXURY COURTYARD REACHED THE HISTORICAL STANDARD OF AIDIGONG POSTPARTUM CARE CENTRES, PROVING THE PRELIMINARILY SUCCESS OF THE ULTRA-LIGHT ASSET MODEL

In April 2021, for the first time, the Group commenced the running of postpartum care centres under the ultra-light asset model (i.e. involving the operation of postpartum care centres through the leasing of decorated properties). As the Group is no longer required to take up any decoration, the preparation period for opening Aidigong postpartum care centres is shortened from over six months in the past to within two months. The Shenzhen Qiaochengfang Luxury Courtyard, the first Aidigong postpartum care centre under the ultra-light asset model, commenced its operation in just 41 days. The Shenzhen Qiaochengfang Luxury Courtyard is located in the Overseas Chinese Town zone in Shenzhen with 70 postpartum care rooms. As the Group only needed to make functional changes and add facilities to the property, the investment amount of the postpartum care centre is over 70% lower than Aidigong postpartum care centres of the same scale in its history with only the spending of RMB15 million to achieve its commencement of business. Qiaochengfang Luxury Courtyard achieved monthly profitability in September 2021, being the sixth month since its opening. As of February 2022, the Shenzhen Qiaochengfang Luxury Courtyard has achieved profitability for six consecutive months.

POSTPARTUM CARE SERVICES BUSINESS (CONTINUED)

AIDIGONG POSTPARTUM CARE CENTRES ARE HIGHLY ADAPTIVE TO WIDE VARIETIES OF PROPERTIES

In 2021, Aidigong postpartum care centres through four new courtyards offered services with a wide coverage of properties, including “independent parks, hotels, hotel apartments, pure apartments and holiday garden villas”. Among them, the property leased by Shenzhen Qiaochengfang Luxury Courtyard is a five-star hotel apartment. For Shenzhen Flower Township Courtyard, the leased property is a five-star hotel and apartments. Chengdu Concept II Courtyard leased a medical complex and Beijing Nogin Courtyard leased a five-star hotel. The multi-property model provides customers with more choices for environment.

Shenzhen Silver Lake Villa Courtyard

Shenzhen Nanshan Flagship Courtyard

Shenzhen Qiaochengfang Luxury Courtyard

Shenzhen Flower Township Courtyard

Beijing Nogin Courtyard

Beijing Villa Courtyard

Chengdu Concept II Courtyard

Chengdu Concept Courtyard

HEALTH INDUSTRY

MEDICAL ANTI-AGING AND HEALTHCARE INDUSTRY INVESTMENT BUSINESS

Yuquan Luofu (禦泉羅浮), the Health Preservation Residential Project of the Group in Luofu Mountain in which the Group held 51% equity interests, is a rare residential project under construction at the foot of Luofu Mountain, a 5A-class scenic spot in the Greater Bay Area. Located at the Luofu Mountain, with a natural forest oxygen chamber, it becomes an ideal location for healthcare and living and has access to high-speed railways, urban railways and expressways. The target customer groups of the project are mainly affluent consumer groups from four cities, namely Shenzhen, Guangzhou, Dongguan and Huizhou, and it will become a beautiful stop in the one-hour healthcare circle in the Greater Bay Area, comprising mainly saleable health preservation villas and health preservation bungalows. The project has obtained approximately 123 mu (畝) of residential land with a land use term of 70 years. The project is undergoing construction in full. It has successfully identified hot spring and relevant procedures are underway, with a goal of realizing ancillary facilities of household hot springs. The project has successively obtained pre-sale permits for some health preservation villas and has commenced sales since May 2021. The average pre-sale price is over RMB20,000 per square meter. During the Year, 28 sale reservations have been obtained, and the total value is approximately RMB127 million, with a receipt of approximately RMB50 million in advance. It is expected that in the first half of 2022, pre-sale certificates for other properties under construction will be successively obtained and the number of saleable houses will increase. However, as the entire residential market in the mainland has been affected by the epidemic and economic policies since the second half of 2021, the Group does not rule out that the Health Preservation Residential Project in Luofu Mountain will seek and implement feasible disposal plan that is most beneficial to the shareholders of the Company (the "Shareholders").

Other investment project currently held by the Group includes Prance Dragon Medical Group which is owned by the Group as to 9.47%. Prance Dragon Medical Group which owns JP Partners Medical Group, practices Chinese medicine, western medicines and operates dental clinics and endoscopy services in Hong Kong, operating an aggregate of 15 chinese medical clinics, 14 western medical clinics, 6 dentals clinics, 1 wholly-owned endoscopy centre, 4 jointly established endoscopy centres with Humansa and provides outreach services to more than 70 elderly homes. Its performance is relatively stable during the Year.

During the Year, revenue from medical anti-aging and healthcare industry investments amounted to approximately HK$3,740,000 (2020: HK$15,209,000), representing a decrease of approximately HK$11,469,000 when compared to the year ended 31 December 2020, which was mainly due to the disposals of part of the business of this segment of the Group in the first half of the Year.

Results for the Year

Revenue of the Group for the Year amounted to HK$642,573,000 (2020: HK$601,211,000), which represented a year-on-year increase of HK$41,362,000 or 6.9%. The increase was mainly due to the slight increase in the occupancy rate of the courtyards "with over one year of operation" of the postpartum care services business and the revenue contributed by the newly opened postpartum care centres.

Gross profit of the Group for the Year amounted to HK$205,412,000 (2020: HK$246,127,000), representing a decrease of HK$40,715,000 or 16.5% as compared to previous year. Gross profit margin for the Year was 32.0% (2020: 40.9%). The decrease in the Group's gross profit and gross profit margin were mainly due to the loss recorded by new postartum care centres which are in the early stage of opening and in the process of growing the occupancy rate.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Year of the Group were approximately HK$63,421,000 (2020: HK$82,350,000), representing a decrease of approximately HK$18,929,000 or 23.0% as compared to last year, which was mainly due to significant decrease in administrative expenses of medical anti-aging and health industry investment business as a result of the Group's disposals of part of the businesses in the first half of the Year.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Year of the Group were approximately HK$107,479,000 (2020: HK$88,527,000), representing an increase of approximately HK$18,952,000 or 21.4% as compared to last year. Such increase was mainly due to the additional selling and distribution expenses from new postpartum care centres.

FINANCE COSTS

Finance costs for the Year of the Group were approximately HK$65,670,000 (2020: HK$64,721,000), representing an increase of approximately HK$949,000 or 1.5% as compared to last year. Finance costs mainly include interest on bonds payable of approximately HK$11,864,000 (2020: HK$14,501,000), interest on bank and other borrowings of approximately HK$34,951,000 (2020: HK$34,829,000) and non-cash interest expense on lease liabilities of approximately HK$18,855,000 (2020: HK$15,391,000).

PROFIT/(LOSS) BEFORE TAX

The turnaround in results for the financial year of 2021 was mainly due to the following: the pre-existing postpartum care centres of the postpartum care services business was able to maintain a stable profit, and based on the stable profitability of the postpartum care services business, the Group will further focus on the postpartum care services business; and there was no significant impairment loss recorgnised during the financial year of 2021 (2020: approximately HK$394,166,000), plus a gain of approximately HK$60,439,000 upon disposals of part of businesses under the healthcare industry segment. Furthermore, the profit growth of the Group was affected to some extent due to the the loss recorded by new postartum care centers of the postpartum care services business which are in the early stage of opening and in the process of growing the occupancy rate, and the pre-sale payment for the sale of the Health Preservation Residential Project in Luofu Mountain has not been recognized as revenue in the current period.

SHARE OF PROFIT/(LOSS) FOR THE YEAR

Profits attributable to owners of the Company and non-controlling interests for the Year were approximately HK$5,300,000 (2020: loss of HK$381,352,000) and HK$29,485,000 (2020: loss of HK$1,290,000) respectively. During the Year, the gain on the disposal of subsidiaries by the Group of approximately HK$55,161,000, which HK$39,893,000 is attributed to non-controlling interests, and most of other expenses of the Group, such as finance costs, are attributed to the owners of the Company, thus profits attributable to non-controlling interests are more than that of the owners of the Company.

FINAL DIVIDEND

The board of Directors (the "Board") does not recommend the payment of any final dividend for the Year (2020: Nil).

FINANCIAL HIGHLIGHTS

NET ASSET VALUE

As at 31 December 2021, total net assets of the Group amounted to approximately HK$1,249,743,000 (2020: HK$994,134,000), representing an increase of HK$255,609,000 as compared to 2020. The increase was mainly attributable to (i) funds of approximately HK$299,136,000 raised from the issuance of new Shares by the Company; (ii) comprehensive income for the Year of approximately HK$56,668,000; (iii) disposal of subsidiaries resulting in a decrease in minority interests of approximately HK$68,336,000; and (iv) refund of approximately HK$37,093,000 to minority shareholders as a result of the reduction of capital by a subsidiary.

As at 31 December 2021, net asset value per issued ordinary shares of the Company was HK$0.29 (2020: HK$0.26).

The current ratio (calculate as current assets to current liabilities) for the Year was 2.03 (2020: 1.52).

EQUITY

The number of issued ordinary shares of the Company as at 31 December 2021 was 4,285,014,974 (2020: 3,830,915,008).

On 22 June 2021, an aggregate of 190,000,000 placing shares have been placed to no less than six independent placees at the placing price of HK$0.62 per placing share. The Company intends to apply the net proceeds of the placing (i) as to 30% for the Group's general working capital; and (ii) as to 70% for repayment of outstanding indebtedness of the Group. Each of the placees thereunder has undertaken on a voluntary basis to be subject to lockup undertakings made in favour of the Company, that he/she/it will not dispose of his/her/its placing shares within six months from the date of the relevant placee letter unless with the prior written consent from the Company. Details are disclosed in the announcements of the Company dated 2 June 2021, 16 June 2021 and 22 June 2021.

During the Year, pursuant to the subscription agreement dated 25 January 2019, the Company allotted and issued an aggregate of 264,099,966 Shares to the relevant employees at the subscription price of HK$0.7 per share, the completion of which took place on 25 June 2021. Details are disclosed in the announcements of the Company dated 25 January 2019, 27 February 2019, 29 April 2019, 28 June 2019, 23 July 2019, 13 September 2019, 31 March 2020, 12 March 2021, 17 March 2021 and 25 June 2021, and the circular of the Company dated 26 July 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group has a principal amount of HK$78,000,000 (2020: HK$125,500,000) unsecured bonds payable, approximately HK$758,881,000 (2020: 695,748,000) secured and guaranteed bank loan, HK$Nil (2020: HK$2,285,000) unsecured bank loan, HK$Nil (2020: HK$30,000,000) secured other borrowings and HK$35,869,000 (2020: HK$28,571,000) unsecured other borrowings.

Save as disclosed above, the Group did not have any other borrowing as at 31 December 2021.

FINANCIAL HIGHLIGHTS *(CONTINUED)*

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE (CONTINUED)

The Group maintained sufficient working capital and cash position for daily operations. Bank and cash balances as at 31 December 2021 amounted to approximately HK$87,627,000 (31 December 2020: HK$81,530,000).

In addition to the above bank and cash balances, as at 31 December 2021, the Group held structured bank deposits ("SBDs") of approximately HK$69,344,000 (31 December 2020: HK$24,020,000) at certain banks. Pursuant to the relevant underlying agreements, the SBDs generally carry income at a variable rate per annum with reference to the performance of foreign currency, commodity price, or assets during the investment period and the principal sums are denominated in RMB. Such structured bank deposits are principal protected, either redeemable on demand or have a maturity date ranged from three to seven months.

The Group has adopted a prudent financial management approach towards its treasury policies. The cash and bank balances were denominated in RMB, Hong Kong dollar and United State dollar and the bank borrowings facilities available to the Group were denominated in Renminbi and bear floating interest rates. The Group continued to have no foreign exchange contracts and investment in listed shares, bonds and debentures or any other material financial instruments for hedging foreign exchange risks purpose. The Group is not exposed to material fluctuations risks in exchange rates.

PLEDGE OF ASSETS

Reference is made to the Company's announcement dated 16 September 2019 regarding, among other things, the loan agreements entered into between Guangdong Goodtop Health Industry Group Limited (廣東萬佳健康產業集團有限公司) (formerly known as "Guangdong Common Splendor Health Industry Group Limited (廣東同佳健康產業集團有限公司)") ("Guangdong Goodtop"), a wholly-owned subsidiary of the Company, as borrower, with Dongguan Rural Commercial Bank Co., Ltd. ("DRC Bank"), as lender, pursuant to which, DRC Bank, Donglian Branch agreed to make available to Guangdong Goodtop the loan facilities of up to an aggregate principal amount of RMB340 million to acquire Shenzhen Aidigong Maternity Health Management Co., Ltd.* (深圳愛帝宮母嬰健康管理有限公司) ("Shenzhen Aidigong"). Guangdong Goodtop provided share pledge over 88.5184% share interests in Shenzhen Aidigong. The Company and its subsidiaries provided guarantees and Mr. Cheung Wai Kuen ("Mr. Cheung"), the executive Director, provided personal guarantees to the loan facilities.

In 2020, the Group obtained a loan facility of RMB300 million from Dongguan Rural Commercial Bank Co., Ltd. for the development of the project in Luofu Mountain. The Company and its subsidiaries provided guarantees and Mr. Cheung provided personal guarantees to the loan facilities.

The provision of such personal guarantees constitute financial assistance to the Group under Chapter 14A of the Listing Rules. Given that the personal guarantees are not secured by any assets of the Group, and that the Directors consider that the personal guarantees are conducted on normal commercial terms or better to the Group, the personal guarantees are fully exempted from the shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

Save as disclosed above, no asset was pledged by the Group as at 31 December 2021.

FINANCIAL HIGHLIGHTS *(CONTINUED)*

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities for the Year.

MATERIAL ACQUISITIONS AND DISPOSALS

DISPOSAL OF SUBSIDIARIES

Reference is made to the announcement of the Company dated 10 June 2021. On 10 June 2021, the Company entered into a share transfer agreement with an independent third party purchaser to dispose the entire issued share capital in Golden Time Ventures Limited (金泰創投有限公司)(together with its subsidiaries, collectively, the "GTV Group") at a consideration of HK$70 million. After the completion of the disposal, the Company ceased to hold any interest in the GTV Group, and accordingly, the financial results of the GTV Group will no longer be consolidated into the consolidated financial statements. Owing to the aforesaid disposal during the Year, the Group recorded a gain on disposal of subsidiaries of approximately HK$13,602,000.

DISPOSAL OF ASSOCIATES

Reference is made to the announcement of the Company dated 10 June 2021. On 10 June 2021, the Company entered into a share transfer agreement with an independent third party purchaser to dispose of the 49% interests in Shenzhen Wanqi Marine Bio Tech Company Limited* (深圳市萬騏海洋生物科技有限公司) and the entire issued share capital in its original holding company at a consideration of HK$25 million. Owing to the aforesaid disposal during the Year, the Group recorded an gain on disposal of associates of approximately HK$3.1 million.

Reference is made to the announcement of the Company dated 18 June 2021. The Company entered into an equity transfer agreement with Mr. Zhao on 18 June 2021 to dispose of the following equity interests in entities held by the Group, namely (i) the 51% equity interests in Guangdong Kelv Bio Medical Tech Company Limited* (廣東科綠生物醫藥科技有限公司); and (ii) the 22.72% equity interests in Guangdong Fengyuan Huake Bio Tech Company Limited* (廣東豐源華科生物科技有限公司), at a total consideration of RMB62 million. Owing to the aforesaid disposal during the Year, the Group recorded an gain on disposal of associates of approximately HK$2.2 million.

OTHER INFORMATION

PLACING OF 190,000,000 NEW SHARES UNDER SPECIFIC MANDATE IN JUNE 2021

Reference is made to the announcements of the Company dated 2 June 2021, 16 June 2021 and 22 June 2021. On 2 June 2021, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent conditionally agreed to procure not less than six placees on a best efforts basis to subscribe for up to a maximum of 190,000,000 placing shares at HK$0.62 per placing share (the "June Placing"). The placing price of HK$0.62 per placing share represents: (i) a discount of approximately 18.42% to the closing price of HK$0.76 per Share as quoted on the Stock Exchange on the date of the placing agreement; (ii) a discount of approximately 6.34% to the average closing price of HK$0.662 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the placing agreement; (iii) a premium of approximately 8.33% to the average closing price of HK$0.572 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to the date of the placing agreement; (iv) a premium of approximately 14.26% to the average closing price of HK$0.543 per Share as quoted on the Stock Exchange for the 120 trading days immediately prior to the date of the placing agreement; and (v) a premium of approximately 9.26% to the average closing price of HK$0.567 per Share as quoted on the Stock Exchange for the 250 trading days immediately prior to the date of the placing agreement.

Completion of the June Placing took place on 22 June 2021, whereby an aggregate of 190,000,000 Shares has been placed and issued to not less than six independent places which were professionals, institutions and/or other investors pursuant to the terms and conditions of the placing agreement. The aggregate net proceeds of the June Placing, after the deduction of related expenses, amounted to approximately HK$113.8 million. The net issue price of the placing shares is approximately HK$0.599 per placing share. There are no proceeds brought forward from any issue of securities made in previous financial years. The following table sets out the breakdown of the use of proceeds of the June Placing:

Intended use of net proceeds under the June Placing	**Allocation of net proceeds** HK$ (million) (Approximate)	**Utilisation for the financial period ended 31 December 2021** HK$ (million) (Approximate)
Repayment of outstanding indebtedness of the Group	79.7	111.0
General working capital	34.1	2.8
Total	113.8	113.8

The Board considers that the June Placing will provide additional funding to reduce its indebtedness so as to improve the gearing ratio and will strengthen the Group's financial position. The June Placing is also a good opportunity to broaden the Shareholders' base and capital base.

OTHER INFORMATION *(CONTINUED)*

PROFIT GUARANTEE IN RELATION TO THE MAJOR ACQUISITION OF 88.5184% EQUITY INTEREST IN SHENZHEN AIDIGONG

Reference is made to the announcements of the Company dated 25 January 2019, 27 February 2019, 29 April 2019, 28 June 2019, 23 July 2019, 13 September 2019, 31 March 2020, 12 March 2021, 17 March 2021 and 25 June 2021, and the circular of the Company dated 26 July 2019 (the "Circular"), in relation to, among other things, (i) the acquisition of 88.5184% equity interest in Shenzhen Aidigong; and (ii) the subscription of new shares under specific mandate.

On 19 March 2021, the Company announced that the net profit of Shenzhen Aidigong for the financial year ended 31 December 2020 amounted to RMB80,598,000 and the aggregate net profit for the three years ended 31 December 2020 amounted to RMB209,856,000 based on PRC GAAP, which was higher than the net profit target of RMB197,000,000 for the three years ending 31 December 2020, as such Guangdong Goodtop will be required to pay the relevant installment in the maximum amount of RMB109,358,000 to the management vendors in proportion to their respective shareholdings.

PLACING OF 264,099,966 NEW SHARES UNDER SPECIFIC MANDATE IN SEPTEMBER 2019

As disclosed in the Company's announcements dated 12 March 2021 and 17 March 2021 (the "March Announcements"), pursuant to the subscription agreement entered into between Shenzhen Aidigong, Ms. Zhu (the "Subscriber A"), the current Chairman and executive Director, and Shenzhen City Aixinhengjiuyuan Assets Management Partnership (Limited Partnership)* (深圳市愛心恒久遠資本管理合夥企業(有限合夥)) (the "Subscriber B", together with Subscriber A, the "Subscribers") on 25 January 2019 ("First Subscription Agreement"), the Company will issue up to an aggregate of 264,099,966 shares to the Subscribers, at the predetermined subscription price of HK$0.7 per share. The subscription price of HK$0.7 per subscription share represents: (i) a premium of approximately 14.75% over the closing price of HK$0.61 per share as quoted on the Stock Exchange as at the last trading day (being 24 January 2019); and (ii) a premium of approximately 17.06% over the average closing price of HK$0.598 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the last trading day. The aggregate nominal value of the maximum number of the subscription share is HK$2,640,999.66. The shares originally to be issued to the Subscribers in the First Subscription Agreement were agreed to be issued to individuals including Zhu Yufei and Li Jun, who are employees of the Group, according to the terms of the First Subscription Agreement. Please refer to the announcements of the Company dated 12 March 2021 and 17 March 2021 for more details.

The Company believes that the issuance of shares to the relevant employees expresses our recognition of their contribution to the Group. This will motivate and reinforce the relevant employees' sense of belonging and will in turn promote the business performance of the team. For further information including identities of the subscribers, please refer to the March Announcements. The First Subscription has taken place in accordance with the terms of the First Subscription Agreement, and the allotment and issue of First Subscription Shares has been completed on 25 June 2021.

OTHER INFORMATION *(CONTINUED)*

PLACING OF 264,099,966 NEW SHARES UNDER SPECIFIC MANDATE IN SEPTEMBER 2019 (CONTINUED)

Subscriber A and Subscriber B have received their respective entitlements of the Earnout Payment in full, and have utilised the cash considerations for subscription of the First Subscription Shares pursuant to the First Subscription Agreement (the "First Subscription"). An aggregate of 264,099,966 Shares were allotted and issued by the Company to the Relevant Employees at the subscription price of HK$0.7 per Share. The First Subscription Shares represent (i) approximately 6.57% of the issued Shares immediately before completion of the allotment and issue of the First Subscription Shares and (ii) approximately 6.16% of the enlarged issued Shares immediately after the allotment and issue of the First Subscription Shares. For further information on the completion of the issurance of the subscription shares under the First Subscription Agreement, please refer to the announcement of the Company dated 25 June 2021.

The aggregate net proceeds of the First Subscription Agreement, after the deduction of related expenses, are approximately HK$182.9 million. There are no proceeds brought forward from any issue of securities made in previous financial years. The following table sets out the breakdown of the use of proceeds:

Intended use of net proceeds under the First Subscription agreement	**Allocation of net proceeds** HK$ (million) (Approximate)	**Utilisation for the financial period ended 31 December 2021** HK$ (million) (Approximate)
Repayment of principal and interest of the loan	88.5	156.4
Repayment of the debenture	14.6	–
Business development in relation to the opening of new postpartum care centres	79.8	11.5
General working capital	–	15.0
Total	182.9	182.9

As the cost of establishing of new postpartum care centres decreased, most of the proceeds from the First Subscription and the June Placing were used for the repayment of debts. Apart from that, there were no material change or delay in the use of proceeds.

OTHER INFORMATION *(CONTINUED)*

STATUS OF THE HANGZHOU CENTRE

As disclosed in the Company's announcement dated 7 December 2020, a previous wholly-owned subsidiary of the Company (the "Tenant") rented a property located in Zhijiang New City, Xihu District, Hangzhou, from an independent third party landlord in December 2020.

Subsequently, there was a disagreement over certain commercial terms between the Tenant and the landlord, and as such, the Company has subsequently, in May 2021 strategically disposed of the Tenant (the "Termination and Disposal") to safeguard the Group's interest and/or minimise any impact on the Group. The Termination and Disposal did not constitute a discloseable transaction of the Company under Chapter 14 of Listing Rules.

The Group maintains its position and plan to establish a new postpartum care centre in Hangzhou, the PRC, despite the Termination and Disposal, and the Group is in the process of looking for an alternative location for establishing such new postpartum care centre. The Company will provide updates, if any, on matters relating to the Group's business as and when appropriate in accordance with the Listing Rules.

The Board is pleased to present to the Shareholders their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL BUSINESS

The Company acts as an investment holding company. The principal business of its principal subsidiaries are set out in note 46 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the Year and a discussion of the Group's future business development are set out in the "Chairman's Statement" and the "Management Discussion and Analysis" sections on pages 3 to 7 and on pages 16 to 22 of this report, respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of investments in the property, plant and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements.

REVENUE AND OPERATING SEGMENTS INFORMATION

The Group's revenue and contribution to profit for the Year from operations analysed by principal business are set out in notes 7 and 8 to the consolidated financial statements.

SUBSIDIARIES, ASSOCIATES AND VENTURES

Particulars of the Company's principal subsidiaries, associates and ventures as at 31 December 2021 are set out in notes 46, 20 and 21 to the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 101 to 102 of this report.

The Board does not recommend the payment of any final dividend for the Year (2020: Nil).

RISKS AND UNCERTAINTIES RELATING TO THE GROUP'S BUSINESS

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including business risks, operational risks, manpower and retention risks and financial risks. The Group's key risk exposures are summarised as follows:

Business risks	Performance of the Group's core business will be affected by various factors, including but not limited to economic conditions, performance of the healthcare market, performance of our investments held. The Group proactively monitors industry trends, technology innovations and responsive to changes in consumer behaviour.
Operational risks	Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. Our management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.
Manpower and retention risks	The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel.
Compliance risks	The risk of loss resulting from breach of or non-compliance with applicable laws and regulations. The Group engages a legal advisory firm to provide relevant legal advice and compliance reviews on the Group's documentations and publications.
Financial risks	(i) foreign currency risk (ii) interest rate risk (iii) credit risk Details of the financial risk management are set out in note 5 to the consolidated financial statements.

There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could turn out to be material in the future.

For procedures and information of the Group's risk management and internal control system, please refer to the section headed "RISK MANAGEMENT AND INTERNAL CONTROL" in the Corporate Governance Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to achieving environmental sustainability. Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. The Group adheres to the principle of recycling and reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

The Group endeavours to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving. The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

For details, please refer to the Environmental, Social and Governance Report in this report.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. During the Year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

As a listed company in Hong Kong, the shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company continuously complies with the requirements under the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") including the disclosure requirements, corporate governance provisions and Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") therein. Under the Securities and Futures Ordinance (Cap. 571) (the "SFO"), the Company is required to maintain a register of interests in shares and short positions and a register of directors' and chief executives' interests and short positions and is obliged to the disclosure requirement of inside information. The Board will monitor the Group's policies and practices in compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five years is set out on pages 223 to 224 of this report.

SHARE CAPITAL AND SHARE OPTIONS

Movements in the share capital and share options of the Company during the Year are set out in notes 32 and 36 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on page 105 of this report.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution amounted to approximately HK$874.3 million (2020: HK$601.7 million), representing the share premium acount of the Company of approximately HK$1,309.6 million less the accumulated losses as at 31 December 2021 of approxiamtely HK$435.3 million.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of Company's shares.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the Bye-laws of the Company (the "Bye-laws") and the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Pursuant to the terms of the rules and trust deed of the Scheme, the trustee of the Company's Scheme purchased on the Stock Exchange a total of 1,000,000 shares of the Company at a total consideration of HK$521,000 to satisfy the award of shares to selected employees. Details of the purchases during the Year are as follows:

Month of purchase	Number of shares purchased	Price per share Highest	Lowest	Aggregate price
		HK$	HK$	HK$'000
February 2021	1,000,000	0.54	0.52	521

Save as disclosed above, during the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

The Board are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this report.

DIRECTORS

The Directors during the Year and up to the date of this report are:

EXECUTIVE DIRECTORS

Ms. Zhu Yufei ("Ms. Zhu") *(Chairman and Chief Executive Officer)*
Mr. Cheung Wai Kuen ("Mr. Cheung")
Mr. Lin Jiang
Mr. Li Runping

NON-EXECUTIVE DIRECTORS

Mr. Wong Kin Man
Mr. Yang Zhibo

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDs")

Mr. Lam Chi Wing ("Mr. Lam")
Mr. Mai Yang Guang ("Mr. Mai") (Resigned on 5 September 2021)
Mr. Wong Yiu Kit, Ernest ("Mr. Wong")
Ms. Yu Lin ("Ms. Yu") (Appointed on 5 September 2021)

Pursuant to Bye-law 87 of the Bye-laws, Mr. Cheung, Mr. Lam and Mr. Wong will retire from office by rotation at the forthcoming annual general meeting ("AGM") of the Company and being eligible, offer themselves for re-election as executive Directors or INEDs accordingly.

Pursuant to Bye-law 86(2) of the Bye-laws, Ms. Yu was appointed as an INED with effect from 5 September 2021. She is subject to retirement as a Director at the AGM, being eligible and offer herself for re-election as an INED at the AGM.

SERVICE CONTRACTS OF DIRECTORS

No Director being proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and positions of the Directors and the chief executive of the Company in the shares of the Company, underlying shares of the Company and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follow:

	Number of shares					
Name of Directors	Ordinary shares of the Company	Underlying shares of the Company	Total	Capacity	*Note*	Percentage of issued share capital
Mr. Cheung	830,379,671	–	830,379,671 (L)	Interest of controlled corporation	*1*	19.38%
Ms. Zhu	549,151,755	–	549,151,755 (L)	Interest of controlled corporation, beneficial owner	*2*	12.82%

Remark:

The letter "L" denotes the long position in shares of the Company.

Note:

(1) Mr. Cheung, through his controlled corporation, Champion Dynasty Limited ("Champion Dynasty") is deemed to be interested in 830,379,671 shares of the Company held by Champion Dynasty. 830,379,671 Shares registered in the name of Champion Dynasty were in favour of Golden Full Holdings Limited ("Golden Full") pursuant to a share charge made by Champion Dynasty as chargor based on a share charge agreement dated 8 January 2020 and 25 June 2021.

(2) Mr. Zhu is (i) beneficially interested in 249,151,755 shares of the Company; (ii) deemed to be interested in 200,000,000 shares of the Company through Hongchang International Investment Limited; and (iii) deemed to be interested in 100,000,000 shares of the Company through Hongyuan Investment Limited, both her controlled corporations.

Save for disclosed above, as at 31 December 2021, none of the Directors, chief executives of the Company, nor their associates, had or was deemed to have any interest or short position in the shares of the Company, underlying shares of the Company or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), that was required to be recorded in the register maintained by the Company under section 352 of the SFO, or otherwise notified the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER'S INTEREST IN THE SECURITIES OF THE COMPANY

As at 31 December 2021, so far as are known to any Director or chief executive of the Company, the following party (other than the Directors or chief executive of the Company) was recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name of substantial Shareholder	Number of ordinary shares of the Company	Capacity	*Notes*	Percentage of issued share capital
Wang Aier	1,228,684,050 (L)	Person having a security interest in shares	*1,2*	28.67%
Champion Dynasty	830,379,671 (L)	Beneficial owner	*1*	19.38%
Golden Full Holdings Limited	830,379,671 (L)	Person having a security interest in shares	*1,2*	19.38%
Suntak Global Growth Fund SPC – Suntek Global Growth Fund Number One SP Limited	398,304,379 (L)	Investment manager	*3*	9.90%

Remark:

The letter "L" denotes the long position in shares of the Company.

Notes:

(1) Mr. Cheung is the sole director of Champion Dynasty and owned its entire issued capital. 830,370,671 Shares registered in the name of Champion Dynasty were charged in favour of Golden Full Holdings Limited pursuant to a share charge made by Champion Dynasty as chargor based on a share charge agreement dated 8 January 2020 and 25 June 2021.

(2) 830,370,671 pledged Shares were held by Wang Aier through Golden Full Holdings Limited, which is wholly owned by Wang Aier, and 398,304,379 Shares were held by Wang Aier as a beneficial owner.

(3) According to the relevant Disclosure of Interest Notice ("DI Notice") in connection with the Company available on www.hkex.com.hk as at 31 December 2021, Suntek Global Growth Fund SPC – Suntek Global Growth Fund Number One SP is interested in 398,304,379 Shares as an investment manager, which accounted for 9.90% of the Company's issued share capital based on 4,020,915,008 Shares in issue as at 22 June 2021.

All the interests stated above represent long position which included interests in shares of the Company and underlying shares of the Company. Save for disclosed above, as at 31 December 2021, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the shares of the Company, underlying shares or bonds of the Company or its associated corporations which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, none of the Directors was interested in any business which competed or was likely to compete, either directly or indirectly, with the Group's businesses.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

There were no arrangements to which the Company, its subsidiaries, its holding company or its holding company's subsidiaries was a party to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate during the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for disclosed in the "Connected Transaction and Continuing Connected Transactions" below, no Director nor any entity connected with a Director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group or to which the Company or any of its subsidiaries, its parent company and the subsidiaries of its parent company was a party during or at the end of the Year.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

According to the DI Notice, as at 31 December 2021, the Company is not aware of the existence of any controlling shareholder (as defined under the Listing Rules). Therefore, there is no controlling Shareholder or its subsidiaries which had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group, to which the Company or any of its subsidiaries was a party during the Year.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

On 27 October 2020, the Company entered into an incentive agreement with Hongchang International Investment Limited ("Zhu Associate"), a company wholly-owned by Ms. Zhu, our executive Director, the Chairman and the chief executive officer of the Company, pursuant to which Zhu Associate will be entitled to incentive shares based on the aggregate net profit amount of a new postpartum care centre during the incentive base period. The maximum number of the incentive shares to be issued to Zhu Associate by the Company is 200,000,000 incentive shares, representing (i) as at the date of the incentive agreement, approximately (a) 5.22% of the issued share capital of the Company; and (b) 4.96% of the Company's issued share capital as enlarged by the issue of the maximum number of the incentive shares, and (ii) as at the date of this report, approximately (a) 4.67% of the issued share capital of the Company; and (b) 4.46% of the Company's issued share capital as enlarged by the issue of the maximum number of the incentive shares. The Company entered into the incentive agreement in order to increase the number of postpartum care centres operated under the brand name of "Aidigong" and expand its coverage for the provision of postpartum care services to more people. The incentive agreement was approved by the independent Shareholders at the special general meeting held on 28 December 2020. No Shares were issued to Zhu Associate during the Year. Please refer to the announcement of the Company dated 27 October 2020 for further details of the incentive agreement.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION *(CONTINUED)*

On 5 October 2018, the Company, as lender, entered into a facility agreement and agreed to renew a loan agreement with Champion Dynasty, as borrower, and Mr. Cheung, one of the Company's substantial shareholders, as individual guarantor, for a period of three years from 19 November 2018 to 18 November 2021 in relation to a three-year revolving loan facility of up to HK$200,000,000 to Champion Dynasty at an interest rate of 12% per annum (the "Loan Transaction"). The Company entered into the facility agreement because (i) there were no other immediate funding requirement to utilize the idle cash on hand and the possible additional funds to be raised; (2) there was a higher interest rate for the transaction compared to those the Company had been offered at that time or received from its then existing bank deposits; and (3) it provided flexibility to the Company to utilise the funds. For further details of the reason for entering into the facility agreement, please refer to the announcement of the Company dated 5 October 2018. The Loan Transaction was approved by the independent Shareholders at the special general meeting held on 19 November 2018. The loan is fully repaid during the Year and there is no renewal for the loan agreement.

The Company's INEDs confirm that they have reviewed that the transactions have been entered into in the ordinary course of business of the Group on normal commercial terms or better and according to the agreement governing them on terms that are fair and reasonable and in the interests of the Group's shareholders as a whole.

The auditors of the Group confirmed that nothing has come to their attention that the transactions have not been approved by the Board, were not entered into, in all material respects in accordance with the relevant agreement governing the transactions and have exceeded the cap.

The Company confirms that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for these connected transactions.

REMUNERATION POLICIES, SHARE OPTION SCHEME AND SHARE AWARD SCHEME

As at 31 December 2021, the Group had around 1,582 employees excluding Directors (2020: around 1,446). The Remuneration Committee was set up for reviewing the Group's overall emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Remuneration package comprised salaries and year-end bonuses based on individual merits. It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions. During the Year, total staff costs excluding Directors' emolument were approximately HK$208,446,000 (2020: HK$191,828,000).

REMUNERATION POLICIES, SHARE OPTION SCHEME AND SHARE AWARD SCHEME *(CONTINUED)*

At the AGM of the Company held on 11 October 2012, the Shareholders approved the adoption of a share option scheme ("2012 Share Option Scheme"). The purpose of the 2012 Share Option Scheme is to provide incentives or rewards to Eligible Participants (as defined in the 2012 Share Option Scheme) of the 2012 Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Eligible Participants include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any customer, supplier, service provider, shareholder, adviser or consultant and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the 2012 Share Option Scheme will remain in force for ten years from the commencement date. During the Year, no share option was granted pursuant to the 2012 Share Option Scheme. As at 31 December 2021, no share option was outstanding (31 December 2020: Nil).

The Board has approved the adoption of a share award scheme (the "Scheme") on 5 July 2018 and it was approved by the Shareholders at the special general meeting held on 30 August 2018. The purposes and objectives of the Scheme are to recognise the contributions by certain employee, director, officer, consultant or adviser of the Group and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group. The Board will, from time to time, consider and if appropriate, identify relevant participants of the Scheme to carry out the purposes and achieve relevant objectives of the Scheme. The Company was informed by the trustee of the Scheme that, in May 2020 and February 2021, it has purchased on the open market an aggregate of 2,100,000 Shares, representing approximately 0.05% of the issued share capital of the Company for the purpose of the Scheme. On 12 November 2021, the Company granted 63,500,000 award shares at an exercise price of HK$0.8 per share to certain eligible persons through issuing new shares under the general mandate pursuant to the Scheme. As at the date of this report, such Shares have not been allotted and issued. Please refer to the announcements of the Company dated 5 July 2018 and 12 November 2021 for details. Details of the 2012 Scheme and the 2018 Scheme are set out in notes 36 and 37 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEMES

The Group operates the provident fund scheme as defined in the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme") for the Year. The MPF Scheme is defined contribution scheme and the assets of the scheme are managed by its trustee.

The MPF Scheme is available to all employees aged 18 to below 65 and with at least 60 days of continuous service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% based on the staff's relevant income. The statutory maximum level of relevant income for contribution purpose is HK$30,000 per month. Staff members are entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefit is required by law to be preserved until the retirement age of 65.

RETIREMENT BENEFIT SCHEMES (CONTINUED)

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Particulars of contribution to the retirement benefit scheme for the Year are set out in note 39 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

According to the Bye-laws, among others, the Directors, acting in relation to any of the affairs of the Company shall be entitled to be indemnified and secured harmless out of assets and profits of the Company from and against all, among others, actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain. The Company has taken out and maintained directors' and officers' liability insurance throughout the Year, which provides appropriate cover of the certain legal actions brought against the Directors and officers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group's five largest customers were less than 10% (2020: less than 10%) of the Group's total turnover for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 10% (2020: less than 10%) of the Group's total purchases for the Year.

None of the Directors, their close associates, or any Shareholders (which to the knowledge of the Directors owned more than 5% of the Company's issued shares) had beneficial interests in any of the Group's five largest customers and five largest suppliers during the Year.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, suppliers, regulators and Shareholders. Employees are regarded as the most important and valuable assets of the Group. The Group maintains a good relationship with its employees and did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or suffer from any material labour dispute during the Year. The Group also understands the importance of maintaining a good relationship with its suppliers and customers to meet its short-term and long-term goals. It enjoys good relationships with suppliers and customers and strives to take an active part in the communities where they operate.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this report, the Company had maintained the prescribed amount of public float during the Year and up to the latest practicable date prior to the issue of this report as required under the Listing Rules.

AUDITORS

The consolidated financial statements for the Year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming AGM. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the Independent Auditors for the subsequent year will be proposed at the forthcoming AGM. The consolidated financial statements for the year ended 31 December 2015 to 31 December 2021 were audited by HLB Hodgson Impey Cheng Limited. There has been no other change in the Independent Auditors in any of the preceding three years.

On behalf of the Board
Aidigong Maternal & Child Health Limited

Zhu Yufei
Chairman

Hong Kong, 31 March 2022

EXECUTIVE DIRECTORS

Ms. Zhu Yufei, aged 59, is the founder of Shenzhen Aidigong, joined the Company as executive Director, joint chairman of the Board (re-designated as chairman on 27 June 2021) and Chief Executive Officer in December 2019. On 5 September 2021, Ms. Zhu was also appointed as the chairman of the Nomination Committee. She is also a director of certain subsidiaries of the Group. Before the establishment of Shenzhen Aidigong, she was the head nurse of the delivery room at the Peking University Shenzhen Hospital* (北京大學深圳醫院產科房). Ms. Zhu is the first batch of domestic entrepreneurs to develop postpartum care services. She currently is a member of the 7th CPPCC and the president of Shenzhen Maternal and Child Services Association* (深圳市母嬰服務業協會).

Mr. Cheung Wai Kuen, aged 48, joined the Company as executive Director in August 2012 and has been appointed as the chairman of the Board since September 2012 and he became a Joint Chairman upon Ms. Zhu Yufei's appointment as a Joint Chairman. He has stepped down from his role as one of the joint chairmen of the Board with effect from 27 June 2021 but remained as an executive director of the Company. He is also a director of certain subsidiaries of the Group. Mr. Cheung has 20 years of operational experience in the healthcare industry as well as rich industry resources. He has successfully found a number of hospitals and health management center. Mr. Cheung is a director of Champion Dynasty, a substantial shareholder of the Company. Mr. Cheung was retired from Greentech Technology International Limited (Stock Code: 195) as an executive director since 31 May 2019.

Mr. Lin Jiang, aged 57, was appointed as a non-executive Director on 1 February 2013 and was re-designated as an Executive Director on 14 February 2020. He has over 20 years of experience in Economic and Financial areas. He obtained a Bachelor degree and a Master degree of Economics from Sun Yat-sen University, a Doctor degree of Economics from Jinan University, and finished his postdoctoral research on Applied Economics in Zhongnan University of Economics and Law.

Mr. Lin is currently an Economics professor and a doctoral tutor in Lingnan College of Sun Yat-sen University. Moreover, he serves as an instructional committee member of Public Financial Majors of Higher Education Institutes of the Ministry of National Education* (國家教育部高等學校財政學類教學指導委員會), an adjunct research fellow for Cross-Strait Relation Research Center* (海峽兩岸關係研究中心特約研究員), a vice president of Guangdong Public Finance Society* (廣東省財政學會), an advisory member of Guangzhou Municipal Public Finance Experts Committee* (廣州市財政專家諮詢委員會), a consultation expert for Decision Making, Guangzhou Municipal Government, 4th session (廣州市人民政府第四屆決策諮詢專家) and a consultation expert of the Budget Work Committee, the 15th Standing Committee of Guangzhou Municipal People's Congress, (廣州市第十五屆人大常委會預算工作委員會諮詢專家). In addition, he was the then deputy general manager for the financial division of China Merchants Group Limited.

Mr. Li Runping, aged 40, was appointed as executive Director on 16 April 2020. He obtained a bachelor's degree in accounting from the International Business School, Nankai University (南開大學國際商學院) in June 2004, and a master's degree in administration from Nankai University (南開大學) in June 2011. Mr. Li has over ten years of experience in the financial industry. He served as senior management in a number of corporations and was responsible for industry research, investment and matters relating to mergers and acquisitions.

NON-EXECUTIVE DIRECTORS

Mr. Wong Kin Man, aged 70, was appointed as non-executive Director on 16 August 2019. He has extensive experience in brand marketing and public relations management. Mr. Wong previously served as the deputy general manager of China Division of Crocodile Garments Limited (stock code: 122), a company listed on the Main Board of the Stock Exchange which principally engaged in the manufacture, retail and wholesale of fashions in Hong Kong, Macau and mainland China. Subsequently, Mr. Wong served at Hong Kong Seibu Holdings (China) Limited, a subsidiary of Dickson Concepts (International) Limited (stock code: 113), a company listed on the Main Board of the Stock Exchange that is principally engaged in sale of luxury goods and securities investment, where he was responsible for store expansion, management coordination, marketing, corporate relations and business development matters of the relevant company. Mr. Wong then served as the chief operating officer of Hong Kong Investment Holdings Limited, where he was responsible for the overall planning and development of a shopping mall in Tsim Sha Tsui, Hong Kong. Following that, Mr. Wong served as general manager of 太陽新天地購物中心 (Happy Valley Mall), one of the landmark shopping malls in Tianhe District, Guangzhou, China.

Mr. Wong obtained a diploma in business management from Jinan University, China in 1985.

Mr. Yang Zhibo, aged 36, was appointed as non-executive director on 16 April 2020. He graduated with a bachelor's degree in administrative management from Xi'an Jiaotong University (西安交通大學) in July 2008, and obtained a master's degree in finance from Anhui University (安徽大學) in June 2013. Mr. Yang served as senior management in a number of corporations, where he was responsible for corporate audit, risk management and investment management, and has more than five years of relevant experience.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yu Lin, aged 58, joined the Company as INED in September 2021. She also serves as the chairman of the Remuneration Committee, a member of the Nomination Committee and the Audit Committee. She has over 33 years of experience in the clinical and teaching fields of obstetrics and gynecology. She obtained a Master degree of Medicine from Sun Yat-Sen University, the PRC. Ms. Yu is the chief obstetrician physician in the Obstetrics and Gynecology Center of Beijing University Shenzhen Hospital. Moreover, she serves as a member of the Obstetrics Professional Committee of the Guangdong Medical Association* (廣東省醫師協會產科專業委員會), a member of the Obstetrics and Gynecology Professional Committee of the Shenzhen Medical Association* (深圳市醫學會婦產科專業委員會), a member of the Perinatal Professional Committee of the Shenzhen Medical Association* (深圳市醫學會圍產專業委員會), a council member of the Obstetrician Branch of the Shenzhen Medical Association* (深圳市醫師協會產科醫師分會理事會), a member of Medical Injury Appraisal Experts of the Shenzhen Medical Association* (深圳市醫學會醫療損害鑒定專家組) and a member of the Shenzhen Emergency and Critical Maternal Rescue Expert Team* (深圳市急危重症孕產婦搶救專家組).

INDEPENDENT NON-EXECUTIVE DIRECTORS *(CONTINUED)*

Mr. Wong Yiu Kit, Ernest, aged 54, joined the Company as INED in September 2017. He is also the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Wong has over 30 years of experience in venture capital, corporate finance, business development and general management. He is the president and group chief financial officer of KVB Holdings Limited ("KVB"). Mr. Wong is as an independent non-executive director of Renheng Enterprise Holdings Limited (Stock Code: 3628), Progressive Path Group Holdings Limited (Stock Code: 1581), Goldstone Investment Group Limited (Stock Code: 901), Kwong Luen Engineering Holdings Limited (Stock Code: 1413) and Samson Paper Holdings Limited (Stock Code: 731), each of the shares of such companies are listed on the Stock Exchange. Mr. Wong also served several positions at Adamas Finance Asia Limited, a company listed on the London Stock Exchange (LSE Stock Code: ADAM), including its executive director, chief financial officer and non-executive director. Mr. Wong also served as the executive director, the chief financial officer and the company secretary of CLSA Premium Limited (formerly known as "KVB Kunlun Financial Group Limited") (Stock Code: 6877) and an independent non-executive director of China Regenerative Medicine International Limited (Stock Code: 8158), and China Wood International Holding Co., Limited (formerly known as HongDa Financial Holding Limited) (Stock Code: 1822). Mr. Wong obtained a master's degree in management from Saïd Business School of Oxford, a bachelor's degree in business administration from The University of Hong Kong, a master's degree of science in investment management from The Hong Kong University of Science and Technology and a master's degree of science in electronic engineering from the Chinese University of Hong Kong. Mr. Wong was admitted as a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales and the Hong Kong Securities Institute. He was admitted as a chartered financial analyst of the Institute of Chartered Financial Analysts. He is also acting as the court member of The University of Hong Kong, and a global council of the Association of Chartered Certified Accountants.

Mr. Lam Chi Wing, aged 42, joined the Company as INED in March 2016. He is also a member of the Remuneration Committee, the Nomination Committee and the Audit Committee. Mr. Lam obtained a Bachelor of Business Administration degree in Accounting & Finance at the University of Hong Kong in 2003. Subsequently, Mr. Lam obtained a Master of Science degree in Knowledge Management at the Hong Kong Polytechnic University in 2006 and a Master of Business Administration degree at the Chinese University of Hong Kong in 2010. Mr. Lam is currently a doctoral candidate in Global Creative Industries of the University of Hong Kong.

Mr. Lam served at PricewaterhouseCoopers in 2003. Mr. Lam subsequently joined Li & Fung Group, which he served as Group Chief Representative and General Manager, Southern China of Li & Fung Development (China) Limited prior to his departure. Mr. Lam served as an executive director of Bonjour Holdings Limited (Stock Code: 653), a company listed on the Main Board of the Stock Exchange during July to December 2020. Mr. Lam currently serves as director or consultant at a number of companies in Hong Kong and the PRC.

Mr. Lam is a member of the Twelfth Guangdong Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十二屆廣東省委員), and the Eleventh & Twelfth Zhongshan Committee of the Chinese People's Political Consultative Conference* (中國人民政治協商會議第十一屆、十二屆中山市委員), a member of the Committee of the Chinese Association of Hong Kong & Macao Studies* (全國港澳研究會港區特邀代表), a member of the Expert Committee to the Second Ministry of Commerce Advisory Committee for Economic & Trade Policy* (第二屆國家商務部經貿政策諮詢委員會專家), Chairman of the Hong Kong Technology Association* (香港科技協會), a Vice Chairman of the Hong Kong Guangdong Youth Association* (香港廣東青年總會), Chairman of the Hong Kong Zhongshan Youth Association* (香港中山青年協會), a member of The Hong Kong Professionals And Senior Executives Association (香港專業及資深行政人員協會), a member of The Y. Elites Association Limited (香港菁英會成員) and an executive committee of the Chinese Academy of Governance (HK) Industrial and Commercial Professionals Alumni Association Limited* (中國國家行政學院(香港)工商專業同學會成員). Mr. Lam served as a part-time member of the Central Policy Unit of the Government of Hong Kong from 2011 to 2012, and is currently serving as an advisory committee of the Sustainable Agricultural Development Fund of the Government of Hong Kong, a committee member of the Appeal Panel (Housing) of the Government of Hong Kong, and a committee member of China Commerce & Trade Advisory Committee of the Hong Kong Trade and Development Council (香港貿易發展局內地商貿諮詢委員會).

INDEPENDENT NON-EXECUTIVE DIRECTORS *(CONTINUED)*

Mr. Lam is currently the member of the China Commerce & Economy Society* (中國商業經濟學會) and the Vice Chairman of the Youth Division of China Commerce & Economy Society* (中國商業經濟學會青年分會), Vice Chairman of the Guangdong Society of Commercial Economy* (廣東省商業經濟學會), Vice Chairman of the Promotion of Cooperation between Guangdong, Hong Kong & Macao* (廣東省粵港澳合作促進會), Deputy Dean of the Guangdong Asia Pacific E-Commerce Institute* (廣東亞太電子商務研究院), Executive Deputy Secretary-General of the Society of Guangdong Logistics and Supply Chain* (廣東省物流與供應鏈學會).

Mr. Lam is currently an Adjunct Professor at each of School of Business of the Renmin University of China* (中國人民大學商學院), the Business School of the Hong Kong University of Science and Technology* (香港科技大學商學院), School of Management at Zhejiang University* (浙江大學管理學院), the School of Economics and Management at the Chinese University of Hong Kong, Shenzhen* (香港中文大學(深圳)經管學院) and a Co-Director of Innovation, Design and Entrepreneurship of the Chinese University of Hong Kong, Shenzhen.

Mr. Lam also serves as an independent non-executive director, chairman of the remuneration committee, member of the nomination committee and the audit committee of Wai Hung Group Holdings Limited (Stock Code: 3321), a company listed on the Main Board of the Stock Exchange.

SENIOR MANAGEMENT

Various aspects of the business and operations of the Group are respectively under direct responsibilities of the executive Directors who are also regarded as the senior management of the Group.

COMPANY SECRETARY

Mr. Wong Wing Cheung, joined the Group in September 2017 and was appointed as the financial controller of the Group, the company secretary (the "Company Secretary") and the authorized representative of the Company in December 2017. Mr. Wong is a Practicing Certified Public Accountant certified under the Hong Kong Institute of Certified Public Accountants. He holds a bachelor degree in business administration in accountancy from City University of Hong Kong. Mr. Wong has over 15 years of experience in initial public offering, corporate acquisitions and restructuring, due diligence, audit and internal control. From 2005 to 2014, Mr. Wong held various positions in several audit firms, providing audit services in China and Hong Kong to various corporations. Prior to joining the Company, Mr. Wong has set up a consultancy firm for providing advisory services on financial, tax, internal control and daily operation of listed companies.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules for the Year.

OBJECTIVE

The Board together with the Group is committed to maintain high standards of corporate governance so as to ensure high transparency and protection of the Shareholders' interests in general. The Board endeavours to ensure effective self-regulatory practices, to maintain sound internal control system and to absorb high calibre members to the Board.

The purpose of this Corporate Governance Report is to present to the Shareholders how the Company has applied the principles in the Corporate Governance Code (the "CG Code") under Appendix 14 to the Listing Rules throughout the Year.

BOARD OF DIRECTORS

The Board is responsible for directing the Group, formulating overall strategy, monitoring operational and financial performance of the Group and overseeing the performance of the management of the Group (the "Management"). Each Director acts in good faith for the best interest of the Company. The Directors are collectively and individually responsible to the Company for the manner in which the affairs of the Company are managed, controlled and operated. They had devoted sufficient time and attention to the Company's affairs during the Year.

STRUCTURE

The Board currently comprises four Executive Directors, two non-executive Directors and three INEDs. The INEDs represent one-third of the Board. The members of the Board during the Year and as at the date of this report as follows:

EXECUTIVE DIRECTORS

Ms. Zhu Yufei *(Chairman and Chief Executive Officer)*
Mr. Cheung Wai Kuen (Step down of joint chairman on 27 June 2021)
Mr. Lin Jiang
Mr. Li Runping

NON-EXECUTIVE DIRECTORS

Mr. Wong Kin Man
Mr. Yang Zhibo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Chi Wing
Mr. Mai Yang Guang (Resigned on 5 September 2021)
Mr. Wong Yiu Kit, Ernest
Ms. Yu Lin (Appointed on 5 September 2021)

BOARD OF DIRECTORS *(CONTINUED)*

STRUCTURE (CONTINUED)

The Directors' biographies are available on the Company's website. There is no personal relationship among members of the Board.

At least one of the INEDs has appropriate professional qualification as required by the Stock Exchange. The Company has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

The Directors (including the non-executive Directors and the INEDs) were appointed for specific terms.

Pursuant to Bye-law 87 of the Bye-laws, Mr. Cheung, Mr. Wong and Mr. Lam will retire from office by rotation, and being eligible, will offer themselves for re-election at the relevant AGMs.

Pursuant to Bye-law 86(2) of the Bye-laws, Ms. Yu was appointed as an INED with effect from 5 September 2021. She is subject to retirement as a Director at the AGM, being eligible and offer herself for re-election as an independent non-executive director at the AGM.

Every Director is therefore subject to retirement by rotation either under the Bye-laws or voluntarily, and eligible for re-election at the AGMs of the Company at least once every three years. The current term of office for the non-executive Directors (including the Independent non-executive Directors) of the Company is fixed for one year and is subject to retirement by rotation once every three years.

ASSISTANCE TO DIRECTORS IN DECISION MAKING

Throughout their period in office, the Directors have been informed of the Group's businesses, the competitive and regulatory environments in which it operates and other changes affecting the Group and the industries it operates in as a whole. They have also been advised on appointment of their legal and other duties and obligations as directors of a listed company and updated on changes to the legal and governance requirements of the Group and upon themselves as the Directors.

The Directors are given access to independent professional advice at the Company's expense, when they deem it is necessary in order for them to carry out their responsibilities from time to time.

To enhance the Directors' consciousness on the importance of the directors' duties under common law (which is also generally applicable to Bermuda where the Company was incorporated) and to comply with the requirements of the Companies Ordinance (Cap. 622, Laws of Hong Kong), "A Guide on Directors' Duties" in which the general principles a director should follow in the performance of his functions and exercise of his powers was distributed to the Directors.

BOARD OF DIRECTORS *(CONTINUED)*

CONDUCT OF MEETINGS

Meetings are conducted in a way to ensure that there are independent views and input available to the Board. Such mechanisms are reviewed on an annual basis and the Board is of the view that such mechanisms are effective during the Year. The Directors are consulted and properly briefed for matters to be included in the meetings' agenda. The Board is supplied with relevant information as well as reports relating to operational and financial performance of the Group before each regular Board meeting. At least 14 days' notice of a regular Board's meeting is given to all Directors to provide them with the opportunity to attend the meeting. Board papers are dispatched to all Directors at least 3 days before the meetings to ensure that they have sufficient time to review the papers and will be adequately prepared for the meeting. The Management is invited to attend the meetings to address to the Board members' queries. This enables the Board to have pertinent data and insight for reaching a comprehensive and informed evaluation as part of the Board decision-making process.

The chairman of the meetings has delegated the responsibility to the Company Secretary for drawing up and approving the meeting's agenda for each Board's meeting, taking into account of any matter proposed by each Director for inclusion in the agenda.

The proceedings of the Board at its meetings are generally monitored by the chairman of the meetings who would ensure that sufficient time is allocated for discussion and consideration of each item on the agenda. Equal opportunities are given to each Director to express his views and concerns.

Each Director has to declare his interest and to abstain from voting on any Board resolution in which he or any of his associates has a material interest pursuant to the Bye-laws and the laws of Bermuda.

All Directors have full access to the advice and services of the Company Secretary to ensure the Board procedures, rules and regulations are followed. Draft and final versions of minutes of each Board meeting in sufficient details are sent to the Directors for comments and records within reasonable time after the meeting is held. The minutes of Board's meetings and of the Board committees' meetings are kept by the Company Secretary, which are open for inspection by the Directors on reasonable notice.

Two Board meetings were held for the Year. The Company Secretary and the Management had attended the Board's meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting, finance and business.

BOARD OF DIRECTORS (CONTINUED)

CONDUCT OF MEETINGS (CONTINUED)

Individual attendance of each Director at the meetings during the Year was as follows:

Directors	Number of Board meetings attended/held (Percentage of attendance in total)	Number of general meetings attended/held (Percentage of attendance in total) (Note 3)
Executive Directors		
Ms. Zhu Yufei *(Chairman and CEO)*	2/2 (100%)	0/1 (0%)
Mr. Cheung Wai Kuen	2/2 (100%)	1/1 (100%)
Mr. Lin Jiang	2/2 (100%)	0/1 (0%)
Mr. Li Runping	2/2 (100%)	0/1 (0%)
Non-executive Directors		
Mr. Wong Kin Man	2/2 (100%)	0/1 (0%)
Mr. Yang Zhibo	2/2 (100%)	0/1 (0%)
Independent Non-executive Directors		
Mr. Lam Chi Wing	2/2 (100%)	0/1 (0%)
Mr. Mai Yang Guang (Resigned on 5 September 2021) (Note1)	2/2 (100%)	0/1 (0%)
Mr. Wong Yiu Kit, Ernest	2/2 (100%)	0/1 (0%)
Ms. Yu Lin (Appointed on 5 September 2021) (Note 2)	N/A	N/A

Note 1: During Mr. Mai Yang Guang's term of service in 2021, there were two Board meetings and one general meeting held.

Note 2: During Ms. Yu Lin's term of service in 2021, no Board meeting and general meeting was held.

Note 3: Due to the inconvenience caused by the travel restrictions and quarantine measures caused by the Covid-19 epidemic, all directors except Mr. Cheung were unable to attend the general meeting.

BOARD OF DIRECTORS *(CONTINUED)*

WORK PERFORMED

During the Year, besides attending the Board's meetings to consider and make decision on corporate governance, risk management, statutory compliance, accounting, finance and business matters, the Directors had brought independent opinion and judgement on the Company's strategy, performance and standards of conduct; had taken the leave where potential conflicts of interests arose; had served on Board's committees; had ensured that the Board maintained high standards of financial and other mandatory reporting; had carried out reviews on matters reported by the Board's committees, and had provided adequate checks and balance to safeguard the interests of the Shareholders as a whole and the Company in general.

During the Year, the INEDs had actively participated in the Board's meetings, brought independent judgements and given their comments to the information or reports submitted to the meetings.

Besides holding the Board's or committees' meetings, in order to make timely decision and ensure effective implementation of the Company's policies and practices, the Board had also adopted written resolutions signed by all Directors for making decisions on corporate affairs from time to time.

As part of the continuing process on supervising the Company's affairs, the Directors, acting through the Audit Committee, had reviewed the adequacy of resources (of the Company's accounting and financial reporting function), qualifications and experience of the Directors, and their training programmes and budget during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as a code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code regarding securities transaction throughout the Year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Ms. Zhu was appointed as an executive Director, a joint chairman of the Board and the chief executive officer on 6 December 2019. Following Mr. Cheung's stepping down from his role as one of the joint chairmen of the Board with effect from 27 June 2021, Ms. Zhu has been an executive Director, the chairman of the Board and the chief executive officer since then. With Ms. Zhu's extensive experience in the maternal and child healthcare industry, the Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the business prospects and management of the Group. The check and balance of power and authority are ensured by the operation and supervision of the senior management and the Board, which, apart from Ms. Zhu being the executive Director, comprises three executive Directors, two non-executive Directors and three independent non-executive Directors, all being experienced and high calibre individuals. The Board believes that this arrangement will not impact on the balance of power and authorisations between the Board and the management of the Company.

BOARD COMMITTEES

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee with defined roles and terms of reference.

AUDIT COMMITTEE

STRUCTURE

The Audit Committee has been established with the role to assist the Board in establishing formal and transparent arrangements for considering how it will apply the financial reporting and the internal control principles and for maintaining an appropriate relationship with the Independent Auditor. It acts in an advisory capacity and makes recommendations to the Board. The terms of reference of the Audit Committee were revised and adopted by the Board on 29 March 2019 and effective on 1 January 2019.

All the Audit Committee's members possess diversified industry experience. The Audit Committee comprises all INEDs, namely:

Mr. Wong Yiu Kit, Ernest *(Chairman)*
Mr. Lam Chi Wing
Mr. Mai Yang Guang (Resigned on 5 September 2021)
Ms. Yu Lin (Appointed on 5 September 2021)

FUNCTION

The Audit Committee's terms of reference can be found on the Company's website and the website of the Stock Exchange.

The major duties of the Audit Committee are summarised below:

(i) to make recommendations to the Board on the appointment, re-appointment and removal of the Independent Auditor, review and monitor their independence and objectivity as well as the effectiveness of the audit process;

(ii) to monitor the integrity of the interim and annual consolidated financial statements, reports and accounts and quarterly reports (if applicable) of the Company, and to review any significant financial reporting judgements contained in them; and

(iii) to review and ensure the effectiveness of the Company's financial control, internal control and risk management systems.

CONDUCT OF MEETINGS

The Audit Committee shall meet with the Independent Auditor at least twice each year. As least 7 days' notice has to be given prior to any meeting being held unless all members of Audit Committee unanimously waive such notice. The Company prepares and delivers an information memorandum that includes all relevant information about the meetings to the Audit Committee's members at least 3 days prior to such meetings. During the Year, the Audit Committee's members reviewed the information memorandum with due care and discussed with the financial controller of the Group (who is also the Company Secretary) and other Management (if necessary) during the meetings.

BOARD COMMITTEES *(CONTINUED)*

AUDIT COMMITTEE (CONTINUED)

CONDUCT OF MEETINGS *(CONTINUED)*

During the Year, the Audit Committee held two meetings with the presence of the Management. Minutes drafted by the Company Secretary were circulated to the Audit Committee's members for comments within a reasonable time after each meeting. Executed minutes were kept by the Company Secretary and copies of the minutes were sent to the Audit Committee's members for records.

Individual attendance of each committee's member at the meetings for the Year was as follows:

Members	**Number of meetings attended/held (Percentage of attendance in total)**
Mr. Wong Yiu Kit, Ernest *(Chairman)*	2/2 (100%)
Mr. Lam Chi Wing	2/2 (100%)
Mr. Mai Yang Guang (Resigned on 5 September 2021) (Note 1)	2/2 (100%)
Ms. Yu Lin (Appointed on 5 September 2021) (Note 2)	N/A

Note 1: During Mr. Mai Yang Guang's term of service in 2021, there were two meetings of the Audit Committee held.

Note 2: During Ms. Yu Lin's term of service in 2021, the Audit Committee did not hold any meeting.

WORK PERFORMED

The works performed by the members of Audit Committee in the Year were summarised below:

(i) reviewed and considered the Group accounts and financial statements for the year ended 31 December 2020, and interim report of 2021;

(ii) reviewed, discussed and agreed with the Independent Auditor in respect of the audit fee for the Year; the terms of the engagement letters for the Year; and the nature, scope of audit and reporting obligations for the Year;

(iii) reviewed and assessed the adequacy and effectiveness of the Group's financial reporting and controls, internal control procedures and risk management systems, and the Group's internal audit function;

(iv) reviewed the corporate governance practices and monitored the progress of compliance of the CG Code;

(v) carried out annual review on the continuing connected transactions of the Company (including those fallen outside Rule 14A.33 of the Listing Rules and not required to be made public (if any)) and their financial implication in their capacity as INEDs;

(vi) reviewed the overall performance of the Group for the year ended 31 December 2021;

(vii) reviewed the adequacy of resources, qualifications and experience of the staff in accounting and financial reporting function, and the training programmes and budget; and

(viii) reported to the Board the works performed by the Audit Committee during the Year, presented its findings and made recommendations for the Board's consideration.

BOARD COMMITTEES *(CONTINUED)*

AUDIT COMMITTEE (CONTINUED)

WORK PERFORMED *(CONTINUED)*

Overall, the Audit Committee was satisfied with the condition of the Company, including the corporate governance practices, internal control system, the conduct of the continuing connected transactions and adequacy of resources, qualifications and experience of the staff in accounting and financial reporting function, and the training programmes and budget.

The Audit Committee has reviewed the Group's accounts and the draft consolidated financial statements for the Year.

NOMINATION COMMITTEE

STRUCTURE

The Nomination Committee has been established since 1 April 2012 with the role to lead the process and make recommendations for appointments to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in the light of challenges and opportunities facing by the Company, as well as business development and requirements of the Company and to take approved action if within delegated authority. The terms of reference of the Nomination Committee were revised and adopted by the Board on 29 March 2019 and effective on 1 January 2019.

The Nomination Committee comprises one executive Director and two INEDs, namely:

Ms. Zhu Yufei *(Chairman)* (Appointed on 5 September 2021)
Mr. Mai Yang Guang (Resigned on 5 September 2021)
Mr. Lam Chi Wing
Ms. Yu Lin (Appointed on 5 September 2021)
Mr. Wong Yiu Kit, Ernest (Ceased to be a member of the Nomination Committee on 5 September 2021)

FUNCTION

The major duties of the Nomination Committee are summarised below:

(i) to review the structure, size, composition and diversity (including evaluation of the skills, knowledge, professional experience, cultural and education background, gender and age of the Board members) of the Board at least annually and make recommendation on any proposed change to the Board to complement the Company's corporate strategy;

(ii) to identify individual suitably qualified to become Board members and select or make recommendations to the Board on the selection of individual nominated for directorship;

(iii) to assess the independence of INEDs;

(iv) to make recommendations to the Board on the appointment or re– appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive;

(v) to consult the Remuneration Committee about its remuneration proposals for the candidate to be appointed as a Director; and

BOARD COMMITTEES *(CONTINUED)*

NOMINATION COMMITTEE (CONTINUED)

FUNCTION *(CONTINUED)*

(vi) to develop and maintain a policy for the nomination of Board members which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship, and to review periodically and disclose in the corporate governance report annually and the progress made towards achieving the objectives set out in the policy. The Nomination Committee should ensure that the selection process is transparent and fair, and that it considers a board range of candidates who are outside the Board's circle of contacts and in accordance with the Company's diversity policy.

The Nomination Committee's terms of reference can be found on the Company's website and the website of the Stock Exchange.

The Nomination Committee would consult the executive Directors about its proposals on appointment of other Directors and seek internal and external professional advices if considered necessary.

CONDUCT OF MEETINGS

During the Year, the Nomination Committee held two meetings to reviewing the qualifications of directors, evaluate the structure, number and composition of the board of the director and to consider and approve the nomination of the executive Director and non-executive Director for the Year.

Individual attendance of each committee's member at the meeting for the Year was as follows:

Members	**Number of meetings attended/held (Percentage of attendance in total)**
Ms. Zhu Yufei *(Chairman)* (Appointed on 5 September 2021) (Note 1)	N/A
Mr. Mai Yang Guang (Resigned on 5 September 2021) (Note 2)	1/2 (50%)
Mr. Lam Chi Wing	2/2 (100%)
Mr. Wong Yiu Kit, Ernest (Ceased to be a member of the Nomination Committee on 5 September 2021) (Note 3)	2/2 (100%)
Ms. Yu Lin (Appointed on 5 September 2021) (Note 4)	N/A

Note 1: During Ms. Zhu Yufei's term of service in 2021, no Nomination Committee meeting was held.

Note 2: During Mr. Mai Yang Guang's term of service in 2021, there were two meetings of the Nomination Committee held.

Note 3: During Mr. Wong Yiu Kit, Ernest's term of service in 2021, there were two meetings of the Nomination Committee held.

Note 4: During Ms. Yu Lin's term of service in 2021, no Nomination Committee meeting was held.

The Nomination Committee shall meet at least once each year. At least 7 days' notice has been given prior to any meeting being held unless all members of the Nomination Committee unanimously waive such notice.

BOARD COMMITTEES *(CONTINUED)*

NOMINATION COMMITTEE (CONTINUED)

CONDUCT OF MEETINGS *(CONTINUED)*

The Company prepared and delivered meeting papers that include all relevant information about the meeting to the Nomination Committee's members at least 3 days prior to such meeting. Minutes drafted by the Company Secretary were circulated to the Nomination Committee's members for comments within a reasonable time after this meeting. Executed minutes were kept by the Company Secretary and copies of the minutes were sent to the Nomination Committee's members for records.

The Nomination Committee reviewed the diversity of the Board against the measurable objectives in accordance with the diversity policy of the Board.

BOARD DIVERSITY POLICY

The Company has adopted the Board Diversity Policy. It aims to set out the approach to achieve diversity on the Board of the Company. To achieve a sustainable and balanced development, the Company encourages increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing an appropriate composition of the Board, the diversity of the Board has been considered from a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. During the Year, we have appointed a female Director, Ms. Yu, to improve gender diversity at the Board level, we will continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole.

As at the date of this report, the Board comprises 9 directors, two of them are female Directors and two of them reside in Hong Kong. The composition of the Board is diversified in terms of gender, nationality and skills. Among the 1,548 employees of the Group as at 31 December 2021, 16.5% are males and 83.5% are females. As the Group is mainly engaged in the postpartum care services business, the majority of our employees are females. The Board is satisfied with the gender diversity of its employees and no measurable objectives with respect to gender diversity has been adopted as of the date of this report. Nevertheless, we will continue to ensure there is gender diversity when recruiting staff at mid to senior levels, so the management pipeline includes multiple genders and thus a diverse set of potential successors to the Board in due time. The Group will continue to emphasize training of talented employees from underrepresented genders and provide them with long-term development opportunities.

NOMINATION PROCEDURES, PROCESS AND CRITERIA

The Nomination Committee leads the process and makes recommendations for appointments to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in the light of challenges and opportunities facing the Company, as well as business development and requirements of the Company. In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers the character and integrity; skills and expertise; professional and educational background; potential time commitment for the Board and/or its committee responsibilities; and the elements of the Board's diversity policy etc. The Nomination Committee makes recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed by the Board in accordance with the Bye-laws and the Listing Rules.

BOARD COMMITTEES *(CONTINUED)*

NOMINATION COMMITTEE (CONTINUED)

CONTINUOUS PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

During the Year and up to the date of this report, all Directors participated the following continuous professional development (CPD) to develop and refresh their knowledge and skills in compliance with code provision C.1.4 of the CG Code to ensure that their contribution to the Board remains informed and relevant. The Company is responsible for arranging and finding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors.

Directors	Type of training Directors *(See Remarks)*
Executive Directors	
Ms. Zhu Yufei *(Chairman and CEO)*	B
Mr. Cheung Wai Kuen	B
Mr. Lin Jiang	B, C
Mr. Li Runping	B
Non-executive Directors	
Mr. Wong Kin Man	B
Mr. Yang Zhibo	B
Independent Non-executive Directors	
Mr. Lam Chi Wing	A,B,C
Mr. Wong Yiu Kit, Ernest	B
Ms. Yu Lin	A,B

Remarks:

A: attending seminars and/or training

B: reading Listing Rules, updates, articles and/or materials etc.

C: preparing and/or giving seminar presentations

REMUNERATION COMMITTEE

STRUCTURE

The Remuneration Committee has been established with the role to assist the Board in reviewing and determining the framework or policy for remuneration packages of the Directors and the senior management of the Group, overseeing any major changes in employee benefit structures and considering other topics as defined by the Board.

The Remuneration Committee comprises all INEDs, namely:

Ms. Yu Lin *(Chairman)* (Appointed on 5 September 2021)
Mr. Mai Yang Guang (Resigned on 5 September 2021)
Mr. Lam Chi Wing
Mr. Wong Yiu Kit, Ernest

BOARD COMMITTEES *(CONTINUED)*

REMUNERATION COMMITTEE (CONTINUED)

FUNCTION

The major duties of the Remuneration Committee are summarised below:

(i) to set, review and make recommendations to the Board for approving the Group's overall remuneration policy and strategy;

(ii) to set, review and approve performance-based remuneration and individual remuneration packages for the executive Directors and the Management including terms and conditions of employment as well as compensation payable due to loss or termination of office, and dismissal or removal for misconduct; and

(iii) to make recommendations to the Board on the remuneration of the Directors and the senior management of the Company.

The Remuneration Committee's terms of reference can be found on the Company's website and the website of the Stock Exchange.

The Remuneration Committee would consult the Chairman and/or the CEO about its proposals on remuneration of other executive Directors and seek internal and external professional advices if considered necessary.

CONDUCT OF MEETINGS

During the Year, the Remuneration Committee held two meetings to consider and approve the annual remuneration of the Directors for the Year.

Individual attendance of each committee's member at the meeting for the Year was as follows:

Members	**Number of meetings attended/held (Percentage of attendance in total)**
Ms. Yu Lin *(Chairman)* (Appointed on 5 September 2021) (Note 1)	N/A
Mr. Mai Yang Guang (Resigned on 5 September 2021) (Note 2)	1/2 (50%)
Mr. Lam Chi Wing	2/2 (100%)
Mr. Wong Yiu Kit, Ernest	2/2 (100%)

Note 1: During Ms. Yu Lin's term of service in 2021, no Remuneration Committee meeting was held.

Note 2: During Mr. Mai Yang Guang's term of service in 2021, there were two meetings of the Remuneration Committee held.

The Remuneration Committee shall meet at least once each year. At least 7 days' notice has to be given prior to any meeting being held unless all members of Remuneration Committee unanimously waive such notice.

The Company prepared and delivered meeting papers that include all relevant information about the meeting to the Remuneration Committee's members at least 3 days prior to such meeting. Minutes drafted by the Company Secretary were circulated to the Remuneration Committee's members for comments within a reasonable time after this meeting. Executed minutes were kept by the Company Secretary and copies of the minutes were sent to the Remuneration Committee's members for records.

BOARD COMMITTEES *(CONTINUED)*

REMUNERATION COMMITTEE (CONTINUED)

REMUNERATION POLICY

Details of the Directors' remuneration for the Year are set out in note 12 to the consolidated financial statements contained in this report. Such remunerations are determined based on the discussion at the aforesaid meetings during the Year and, where applicable, taking into account actual implementation of the remuneration policy during the Year.

The directors' fee are subject to annual review with reference to their duties and responsibilities as well as the prevailing market condition. The Directors will be entitled to, if any, discretionary bonus to be determined at the discretion of the Board and the remuneration committee of the Board.

The Company aims to attract, retain and motivate talented and recognised staff, the Management and Directors of the Group by adoption of share option scheme and share award scheme. The Company adopted a share option scheme on 11 October 2012. During the Year, no share options had been granted and no share option was outstanding as at 31 December 2021. The Company adopted a share award scheme on 30 August 2018 (the "2018 Scheme"). As at 31 December 2021, no share award was granted pursuant to the 2018 Scheme. The 2018 Scheme is a discretionary scheme of the Company, which does not constitute a share option scheme or an arrangement analogous to a share option scheme for purpose of Chapter 17 of the Listing Rules. Please refer to the Company's circular dated 15 August 2018 and notes to the financial statements for a summary and principal terms of its rules.

Remuneration payable to the senior management and highest paid employees of the Company by band is disclosed in Note 12 of the consolidated financial statements of the Group in this report.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision C.1 of the CG Code. During the Year, the Board has reviewed and monitored the Company's corporate governance policies and practices, training and CPD of Directors and senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

MANAGEMENT FUNCTIONS

The executive Directors have defined clear directions on powers of management and delegated daily management and administration functions to the Management. The functions reserved to the Board and those delegated to the Management are reviewed from time to time. The Company would formalise the division of responsibility between the Board and the Management when the operational requirement of the Group justifies such division.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited was appointed as the Independent Auditors by the Shareholders at the 2021 AGM of the Company held on 8 June 2021 (the "2021 AGM"). In order to maintain the independence and objectivity of the Independent Auditors, they will not be engaged for non-audit work unless it has been pre-approved by the Audit Committee pursuant to the Company's non-audit services policy.

The Group's auditors were engaged to report on the Group's non-exempt continuing connected transactions ("CCTs") in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" ("Auditors' Letter") issued by the Hong Kong Institute of Certified Public Accountants.

The auditors have issued an unmodified conclusion letter containing their findings and conclusions in respect of the CCTs in accordance with Rule 14A.56 of the Listing Rules. A copy of the Auditors' Letter has been provided by the Company to the Stock Exchange.

At the 2021 AGM, HLB Hodgson Impey Cheng Limited was appointed by the Shareholders as the Independent Auditors.

The accounts for the Year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming AGM. The Audit Committee recommended to the Board that HLB Hodgson Impey Cheng Limited will be nominated for re-appointment as the Independent Auditors at the forthcoming AGM.

AUDITORS' REMUNERATION

The fees paid or payable to the Auditors of the Company for the Year are set out as follows:

	HK$'000
Audit service	2,000

FINANCIAL REPORTING

The Company aims to present a clear, balanced and understandable assessment of its financial position and prospects. Financial results are announced as early as possible, with interim report and annual report as well as inside information announcements and financial disclosures published as required under the Listing Rules.

The Management provides explanation, information and progress update to the executive Directors and/or the Board in order for it to make an informed assessment of the financial and other issues put before the Board for approval and consideration.

Throughout the Year, the Directors had selected appropriate accounting policies and applied them consistently. The Directors acknowledge their responsibilities for preparing the financial accounts of the Group which give a true and fair view and are in accordance with generally accepted accounting standards published by the HKICPA. A statement by HLB Hodgson Impey Cheng Limited about their reporting responsibilities for the Year is set out in the Independent Auditors' Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness at least annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, maintaining sound and effective risk management and internal control systems and reviewing their effectiveness to safeguard Shareholders' investment and the Group's assets. The management is responsible for setting the appropriate tone from the top, performing risk assessment, and owning the design, implementation and maintenance of internal control. Essential to this risk management and internal control systems are well defined policies and procedures that are properly documented and communicated to employees. To this end, the Company continues to allocate resources for internal control and risk management systems to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk or failure to achieve business objectives.

During the Year, the Group has implemented an internal audit function to review the financial condition, operational condition, risk management, compliance control and internal control of the Group. The Audit Committee assists the Board to fulfill its oversight role over the Group's risk management and internal control function by reviewing and evaluating the effectiveness of our overall risk management and internal control system at least annually. During the Year, the Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control systems, through the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

The Group's risk management and internal control systems are embedded within our business processes so that it functions as an integral part of the overall operation of the Group. The system comprises a comprehensive organisation structure with assignment of definite accountabilities and delegation of corresponding authorities to each post. Based on our organisation structure, a reporting system has been developed including reporting channels from division heads of business units to the Board.

The risk management and internal control systems and accounting system of the Group are aimed at identifying and evaluating the Group's risk and formulate risk mitigation strategies, and to provide reasonable assurance that assets are safeguarded against unauthorised use or disposition, transactions are executed in accordance with the management's authorisation, and the accounting records are reliable for preparing financial information used within the business for publication, maintaining accountability for assets and liabilities and ensuring the business operations are in accordance with relevant legislation, regulations and internal guidelines.

The Group has an organisational structure with defined lines of responsibility and authority. Each department is accountable for its daily operations and is required to report to executive Directors on a regular basis. Policies and procedures are set for each department, which includes establishing and maintaining effective policies to enhance the ability of risks identification to which the Group are exposed and taking appropriate actions to manage such risks, establishing a structure with defined authorities and proper segregation of duties; monitoring the strategic plan and performance; designing an effective accounting and information system; controlling price sensitive information; and ensuring swift actions and timely communication with our stakeholders.

The Group's risk governance structure and the main responsibilities of each level of the structure are summarized below:

The Board is responsible to determine the business strategies and objectives of the Group, and evaluates and determines the nature and extent of risks it is willing to take in achieving the Group's strategic objectives; ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Audit Committee is responsible for assisting the Board to perform its responsibilities of risk management and internal control systems; overseeing the Group's risk management and internal control systems on an ongoing basis; reviewing the effectiveness of the Group's risk management and internal control systems at least annually, and such review should cover all material controls including financial, operational and compliance control; ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget for the Group's accounting, internal audit and financial reporting functions; and considering major findings on risk management and internal control matters, and reports and makes recommendations to the Board.

The senior management designs, implements and maintains appropriate and effective risk management and internal control systems; identifies, evaluates and manages the risk that may potentially impact the major processes of the operations; monitors risk and take measures to mitigate risk in the day-to-day operations; gives prompt responses to and follow up the findings on risk management and internal control matters raised by the internal auditor or external risk management and internal control adviser; and provides confirmation to the Board and Audit Committee on the effectiveness of the risk management and internal control systems.

RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

Internal auditor is responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems; and reports to the Audit Committee on the findings of the review and makes recommendations to the Board and management to improve the material systems deficiencies or control weaknesses identified.

The Board has conducted a review of the effectiveness of the risk management and internal control systems for the Year and considers them effective and adequate.

RISK MANAGEMENT PROCEDURES

In addition to the Board's responsibilities, the Company has developed a risk management process to identify, evaluate and manage significant risks and to resolve material internal control defects. Senior management is responsible for the annual risk reporting process. Internal auditor will meet with various members of the senior management to review and assess risks and discuss solutions to address material internal control defects, including any changes relevant to a given year. Risks are compiled, ratings are assigned and mitigation plans are documented. The risk assessment is reviewed by certain members of senior management and presented to the Audit Committee and the Board for their review.

Risks are evaluated by the Board and senior management based on (i) the severity of the impact of the risk on the Company's financial results; (ii) the probability that the risk will occur; and (iii) the velocity or speed at which a risk could occur.

Based on the risk evaluation, the Company will manage the risks as follows:

- Establish risk context – internal audit establishes common risk assessment and criteria and sets up risk reference tables for the Group.

- Risk identification – departments identify the risks that potentially impact the key process of their operations.

- Risk assessment – departments assess and score the risks identified along with their impact on the business and the likelihood of their occurrence.

- Risk treatment – departments assess effectiveness of existing controls and provide treatment plans when required.

- Risk reporting and monitoring – departments monitor risk mitigating activities. Risks are regularly reported at appropriate level within the Group and assurance is provided on the progress of treatment plans.

RISK MANAGEMENT AND INTERNAL CONTROL *(CONTINUED)*

PRINCIPAL RISKS

The Group faces a number of principal risks and uncertainties that if not properly managed could create an exposure for the Group. Thorough risk assessment and mitigation help ensure these risks are well managed and governed effectively. Principal risks identified by the Group are disclosed in the Directors' Report under the section headed "Risks and Uncertainties Relating to the Group's Business".

PROCEDURES AND CONTROLS OVER HANDLING AND DISSEMINATION OF INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group has internal policy and procedures which strictly prohibit unauthorised use of inside information and has communicated to all staff; the Board is aware of its obligations to announce any inside information in accordance with the Listing Rules and conducts the affairs with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012. In addition, only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs.

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures are followed and for facilitating information flows and communications among Directors as well as with Shareholders and the Management. The Company Secretary's biography is set out in the "Profiles of Directors and Senior Management" section of this report. During the Year, Mr. Wong Wing Cheung has been the Company Secretary. Mr. Wong Wing Cheung had undertaken not less than 15 hours of professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company is committed to safeguarding the Shareholders' and the Company's interests as a whole and encourages the Shareholders to attend general meetings for participating in the important decisions of the Company for which the Shareholders' approval is required under the Listing Rules and the laws of Bermuda. The Company regards general meeting as an important event as it provides an important opportunity for direct communication between the Board and the Shareholders. Notices of the AGM, together with the annual report and circular, was sent to the Shareholders more than 21 clear days before the meeting whereas notice of the special general meeting ("SGM"), together with circular, was also sent to the Shareholders more than 21 clear days before the meeting. These allowed time for the Shareholders to digest information in the annual report and circulars, and to consider whether joining the meetings or not.

SHAREHOLDERS' RIGHTS *(CONTINUED)*

With the implementation of poll voting in lieu of show of hands at all general meetings of a listed company, Shareholders can fully reflect their proprietary rights and interests by means of poll which is regarded as a fairer method of determination on business matters than voting on a show of hands at general meetings under the Listing Rules.

Mr. Cheung Wai Kuen acted as the chairman of the 2021 AGM. The chairman of each meeting took the initiative to demand for a poll at the commencement of the meetings and explained the detailed procedures for conducting a poll to the Shareholders. All resolutions were put to vote and passed by poll under the scrutiny of the independent share registrar. The poll results were made public by means of public announcements which were uploaded to the websites of the Company and the Stock Exchange.

Statutory announcements, financial and other information of the Group are made available on the Company's website, which are regularly updated.

The Shareholders may put their enquires to the Board and also put forward proposals at general meetings by way of a written notice addressed to the Company Secretary at the principal office of the Company in Hong Kong.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited with the Company Secretary at the Company's principal office at Unit E, 28th Floor, YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to include the resolution in the agenda for the general meetings.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

SHAREHOLDERS' RIGHTS (CONTINUED)

THE PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

The enquiries must be in writing with contact information of the requisitionists and deposited with the Company Secretary at the Company's office at Unit E, 28th Floor, YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

THE PROCEDURES FOR MAKING PROPOSALS AT SHAREHOLDERS' MEETINGS

To put forward proposals at a general meeting, the Shareholders should submit a written notice of those proposals with the detailed contact information to the Company Secretary at the Company's principal office at Unit E, 28th Floor, YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong. The request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at AGM or SGM varies according to the nature of the proposal, as follows:

– At least 21 days' notice (the notice period must include not less than 20 clear business days) in writing if the proposal constitutes a resolution of the Company in AGM

– At least 21 days' notice (the notice period must include not less than 10 clear business days) in writing if the proposal constitutes a special resolution of the Company in SGM

– At least 14 days' notice (the notice period must include not less than 10 clear business days) in writing for all other SGM of the Company

To safeguard shareholder interests and rights, separate resolutions are proposed at shareholder meetings on each substantial issue, including the election of individual Directors.

All resolutions put forward at a shareholder meeting will be taken by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and of the Stock Exchange after the shareholder meeting.

The Group will continue to maintain a close relationship with investors and develop greater understanding about the Group for international investors, to enhance investors' confidence in the Group.

SHAREHOLDERS' RIGHTS *(CONTINUED)*

THE PROCEDURES FOR MAKING PROPOSALS AT SHAREHOLDERS' MEETINGS (CONTINUED)

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to purpose new resolutions at the general meetings. However, shareholders are requested to follow Bye-laws 89 of the Bye-laws of the Company for including a resolution at an SGM. The requirements and procedures are set out above. Pursuant to Bye-law 89 of the Bye-laws of the Company, no person other than a Director retiring at a meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless not less than seven clear days before the date appointed for the meeting there shall have been lodged at the Office or at the Registration Office notice in writing signed by some Members (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected. The period for lodgment of the notice required under this Bye-law shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders for enhancing investor relations and investor understanding of the Group's business performance and strategies. These include (i) the publication of annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or special general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the Company's website and the Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's share registrar in Hong Kong serving the Shareholders in respect of all share registration matters.

CHANGE IN CONSTITUTIONAL DOCUMENTS

There was no change to the constitutional documents of the Company during the Year.

INVESTOR RELATIONS

Accountability and transparency are indispensable for ensuring good corporate governance and, in this regard, timely communication with the Shareholders, including institutional investors, is crucial. The Company considers good investor relations as a key part of its operations and continues to promote investor relations and enhances communications with the investors.

The Company maintains a corporate website (www.aidigong.hk) to make the Group's information, statutory announcements, and other financial and non-financial information available on the internet to facilitate its communication with the Shareholders.

INVESTOR RELATIONS (CONTINUED)

The Company welcomes suggestions from investors and the Shareholders, and invites them to share their views and suggestions by contacting the Investor Relations Team at ir@aidigong.hk.

The Board and the Investor Relations Department of the Company have considered its relevant Shareholders' communication policy and are satisfied that there are effective channels by which Shareholders can communicate and raise concern with the Company.

DIVIDEND POLICY

According to the dividend policy adopted by the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the following factors:

(a) the Group's future operations and earnings;

(b) the Group's capital requirements and surplus;

(c) the general financial conditions of the Group;

(d) contractual restrictions on payment of dividends; and

(e) any other factors that the Board consider relevant.

The declaration and payment of dividends by the Company shall be determined at the sole discretion of the Board and shall be subject to any restrictions under the Companies Act of the Bermuda and the Bye-laws of the Company. The dividend policy of the Company will be reviewed from time to time and there can be no assurance that dividends will be proposed or declared in any particular amount for any given period.

CORPORATE GOVERNANCE CODE

Except for the deviation from code provision C.2.1 of the CG Code, the Company had fully applied the principles and complied with the requirements of the CG Code, as set out in Appendix 14 of the Listing Rules throughout the Year. For details of the said deviation, see the paragraph headed "Chairman and Chief Executive Officer" in the Corporate Governance Report.

CONCLUSION

The Company has maintained a good standard of corporate governance during the Year. The Company believes that corporate governance principles and practices are essential to the business communities. Ongoing effort will be given to review its corporate governance practices from time to time so to accommodate the changing circumstances. The Company will strive to maintain and strengthen the standard and quality of its corporate governance.

INTRODUCTION

Aidigong Maternal & Child Health Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the postpartum care services, health industry, and other segment. The health industry includes natural health food and pharmaceutical products trading in the Mainland China, medical anti-aging, healthcare industry investments and healthcare property development in the PRC, while other segment primarily comprises investment and financing business.

Upholding the vision of "solving the health problems of people through our products and services so as to achieve "Healthy, Happy and Secure Life", the Group has implemented the principles of sustainable development at operational levels such as day-to-day operations and strategic planning and investment. Through adhering to the management policies of sustainable environmental, social and governance ("ESG") development, the Group is committed to treating its ESG affairs effectively and responsibly, which becomes a core part of the Group's business strategy, as we believe this is the key to our continued success in the future.

This Environmental, Social and Governance Report (the "ESG Report") summarises the ESG initiatives, plans and performance and presents its commitment in the aspect of the sustainable development.

STATEMENT OF THE BOARD

The Board (the "Board") is pleased to present the ESG report of the Group, which introduces the Group's philosophy and practice on its ESG development to all the Stakeholders. As a responsible enterprise, the Group considers the commitments of the ESG be part of its responsibility and is dedicated to embed the ESG factors into the decision-making process.

THE ESG GOVERNANCE STRUCTURE

The Group considers the ESG commitments as part of its responsibilities and is devoted to including ESG factors into its decision-making process. To achieve the target, the Group has established the effective ESG governance structure, mainly consisting of the Board and the ESG task force (the "Task Force").

The Board is fully responsible for the Group's ESG strategies, policies and reports. It also monitors and manages ESG affairs. The Board is responsible for formulating the Group's ESG targets, priorities and policies. Meanwhile, the Board ensures the effectiveness of the ESG risk management and the internal monitoring system. Under the assistance of the Task Force, the Board regularly discusses and reviews the Group's ESG affairs, including risks, opportunities, performance, targets and indicators.

STATEMENT OF THE BOARD *(CONTINUED)*

THE ESG GOVERNANCE STRUCTURE (CONTINUED)

The Task Force comprises core members from different departments of the Group and it will carry out systematic management on the ESG issues under the delegation from the Board, so as to assist the Board in supervising the ESG issues. Its primary responsibilities include collecting and analysing relevant information and data on the ESG aspects; the preparation of this ESG Report; supervising and evaluating the Group's ESG performance relating to various aspects such as the environment, health and safety, labour standard, product and service responsibility to name a few; ensuring that the Group abides by relevant laws and regulations; assisting to formulate ESG priorities; and assisting in the preparation and implementation of the relevant strategies, framework and policies on the ESG. The Task Force regularly arranges meetings to discuss and review ESG affairs, including but not limited to the effectiveness of current ESG-related policies and procedures, performance, risks and opportunities, as well as strategies and targets. The Task Force also reports to the Board on the development of such works, assists in identifying and assessing the Group's ESG risks, and assesses the effectiveness of the Group's ESG internal control mechanism.

SCOPE OF REPORTING

Based on the materiality principle and taking into account the core business and major sources of revenue of the Group, the management of the Group discussed and determined the scope of reporting of this ESG Report, which has been approved by the Board. This ESG Report mainly covers the directly managed and controlled business operation of the Group's postpartum care services business and healthcare industry in China and Hong Kong, namely Shenzhen Aidigong Maternity Health Management Co., Ltd and it's subsidiaries ("Aidigong"). As the postpartum care services business is the Group's largest source of revenue, which accounts for approximately 98.4% of the Group's total revenue in aggregate, therefore the key performance indicators ("KPIs") data of the ESG in this ESG Report only cover the postpartum care centres of Aidigong and the Hong Kong Office of the Group. Save as otherwise specified, the Group obtained ESG key performance indicators through the operational control mechanisms. After the data collection system becomes more mature and its sustainability development work is deepened, the Group will continue to expand the scope of disclosure in the future.

REPORTING PERIOD

This ESG Report describes the ESG activities, challenges and measures taken by the Group for the year from 1 January 2021 to 31 December 2021 ("the Year").

REPORTING FRAMEWORK

This ESG Report is prepared pursuant to the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "ESG Reporting Guide").

The corporate governance structure and practices of the Group are set out in the Corporate Governance Report of the 2021 annual report.

During the Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide. The information on the ESG governance structure of the Group is set out in the section headed "The ESG Governance Structure" of this ESG Report.

The contents of this ESG Report comply with the ESG reporting principles of the ESG Reporting Guide.

Materiality: The Group has identified material issues of the Year through materiality assessment and adopted the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the Board and the Task Force. Please refer to the section headed "Materiality Assessment" for further details.

Quantitative: This ESG Report was formulated in accordance with the ESG Reporting Guide and contains quantitative disclosure about KPIs. It has appropriately set out the information regarding the standards, methodologies, assumptions and/or calculation references and sources of key conversion factors used for KPIs.

Consistency: Unless otherwise specified, the preparation approach of this ESG Report was consistent with the previous year to facilitate the comparisons. For any changes to the scope of disclosure and calculation methodologies that may affect the comparisons with previous reports, the Company will provide explanations regarding the corresponding data.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice and suggestion in respect of this ESG Report or the Group's performance in sustainable development through the following means:

Address: Unit E, 28th Floor, YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong
Telephone: (852) 2620 6623

STAKEHOLDER ENGAGEMENT

The Group places emphasis on stakeholders and their opinions on the business and ESG issues of the Group. To understand and respond to stakeholders' concerns, the Group stays in close communications with key stakeholders including investors, customers, suppliers, employees, social communities, non-governmental organization ("NGO") and media. While formulating operational strategies and ESG measures, the Group considers the expectations of stakeholders and continuously improves its performance through mutual cooperation, thus creating greater value for society.

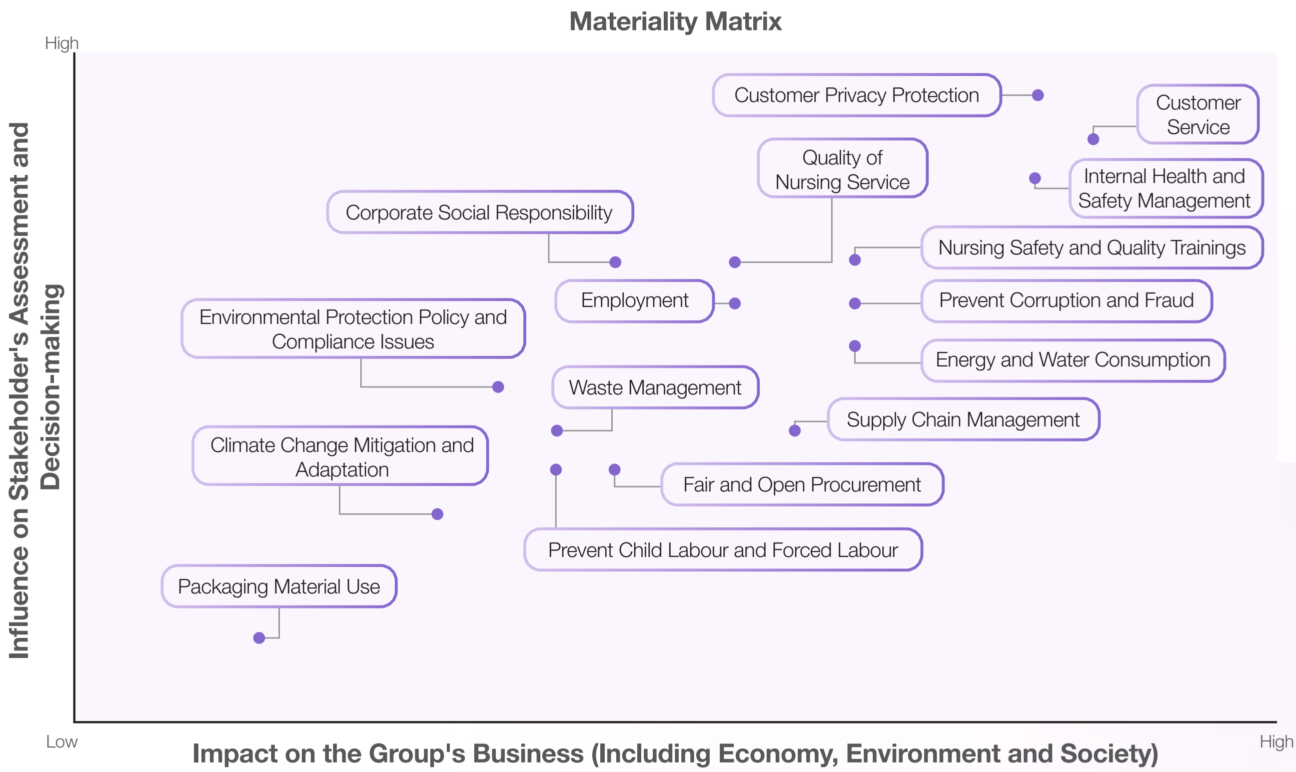
Through different stakeholder engagements and communication channels, the Group will take into account stakeholders' expectation in our operation and ESG strategy. The communication channels between the Group and the stakeholders and their expectation on the Group are as follows:

Stakeholders	Communication channels	Expectation
Investors and shareholders	• AGM and other general meetings • Financial reports • Announcements and circulars	• Safeguard legal rights • Announce update information of the Group in a timely manner • Financial results • Improve internal control and risk management • Corporate sustainable development
Customers	• Customers service hotline • Corporate website	• Safe and high quality products and services • Customer privacy protection • Compliant operation
Suppliers	• Business cooperation	• Fair and open competition • Commercial ethics and reputation • Cooperation with mutual benefits
Employees	• Regular management communications and work performance evaluation • Staff communication and broadcast • Internal network	• Healthy and safe working environment • Equal promotion opportunity • Salary and benefits • Occupation development
Communities, NGOs and media	• ESG Report	• Support charitble activities • Perform environmental protection • Provide high quality health services • Open and transparent information

MATERIALITY ASSESSMENT

The Group identifies and assesses ESG issues which may affect the Group and its stakeholders through materiality assessment, so as to formulate its strategies on sustainable development, establish targets and determine the key scopes of the ESG Report. Materiality assessment also facilitates the Group to analyse business risks and opportunities, and supports the sustainable development of its businesses.

In order to better understand stakeholders' opinions and expectations on the Group's ESG performance, we have adopted a systematic approach to conduct the annual materiality assessment, and invited all relevant stakeholders to participate in the materiality survey and gave ratings on potentially significant issues. With reference to the business development strategies and industry practices, the management of the Group and the Task Force identified and confirmed the list of material ESG issues. The Group prepared the questionnaire based on the list and invited all relevant stakeholders to rank the materiality of all ESG issues. The Group analysed the results of the materiality survey into a materiality matrix. The identified significant issues and stakeholder concerns will be reviewed and confirmed by the Board and the management, and disclosed in this ESG Report. During the Year, the Group's materiality matrix is as follows:



A. ENVIRONMENTAL

The Group is committed to mitigating its impact on the environment and incorporates sustainable development into its business strategy. To promote carbon neutrality and respond to stakeholders' expectations on the Group and issues concerning environmental, social and governance, the Group has set targets for greenhouse gas emissions, waste management, energy and water consumption. The Group will continue to review and monitor the progress of the relevant targets and the effectiveness of the environmental protection policies on a regular basis, details of which will be set out in the sections A1 and A2 below.

A1. EMISSIONS

ENVIRONMENTAL PROTECTION POLICY AND COMPLIANCE ISSUES

The Group adheres to the strategy of sustainable development in its operations, focuses on sound environmental management, and strives to protect the environment in order to fulfill the Group's commitment on social responsibility.

The Group regularly follows the latest national and regional environmental protection laws and regulations, thereby focusing on strengthening environmental protection measures in order to comply with local government-related laws and regulations and fully implement environmental policies. The Group complies with applicable laws and regulations that have a significant impact on its business, including but not limited to the Air Pollution Control Ordinance, the Water Pollution Control Ordinance in Hong Kong and the Water Pollution Prevention and Control Law of the People's Republic of China, Regulations on Urban Drainage and Sewage Treatment, Regulations on the Administration of Medical Wastes, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes in China.

In the course of business operation of the Group, in addition to the general emissions of greenhouse gases ("GHG") and the discharge of domestic wastes and sewage, medical wastes is generated during the provision of medical services which causes potential impacts on the environment and may expose the Group to relevant compliance risk. Therefore, the Group has formulated relevant rules and regulations for the effective control and orderly management of medical wastewater, medical wastes, and other pollutants generated during operation, and for supervising the implementation of environmental protection measures by various departments. Such measures aim to prevent and reduce pollutants against the environment, protect and improve the environment, and protect the health of employees, so as to achieve the environmental objectives and indicators of the Group.

The responsible persons in charge of the Group' s environmental affairs supervise the implementation of the above measures and relevant environmental protection policies. Under the strict supervision and guidance, various departments endeavour to implement the environmental protection policies of the Group and ensure that all operation processes comply with legal requirements. The responsible persons at all levels of environmental protection continue to review the policies and implementation procedures of the Group and report back to the management appropriately. Suggestions would be made if necessary. If unexpected incident causes to abnormal discharge during operation, the responsible person should take emergency measures immediately to prevent the outspread of pollution and report to the management of the Group in a timely manner for efficient coordination.

During the Year, the Group did not have any material violations of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes that have a significant impact on the Group.

A. ENVIRONMENTAL *(CONTINUED)*

A1. EMISSIONS (CONTINUED)

EXHAUST GAS EMISSIONS

Since the Group is principally engaged in the postpartum care services, there is no direct production process involved in the business process. Therefore, the exhaust gas emissions generated during the commercial operation mainly come from vehicle emissions. The Group has taken the following measures to reduce emissions from vehicle exhaust:

- turn off the engine when the vehicle is not in use;
- use unleaded fuel and low-sulphur fuel according to the laws and regulations;
- eliminate non-compliant vehicles in accordance with national emission policy regulations;
- regular maintenance of the vehicle to ensure that engine performance does not interfere with the effective use of fuel; and
- optimise operational procedures to increase efficiency and reduce vehicle idling rates.

The overview of exhaust emissions performance of the Group during the Year was as follow:

Types of exhaust gas	Unit	2021	2020
Nitrogen Oxide (NO_x)	Kg	121.36	112.27
Sulfur Oxide (SO_x)	Kg	1.46	1.35
Particulate Matter (PM)	Kg	11.53	10.67

GHG EMISSIONS

The major sources of the Group's GHG emissions are direct GHG emissions from the combustion of gasoline for vehicles and natural gas for commercial gas cookers used in the preparation of postpartum care meals (Scope 1), indirect GHG emissions from purchased energy (Scope 2). To reduce its carbon footprints, the Group has set the target to reduce the intensity of total annual GHG emissions in 2025 lower than the level in 2020. To achieve the target on emissions reduction and in addition to the vehicle control measures mentioned in the section headed "Exhaust Gas" under this aspect, the Group also actively adopted various energy-saving measures to reduce GHG emissions in the course of operation. Specific energy-saving measures will be described in the section headed "Energy Consumption" under aspect A2.

A. ENVIRONMENTAL *(CONTINUED)*

A1. EMISSIONS *(CONTINUED)*

GHG EMISSIONS *(CONTINUED)*

During the Year, the intensity of total GHG emissions of the Group decreased by approximately 4.65% from approximately 4.30 tCO_2e/per employee in 2020 to approximately 4.10 tCO_2e/per employee in 2021, which was mainly attributable to the effective vehicle control measures and energy-saving measures of the Group.

During the Year, the summary of GHG emissions of the Group was as follows:

Indicator[1]	Unit	2021	2020
Scope 1 – Direct GHG emissions	**tCO_2e**	**1,272.96**	**1,229.83**
• gasoline used in vehicles		263.19	243.47
• natural gas used in commercial gas cookers		1,009.77	986.36
Scope 2 – Indirect resources GHG emissions	**tCO_2e**	**5,068.04**	**4,542.69**
• purchased electricity		5,068.04	4,542.69
Total GHG emissions (Scope 1 and 2)	**tCO_2e**	**6,341.00**	**5,772.52**
Intensity of total GHG emissions[2]	**tCO_2e/per employee**	**4.10**	**4.30**

Note:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, the Baseline Emission Factors of China's Regional Power Grids for Emission Reduction Projects in 2019 published by the Ministry of Ecology and Environment of the PRC, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by HKEX, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), and CLP 2021 Sustainability Report.

2. As of 31 December 2021, the number of employees of the subsidiaries covered by this ESG Report was 1,548 (2020:1,341), which would also be used for calculating other intensity data.

A. ENVIRONMENTAL *(CONTINUED)*

A1. EMISSIONS (CONTINUED)

WASTES MANAGEMENT

HAZARDOUS WASTES HANDLING

Due to the nature of the business, the Group did not generate any significant hazardous wastes during the Year.

MEDICAL WASTES HANDLING

The major hazardous waste generated by the Group is medical wastes, such as syringe, infusion set, pharmaceutical bottle, cotton swab for disinfection, cotton swab and pad, indwelling needle, therapeutic sheet and waste medicines, etc. The Group understands that medical wastes need to be properly disposed of to prevent hazardous causes to the environment and human health. Therefore, the Group is responsible for treating wastes in a legal, safe and professional manner. The business of the Group shall comply with environmental laws and regulations, including the provisions for the treatment of medical wastes. The Group has formulated and effectively implemented relevant written procedures for the treatment of medical wastes in accordance with the Regulations on the Administration of Medical Wastes of Guangdong Province and the Measures for Medical Wastes Management of Medical of Health Institutions to ensure proper management and safe disposal of the wastes.

NON-HAZARDOUS WASTES HANDLING

The Group generates general non-hazardous wastes during its operations, including paper, paper towels, masks, plastic gloves, disposable protective gowns, disposable shoe covers, and other uncontaminated containers. After collection and classification, such wastes will eventually be collected and disposed by property management company. To promote waste reduction from the source, the Group has set the target to reduce the intensity of total annual non-hazardous wastes in 2025 lower than the level in 2020. To achieve the target, the Group actively promoted green office and operating environment and vigorously implemented the four basic principles of waste reduction: reducing usage, waste reuse, recycling, and alternative usage to achieve the recycling of recyclable waste for reuse.

At the same time, the Group is committed to establishing an electronic office. The office makes full use of the online system to conduct general business notices and data transmissions. Printing and copying are minimized to the largest extent, office paper is used both sides, encouraging the use of recycled paper. The Group is responsible for supervising the amount of paper usage in the offices; waste paper is collected and disposed by the administrative department and the office. Besides, the Group has been exploring opportunities to upgrade and strengthen clinic management and administrative information technology systems, such as planning to upgrade the Group’s electronic medical record software system to reduce the use of paper.

During the Year, the intensity of total non-hazardous wastes of the Group decreased by approximately 12.50% from approximately 0.008 tonne/employee in 2020 to approximately 0.007 tonne/employee in 2021, which was mainly attributable to the effective wastes handling and classification as well as the paper-saving measures of the Group.

A. ENVIRONMENTAL *(CONTINUED)*

A1. EMISSIONS (CONTINUED)

WASTES MANAGEMENT *(CONTINUED)*

NON-HAZARDOUS WASTES HANDLING *(CONTINUED)*

During the Year, the Group's non-hazardous wastes disposal performance was summarised as follows:

Types of non-hazardous wastes	Unit	2021	2020
Paper	tonnes	9.31	9.03
General wastes	tonnes	1.80	1.66
Total non-hazardous wastes	**tonnes**	**11.11**	**10.69**
Intensity of total non-hazardous wastes	**tonnes/employee**	**0.007**	**0.008**

SEWAGE DISCHARGE AND TREATMENT

The Group discharges operational water and medical sewage during its daily operation process, the disinfected medical sewage, together with employees' operational and domestic sewage are discharged into the municipal sewage pipeline network for processing in regional water purification plant. After wastewater inspection, the water discharge of the Group satisfied the level 3 standard requirement of the second time-period of "Discharge Limits of Water Pollutants" (DB44/26-2001) of Guangdong Province.

Since the Group's sewage is discharged into the municipal sewage pipeline network for processing in regional water purification plant, the amount of the Group's water consumption represents the wastewater discharge volume. The data of water consumption discharge volume will be described in the section headed "Water Consumption" under aspect A2.

A2. USE OF RESOURCES

The Group aims to actively promote the effective use of resources, real-time monitoring of the potential impacts of business operations on the environment, and promote green office and operating environment, thus minimising the Group's environmental impacts and enhancing its environmental sustainability. The Group has formulated the relevant policies and procedures relating to the environment management and measures and manages the use of water, electricity, oil and other resources on monthly basis, and conducts targeted supervision of major energy-consuming equipment, and standardises equipment operation procedures to accomplish full and effective use of energy.

A. ENVIRONMENTAL *(CONTINUED)*

A2. USE OF RESOURCES (CONTINUED)

ENERGY CONSUMPTION

The major energy consumption of the Group during its daily operation is operational electricity consumption. For electricity consumption, the Group has set the target to reduce the intensity of total annual electricity consumption by 3% in 2025 as compared with the level in 2020. To achieve the target on emissions reduction, the Group has formulated rules and systems and actively adopted electricity conservation and energy saving measures to reduce GHG emissions in the course of operation. Such measures include:

- use energy-saving equipment, appliances and lamps in office;
- forbid running idle equipment and unreasonable electric wiring distribution;
- require employees to pull down the main gate switch, the water curtain wall switch and the electric switch of the front glass door before off duty, and pull them up the next morning;
- turn on electrical equipment, including lighting equipment, air conditioners, fans, etc. during business hours depending on actual needs, and encourage employees to turn off the power when not in use or before off duty;
- regulate the use of air conditioners strictly where the temperature shall not be lower than the default temperature, and turn off the air conditioner in all VIP rooms and treatment rooms when they are not in use;
- enhance the maintenance and overhaul of equipment, maintain the best condition of all electronic equipment for effective use of electricity;
- installed LED energy-saving lamps in all lighting areas;
- gradually replace obsolete equipment with energy-saving certified alternatives; and
- instil the consciousness of energy conservation and environmental protection into the work and life of every employee through posting power-saving slogans.

A. ENVIRONMENTAL *(CONTINUED)*

A2. USE OF RESOURCES (CONTINUED)

ENERGY CONSUMPTION *(CONTINUED)*

During the Year, the intensity of total energy consumption of the Group decreased by approximately 9.20% from approximately 10.87 MWh/employee in 2020 to approximately 9.87 MWh/employee in 2021, which was mainly attributable to the effective energy-saving measures of the Group.

The energy consumption performance of the Group during the Year is summarised as follows:

Types of energy	Unit	2021	2020
Total direct energy consumption	**MWh**	**5,944.43**	**5,757.00**
Gasoline consumed by vehicles	MWh	959.39	887.53
Natural gas used by commercial gas cookers	MWh	4,985.04	4,869.47
Total indirect energy consumption	**MWh**	**9,333.08**	**8,818.58**
Purchased electricity	MWh	9,333.08	8,818.58
Total energy consumption	**MWh**	**15,277.51**	**14,575.58**
Intensity of total energy consumption	**MWh/employee**	**9.87**	**10.87**

WATER CONSUMPTION

The water consumption of the Group is mainly office water usage and medical care-related water consumption. The Group has been strengthening its water-saving promotion, posting water-saving slogans. The Group encourages all employees and customers to develop the habit of conserving water consciously and guide employees to use water reasonably. To improve the Group's water efficiency, the Group has set the target to reduce the intensity of annual water consumption by 6% in 2025 as compared with that in 2020. To achieve the target, the Group also actively adopted the following measures:

- use water-saving appliances as much as possible;
- turn off water tap after use to prevent running, overflowing, dripping and leaking water;
- when irregularity is found, one should report the case to the Equipment Division to take appropriate action to prevent wastage of water resources; and
- post water-saving signs in tea rooms and toilets to remind employees to save water.

A. ENVIRONMENTAL (CONTINUED)

A2. USE OF RESOURCES (CONTINUED)

WATER CONSUMPTION (CONTINUED)

During the Year, the intensity of water consumption of the Group decreased by approximately 21.28% from approximately 169.94 cubic metres/employee in 2020 to approximately 133.77 cubic metres/employee in 2021, which was mainly attributable to that the Group successfully improved the water efficiency and the water-saving awareness of employees through water-saving measures.

During the Year, the Group's water consumption performance is summarised as follows:

Indicator	Unit	2021	2020
Water consumption	**Cubic meter**	**207,078.00**	**227,891.00**
Intensity of water consumption	**Cubic meter/employee**	**133.77**	**169.94**

Due to the geographical location of the Group's offices and postpartum care centres, the Group does not have any issue in sourcing water that is fit for purpose.

USE OF PACKAGING MATERIALS

Due to our business nature, the Group does not primarily engage in manufacturing business requiring the use of significant amount of packaging materials. Therefore, it does not consume any significant amount of packaging materials during its daily operation.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group pursues environmental best practice and understands that it is hard to avoid the impact on the environment and natural resources under its business operations. Relevant impact includes the GHG emissions, wastes, consumption of natural resources such as electricity and water, details of which have been set out in the sections A1 and A2 above. Therefore, the Group complies with environmental related regulations and international standards to appropriately protect the natural environment in order to minimise the negative impact on the environment and natural resources. The Group has also integrated the concept of environmental protection into its internal management and daily operational activities and is committed to achieving environmental sustainability. The Group is aware of its responsibility to facilitate the sustainable development of its business operations and create long-term value for the Group's stakeholders and the community. Thus, the Group continuously monitors whether our business operations have any potential impact on the environment and minimise the impact of our operations on the environment by promoting green offices.

INDOOR WORKING ENVIRONMENT

The Group is committed to providing employees with a comfortable and environmentally friendly working environment to enhance work efficiency. The Group also strives to maintain a clean and neat environment in the workplace. The Group regularly inspects office areas to ensure that a good working environment is maintained. Once the Group discovers problems in the workplace in time, it will take precautionary measures to minimise potential hazards to employees. In addition, the Group regularly monitors indoor air quality in the workplace and regularly cleans air-conditioning systems to maintain good indoor air quality.

A. ENVIRONMENTAL *(CONTINUED)*

A4. MITIGATION AND ADAPTATION TO CLIMATE CHANGE

Climate change is bringing increasingly escalating risks and challenges to the global economy, and may also have a negative impact on the Group's business. Therefore, the Group is well aware of the importance of identifying and mitigating any significant impacts caused by climate change. Therefore, the Group has formulated the Climate Change Policy to identify and manage the climate-related risks and opportunities, and formulated corresponding response mechanism to adapt to or mitigate the climate change impact on its business. Moreover, the Group has incorporated climate change risk factors into environmental, social and governance risk management, and conducted annual risk assessment to identify physical risks and transition risks, their potential impacts and formulate corresponding mitigation measures.

After referring to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), the Group has identified the climate-related risks and the corresponding countermeasures as follows:

PHYSICAL RISKS

Climate change leads to more frequent and severe extreme weather, including but not limited to typhoon, rainstorm and flood caused by heavy rainfall, which not only threatens the Group's employee personal safety and but also increases the risk of power shortages, disruptions in the supply chain and damage to the Group's assets. This could result in disrupting the Group's operations and reduced revenues and increase the cost of repairing or restoring damaged sites. All the above climate changes have a significant potential impact on the Group's daily operation.

In view of this, the Group has formulated countermeasures for related risks according to its Climate Change Policy to minimise the potential impact of extreme weather events on the Group's business and also pays close attention to the latest weather news and recommendations issued by the local government where it has operations.

- Storm: The Group regularly checks the effectiveness of drainage facilities to avoid casualties or property losses caused by storms in workplaces, including but not limited to offices.

- Floods: The Group regularly organises emergency evacuation and daily emergency rescue drills to strengthen employees' emergency response ability, and strives to minimise building damage and personal injuries caused by floods.

A. ENVIRONMENTAL *(CONTINUED)*

A4. MITIGATION AND ADAPTATION TO CLIMATE CHANGE (CONTINUED)

TRANSITION RISKS

As the society transforms into a low-carbon economy to achieve sustainable development, local governments and regulatory agencies have successively formulated and tightened environmental and climate-related policies, laws and regulations. For example, China is committed to "carbon peak before 2030 and carbon neutrality before 2060", and the Stock Exchange also requires listed companies to strengthen climate-related disclosure in their ESG report, which may lead to an increase in related compliance costs. If we fail to timely meet the requirements of new laws and regulations on environment and climate change or are unable to meet the requirements, the Group may face compliance risks and reduced reputation. Therefore, the Group will regularly monitor existing and emerging climate-related trends, policies and regulations to avoid compliance risks and reputational risks caused by slow response. In addition, in order to reduce the Group's impact on the environment and meet the Stock Exchange requirements to mitigate and adapt to the climate-related risks, the Group has formulated environmental-related targets, including the reduction in exhaust gas and greenhouse gas emissions, saving in electricity and water, and waste reduction from the source. The Group will continue to evaluate the effectiveness of its climate change response actions and enhance its ability to address climate-related issues.

B. SOCIAL

B1. EMPLOYMENT

Employees are the greatest and most valuable asset and the core competitive advantage of the Group; therefore, the success of the Group is highly dependent on its capability to attract, cultivate and retain employees. The Group adheres to a people-oriented approach, respects and safeguards the legitimate interests of every employee, standardises labour employment management, and protects employees' occupational health and safety. The Group has also formulated a series of relevant personnel management policies in accordance with relevant laws and regulations to safeguard the vital interests of employees, fully respect and value the proactiveness, motivation and creativity of employees to build harmonious labor relationships and provide employees with a healthy, positive and motivative working atmosphere, and guides employees to actively integrate personal pursuits into the long-term development of the Group.

The Group has complied with all laws and regulations related to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits and welfare, including but not limited to the Hong Kong Companies Ordinance, Mandatory Provident Fund Schemes Ordinance, Regulations on Minimum Wages, Regulations on Privacy of Personal Data, and the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and Labor Safeguards Regulations. During the Year, the Group did not discover any violations of local relevant employment laws and regulations that have a significant impact on the Group.

B. SOCIAL *(CONTINUED)*

B1. EMPLOYMENT (CONTINUED)

As of 31 December 2021, the Group had a total of 1,548 employees (2020: 1,341) under the scope of this ESG Report, who are full-time employees. As the Group is mainly engaged in the postpartum care services business, offering professional nursing and care services to postpartum mothers and newborn babies, the majority of our employees are females. Our employees were classified as follows:

Category	2021	2020
By gender		
Male	255	238
Female	1,293	1,103
By age		
<30	732	624
30-40	561	468
41-50	204	199
51-60	49	48
>60	2	2
By region		
China	1,544	1,341
Hong Kong	4	–

During the Year, the Group had a total employee turnover rate[3] of about 33.51%. The details of employee turnover rate[4] by different categories are shown in the following table:

Employee turnover rate[5]	2021	2020
By gender		
Male	27.59%	N/A
Female	34.72%	N/A
By age		
<30	44.54%	N/A
30-40	22.16%	N/A
41-50	27.79%	N/A
51-60	22.68%	N/A
>60	50.00%	N/A
By region		
China	33.55%	N/A
Hong Kong	–	N/A

Note:

3. The employee turnover rate is calculated by dividing the number of employees lost during the Year by the average number of employees at the beginning and end of the Year.
4. The turnover rate by category is calculated according to the number of employees lost in that category divided by the number of employees in that category at the beginning and end of the Year.
5. Relevant figures have been disclosed since 2021.

B. SOCIAL (CONTINUED)

B1. EMPLOYMENT (CONTINUED)

RECRUITMENT, PROMOTION, INCENTIVE AND DISMISSAL

The Group has continuously established and improved its recruitment and selection system. In the recruitment process, we will standardise the hiring procedures and recruitment principles, adhere to the hiring principles of morality, knowledge, ability, experience and fitness applicable to job positions as well as the principles of justice, fairness, equality, and openness, so as to continuously attract talents.

The Group manages front-line employees and office staff separately and specifies the basis and process for staff promotion, transfer and demotion management, in order to regulate the departure and dismissal process, and protect the interests of both employees and the Group. The Group has implemented a fair and open assessment system to provide employees with opportunities for promotion and development based on their work performance and internal assessment results so as to explore their potential at work. The Group established a reserve talent pool and arranged tailor-made trainings and leadership positions for key training targets to provide more opportunities and platforms for employees' career development and to meet the Group's needs of sustainable development. The Group also gives priority to promote employees who contribute more than the others, so as to optimise the allocation of human resources within the Group.

The Group has already implemented a reward system and also rewarded employees who have made outstanding contributions to the Group. Staff providing constructive advices will be awarded based on the level of rationalisation of the advices. Besides, the Group will conduct regular employee assessment to reward employees with outstanding performance.

The dismissal-related procedures for the employees of the Group are specified in the personnel management policy. All termination procedures must be completed in accordance with the requirements of relevant laws and regulations, as well as professional regulations. The Group absolutely disallows employees dismissal in any circumstances. The dismissal process will only take place on a reasonable basis, and ensure that issues are fully communicated before the formal dismissal.

REMUNERATION AND BENEFITS

The Group has established a fair, equitable, reasonable, and competitive remuneration system for salary payments to employees based on the principle of fairness, competition, incentives, reasonableness, and legitimacy. The remuneration of the Group's employees comprises basic salary, performance bonus, overtime payment, position subsidy, related subsidies and other various bonuses. In addition, the Group conducts annual assessments in accordance to changes in macroeconomic factors (e.g. national policies and price levels), industry and regional remuneration levels, changes in the Group's development strategy, and the overall effectiveness of the Group, and makes corresponding adjustments to staff remuneration.

B. SOCIAL *(CONTINUED)*

B1. EMPLOYMENT (CONTINUED)

REMUNERATION AND BENEFITS *(CONTINUED)*

The Group has signed and executed labour contracts with employees in accordance with the Labour Contract Law. The signing rate of the labour contracts is 100%. In accordance with the law, the Group legally pays “five social insurance and one housing fund” for its employees, namely endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, to ensure that employees are covered by social insurance.

The Group earnestly safeguards the legitimate interests of labour in accordance with the requirements in Labour Law of the People’s Republic of China and related national and local laws and regulations, respects the rights of employees to rest and leave, and regulates their working hours and their rights for various types of rest times and holidays. The Group strictly observes legal working hours in accordance with the Labour Law of the People’s Republic of China, and follows the Regulation on Paid Annual Leave for Employees and other relevant regulations to implement the paid leave system for employees. Meanwhile, overtime wage is paid for labour exceeding statutory working hours in accordance with national laws and regulations.

The Group has been committed to providing thoughtful and comprehensive employee benefits and actively organising various activities. On one hand, it creates a warm family atmosphere with meticulous care to employees. On the other hand, it helps employees to enjoy work-life balance through such benefits. The relevant benefits and activities are as follows:

- provide family vacation benefits such as marriage leave and maternity leave and encourage employees to spend time with their families;

- deliver festive foods such as moon cakes and dumplings to employees during certain traditional festivals (such as Lunar New Year and Mid-Autumn Festival) in recognition of their contributions and dedicated work to the Group; and

- organise various group activities for employees to create a dynamic company atmosphere, promote communication and interaction among colleagues, and enhance team spirit.

EQUAL OPPORTUNITY

The Group strictly complies with national and local government regulations by adopting a fair, just and open recruitment process and developing relevant system files to eliminate discrimination in the recruitment process, whose employees face no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality, thus allowing them to enjoy fair treatment in every aspect including recruitment, salary, training and promotion, labour contract termination and retirement, with an endeavour to attract professionals with diverse backgrounds joining the Group. The Group is committed to providing equal opportunities in all respects and are committed to maintaining employee diversity, and strongly prohibits any unfair treatment.

B. SOCIAL (CONTINUED)

B2. HEALTH AND SAFETY

As a company engaged in the postpartum care services business, the Group recognizes the importance of the health and safety of its employees, commits itself to providing employees with a healthy, safe and comfortable working environment and strives to eliminate potential health and safety hazards at workplaces and perform well in safety management in all aspects to ensure the personal safety and health of employees during work. The Group has established a sound occupational health and safety management system to provide employees with a safe working environment.

The Group has complied with all laws and regulations related to providing a safe working environment and protecting employees from occupational hazards, including but not limited to the Occupational Safety and Health Ordinance in Hong Kong, Employees' Compensation Ordinance, and Occupational Diseases of the People's Republic of China in China, Law on Prevention and Control, and Law of the People's Republic of China on Work Safety. During the Year, the Group's subsidiaries covered by this ESG Report did not identify any violation of local relevant health and safety regulations that have a significant impact on the Group. In the past three years (including the Year), the Group has recorded no accidents on work-related fatalities.

During the Year, the Group recorded a total of 110 lost days due to work injuries. The 2 injured employees involved in the two accidents have received appropriate treatment and rest. The Group also ensures that such employees can only return to work as usual after they have recovered. In order to prevent similar accidents from happening again, the Group conducted safety education for related personnel and arranged retraining of operation procedures, so as to strengthen and consolidate the safety awareness of employees. The Group also regularly inspects and replaces tools and working equipment to ensure the work safety of all employees.

INTERNAL HEALTH AND SAFETY MANAGEMENT

The Group has formulated a series of professional protection standards in accordance with laws and regulations such as the Law of the People's Republic of China on the Prevention and Treatment of Infectious Diseases and maintained a set of internal health and safety management systems, including but not limited to the "Policy on the Infectious Disease Prevention and Control" and "Remaining Drugs Recycling Management", etc., so as to ensure the health and safety of customers, the public and employees in the operation. The Group has set up relevant committees to supervise and inspect the Group's work on infectious disease control and management. Specifically, the Group has established the following occupational safety measures for employees:

- for the prevention of infectious pathogens, laboratories and medical personnel should wear gloves, masks with anti-permeation function, goggles, face masks, or even isolation gowns or aprons with anti-permeation function;

- when infectious patients, or those in close contact with them is found among employees or clients, employees should take necessary measures of isolation, treatment and spread control, and report to the local disease control centre in a timely manner;

B. SOCIAL *(CONTINUED)*

B2. HEALTH AND SAFETY (CONTINUED)

INTERNAL HEALTH AND SAFETY MANAGEMENT *(CONTINUED)*

- to control the potential spread of infectious diseases in clinics or laboratories, the Group will conduct regular sterilization in both areas. Regular cleaning of air-conditioning systems and sanitization of carpets should be arranged while the cleanliness of the passageway and work environment should be maintained;

- a dangerous goods classification system in medical laboratories has been set up to classify and specify the hazards of chemicals, reagents, and equipment, and a comprehensive and systematic system has been established to manage dangerous goods and reduce their risk; and

- an operating license has been issued by China Food and Drug Administration to ensure the safety of relevant medical devices.

The above measures are implemented and are monitored by conducting safety checks regularly by the relevant departments of the Group.

OCCUPATIONAL SAFETY TRAINING

MEDICAL SAFETY AND QUALITY TRAININGS

As medical work is exposed to greater occupational risks, the Group places special emphasis on prevention of occupational hazards and related trainings. The Group has formulated the "Policy on the Medical Quality and Safety Training", organized various kind of safety education by different means such as the trade unions, and formulated safety operation procedures as the major content of occupational safety education based on medical treatment subjects and medical equipment. The Group implemented "three-level" safety education for our employees, including orientation trainings, position trainings and on-site trainings. The Group has provided trainings and examinations on policies and regulations related to healthcare management, the regulations of the Group's clinic, the regulations on the operation of medical equipment, medical waste treatment and occupational protection, as well as medical safety working experience, so as to assist employees to familiarize the operational procedures and regulations of occupational health and safety, and strengthen their ability of controlling occupational hazards. In addition, the Group also makes use of trainings, billboards, and pamphlets to raise our employees' awareness of self-care. We will also organize a series of occupational health talks such as disease prevention lectures to enhance our employees' health awareness.

In addition, the Group focuses on providing postpartum care services. In order to cultivate an adequate supply of relevant talents, the Group has, through its subsidiaries, entered into relevant cooperation agreements in relation to cultivation of talents with five vocational colleges such as Guangzhou Nanyang Polytechnic College, Yunnan Sheng Lincangweishengxuexiao (雲南省臨滄衛生學校), Guizhou Nursing Vocational College, Guiyang Healthcare Vocational University, and Dandong School of Traditional Chinese Medicine in the PRC. Various ways of cooperation will be adopted to jointly cultivate frontline nursing personnel based on the merits of each college. In particular, each college will open merit-based classes in an order manner in light of demand of human resources of the Group. The teaching activities of such classes will be carried out with using special teaching materials complied jointly. Also, such classes will conduct academic research, write academic essays and participate in the practical training base established by the Group as a whole. The Group will continue to conduct school-enterprise cooperation with more institutions of different levels in the future based on the business development needs. In additional to training of front-line nursing staff, the Group will further cooperate with institutions in training management and operational personnel.

B. SOCIAL *(CONTINUED)*

B2. *HEALTH AND SAFETY (CONTINUED)*

OCCUPATIONAL SAFETY TRAINING *(CONTINUED)*

FIRE SAFETY TRAINING

The Group has also formulated fire safety systems in accordance with the Fire Protection Law of the People's Republic of China and the Provisions on Supervision and Administration of Fire Control at Construction Projects. By implementing the principle of "mainly prevention, combining prevention and elimination", fire drills are conducted to popularise knowledge of fire prevention, staff's awareness of fire prevention are raised and fire evacuation plans are improved to strengthen employees' ability to escape from a fire scene. In addition, the Group also has first aid kits and fire extinguishers in workplace in response to emergencies.

PREVENTION AND CONTROL MEASURES FOR CORONAVIRUS DISEASE 2019 ("COVID-19")

The Group has been implementing high-standard infection prevention and control programmes all the time. In response to the outbreak of the COVID-19 epidemic, the Group strictly complies with and implements the guidelines and announcements of the Chinese Center for Disease Control and Prevention and the Hong Kong Center for Health Protection on epidemic prevention to protect the health of employees and customers and minimize operating risks. These include but are not limited to (i) refusal to accept some potential high-risk customers, and some Hong Kong customers who have booked but are unable to come to Shenzhen due to customs clearance regulations; (ii) control the flow of employees; (iii) if the Group suspects any employees are being infected, it has the responsibility to report to the authorities; (iv) requiring employees and customers to take temperature checks before entering the postpartum care centres and offices; and (v) raising health awareness, such as advocating employees to wear masks correctly.

B3. *DEVELOPMENT AND TRAINING*

The Group focuses on corporate internal management training and the establishment of development system. Through multiple training modes of induction training, management personnel training, technical personnel training and pre-post training, diverse needs of employees at all levels are fulfilled and their skills are enhanced such that they can continue to provide high-quality services to assist the Group's sustainable development while in turn supporting them in personal growth and development.

TRAINING MANAGEMENT

The Group has developed training related procedures to regulate the training management of employees. The management regularly formulates training proposals and establishes corporate training files. The management regularly reviews the effectiveness of different training programs and courses to help improve the efficiency of the Group's training system. According to the training proposals, the Group evaluates and monitors the implementation of its training courses, striving to providing appropriate training courses for different levels of employees.

TRAINING PROGRAMMES

The in-house corporate training of the Group includes various forms of training courses (including seminars and lectures), visits and inspections, business studies, distribution and posting of promotional materials, field rehearsals and self-study. Outsourcing training includes engaging tertiary institutions, research and development agencies, government agencies and industry management departments to provide lectures for the Group.

B. SOCIAL (CONTINUED)

B3. DEVELOPMENT AND TRAINING (CONTINUED)

TRAINING PROGRAMMES (CONTINUED)

Newly recruited employees are required to receive short-term induction training. The contents mainly include the introduction of the Group and the Group's business, the development and trend of medical anti-aging business, professional basic knowledge, internal corporate organizational structure and management system, and daily conduct standards. The Company's business department will also arrange new employees to visit the Group's agencies in field, so as to help them understand corporate culture and systems at a faster pace.

The nursing professionals of the Group can participate in academic activities related to their majors, including international academic conferences, academic forums in China, academic seminars, continuous medical education programmes in national level, and academic lectures by well-known local and overseas experts, etc.

The Group also recognises the importance of occupational safety training and fire training to protect the personal safety of employees. The relevant policies have been described in detail in the section headed "Occupational Safety Training" under aspect B2.

During the Year, the Group had a trained employee ratio[6] of about 74.03%. Employees took part in about 11,700.00 hours of training, with about 4.44 hours of average training hours[7] per employee.

Category	Trained employee ratio[8]	Trained employee breakdown[9]	Average training hours[10]
By gender			
Male	35.35%	7.79%	1.77
Female	81.58%	92.21%	4.96
By title of employees			
General Manager	100.00%	0.05%	10.00
Vice General Manager	100.00%	0.05%	10.00
Director	61.54%	0.41%	3.08
Manager	66.67%	1.44%	3.33
Supervisor	77.60%	4.97%	6.21
Team leader	53.24%	3.80%	5.32
Employee	75.27%	89.28%	4.32

Note:

6. The trained employee ratio is calculated by dividing the total number of trained employees during the Year (including resigned and left employees) by the total number of employees during the Year.
7. The average training hours per employee is calculated by dividing the total training hours (including resigned and left employees) during the Year by the total number of employees during the Year.
8. The trained employee ratio by category is calculated by dividing the number of trained employees in the specific category during the Year by the total number of employees in the category (including resigned and left employees) during the Year.
9. The trained employee breakdown by category is calculated by dividing the number of trained employees in the specific category during the Year by the total number of trained employees during the Year.
10. The average training hours by category are calculated by dividing the training hours of employees in the specific category during the Year by the total number of employees in the category (including resigned and left employees) during the Year.

B. SOCIAL *(CONTINUED)*

B4. LABOUR STANDARDS

PREVENT CHILD AND FORCED LABOUR

The Group has complied with all laws and regulations related to the prevention of child labor or forced labor, including but not limited to, the Employment Regulations in Hong Kong and the Labor Law of the People's Republic of China, Prohibition of Use of Child Labour of the People's Republic of China and Forced Labour Convention.

The Group strictly prohibits the employment of any child labor and forced labor. Employment will only be permitted for staff at an age of 16 or above. New employees are required to provide true and accurate personal data when they are employed. Recruiters should strictly review the entry data including medical examination reports, academic credentials, ID cards, household registration, degree certificates and other information. The Group has established comprehensive recruitment procedures to check the background of candidates in order to prevent any child labor or forced labor in operation.

The Group and its employees signed legal labor contracts in accordance with laws, so that there is no compulsory use of labor. For the use of false information or in violation of the provisions of the Group, we will terminate the probation period or the labour contract immediately.

In addition, the Group's employees' overtime work complies with the principle of voluntariness, so as to avoid violation of labor standards and effectively protect the rights and interests of employees. The Group also prohibits punitive measures, management methods and behaviors such as verbal abuse, physical punishment, violence, and mental oppression on employees for any reason.

During the Year, the Group did not discover any material non-compliance with laws and regulations related to the prevention of child labor or forced labor that had significant impact on the Group.

B. SOCIAL (CONTINUED)

B5. SUPPLY CHAIN MANAGEMENT

The Group is principally engaged in the purchase of medical equipment and drugs from suppliers. In addition to the specifications of the required products, price trends of medical devices and drugs, and product demand, the Group also places great emphasis on the management of potential environmental and social risks in the supply chain. The Group has established a rigorous and regulated procurement system and supplier selection procedures, and put forward requirements for suppliers on environmental and social risk control.

In the process of supply chain management, the Group strictly complies with the Pharmaceutical Administration Law of the People's Republic of China, Regulations for the Implementation of the Pharmaceutical Administration Law of the People's Republic of China, Regulations for the Control of Narcotic Drugs and Psychotropic Drugs, the Measure for the Supervision and Administration of Medical Devices, etc., and other relevant laws and regulations in an effort to minimize the potential environmental and social risks in the supply chain. During the Year, the Group has a total of 65 suppliers, all of them are located in China.

ENVIRONMENT AND SOCIAL RISK MANAGEMENT IN SUPPLY CHAIN

The Group has been committed to ensuring suppliers to meet the environmental and social risk control requirements and strictly abide by laws and regulations in China. In order to improve the quality of suppliers, the Group constantly improved the supplier evaluation process and evaluated suppliers in a structured and systematic way. The Group expects suppliers to meet their standards not only in terms of quality and business ethics, but also in terms of environment, society and corporate governance. Therefore, the Group has formulated relevant rules and regulations on environmental, social and moral standards, carefully supervised the supply chain operation, regularly evaluated suppliers and demanded suppliers to have a positive impact on environmental and social issues, mainly including legal operation compliance, human rights protection, employee safety and health, social responsibility, business ethics, and environmental protection. To encourage suppliers to pursue sustainable development in their operations, the Group maintains close communication with suppliers and shares the latest knowledge about quality and safety, good employment and environmental practices. The Group also provides necessary guidance on how to implement environmental protection measures in the whole supply chain. By implementing the supplier evaluation and maintaining close communication with suppliers as mentioned, the Group closely monitors the suppliers' business behaviour, and the management is responsible for recording any non-compliance situation. If a supplier fails to continuously meet the Group's requirements, the supplier may be terminated to supply goods. To ensure that the corporate policies on supplier environment and society are consistent with the Group's policy direction, a total of 56 suppliers were selected according to the Group's Supplier Qualification Evaluation and Excellent Supplier Evaluation Mechanism during the Year.

B. SOCIAL *(CONTINUED)*

B5. SUPPLY CHAIN MANAGEMENT (CONTINUED)

FAIR AND OPEN PROCUREMENT

The Group's procurement process strictly follows the relevant provisions of the Bidding Law of the People's Republic of China and other relevant regulations, and is in an open, fair and impartial environment. The Group will not discriminate against any suppliers, and will not allow any corruption or bribery, and employees and other individuals who have interest in relevant suppliers will not be permitted to participate in related procurement activities. The Group focuses on the integrity of its suppliers and partners, and will only select suppliers and partners who have good business records in the past and have committed in any serious law or business ethics.

As to the supply of drugs, the evacuation introduction and procurement of the drugs shall be discussed and concluded by the medical professionals of the Group, and the introduction of medical equipment and medical consumables as well as the temporary purchase of licensed pharmaceuticals shall all subject to discussion and decision of medical professionals of the Group. The relevant medical equipment suppliers shall possess relevant qualifications such as the "Operation Permit for Medical Device", otherwise the Group will terminate its supply contract. The Group has always maintained a stable relationship with various suppliers, and never encountered any major problems in obtaining sufficient supplies to meet operational needs, nor did it rely on any specific supplier.

B6. PRODUCT RESPONSIBILITY

The Group places great emphasis on the quality of medical services and corporate reputation. The Group employs professional medical teams with medical licenses to manage the Group's products and medical service quality which meet the standard of hospital management. The Group also actively ensures the quality of our services through internal controls and are committed to providing medical services that meet international industry standards. The Group has also been maintaining communication with our customers to ensure that we understand and cater to their needs and expectations. The Group also expects to grasp the degree of satisfaction of our customers so as to continuously improve our service quality.

According to the Regulation on the Administration of Medical Institutions and its provisions of implementation rules, all our medical institutions can only operate subject to obtaining "The Practice License of Medical Institutions". At the same time, the Group actively complies with consumer protection laws and regulations including but not limited to the Trade Descriptions Regulations in Hong Kong, Bad Advertising (Medicine) Regulations, Personal Data (Privacy) Regulations and the Regulations for the Supervision and Administration of Medical Devices, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China, and Measures for the Administration of Medical Advertisements in China. During the Year, the Group was not aware of any non-compliance of relevant laws and regulations relating to healthy and safety, advertising, labelling and privacy matters relating to products and services provided that have a significant impact on the Group.

QUALITY OF NURSING SERVICE

The Group provides professional, high-quality and highly efficient services to different customers in various ways, actively creates value for customers, concerns, explores and responds to customer needs, and strives to provide customers with services beyond their expectations.

B. SOCIAL *(CONTINUED)*

B6. PRODUCT RESPONSIBILITY (CONTINUED)

QUALITY OF NURSING SERVICE *(CONTINUED)*

In order to maintain service quality, the Group has formulated the "Policy on the Nursing Quality and Safety Training" for postpartum care centres. Through employees' training, especially continuous training for nursing staff, the Group guarantees the quality and safety of nursing services we provide to our customers, and improve our nursing staff's professional standards, details of which are elaborated in the section headed "Occupational Safety Training" under aspect B2 and the section headed "Training Courses" under aspect B3.

In addition, the Group joined the Guangzhou Bioindustry Alliance, which is a local and non-profit social organization voluntarily formed by upstream and downstream enterprises in the city's biological industry chain, scientific research institutes, high schools, industry organizations, medical institutions, and investment and financing institutions, with an objective of integration of "government, enterprises, institutions, researchers and users", focusing on the significant needs of industry development. With the government guidance and socialization to improve the biological ecological chain and promote the development of bio-pharmaceutical industry. The Group has joined the Alliance, which aims to leverage a group of top and highly influential expert consultants and university research resources backed by the Alliance platform so as to further consolidate the Group's technological advantages and provide customers with more professional and qualified medical service. During the Year, the Group did not receive any cases of products or services sold or shipped that had to be recalled for safety and health reasons.

CUSTOMER SERVICE

FEEDBACK COLLECTION AND RESEARCH

The Group has a dedicated customer service function to collect and analyze customer feedback. Through active extension of services and communication, Customer Service Division becomes an important constituent to ensure patients' positive experience. The Group conducts customer satisfaction surveys through questionnaires, and understand the customers experience and satisfaction according to the results so as to put in place a service quality monitoring system.

The Group also cooperates with third parties from time to time to conduct comprehensive surveys, analysis and studies, so as to organize, analyze and study relevant information on customer experience and satisfaction obtained from the above methods, thus demonstrating the improvement of the Group's medical service standards.

COMPLAINT MANAGEMENT

Customers can file complaints by mail, telephone, or in person. The Group is committed to solving all patient complaints in the shortest time or on the spot (where applicable). For material complaints that involve clinical safety or may affect health, the Group will immediately take actions to prevent or minimize the adverse impact on customers. The Group requires that every complaint should be properly submitted to and handled by the responsible personnel and manager and prohibits staff from reaching a private settlement with the complainant. During the Year, the Group did not have any records of major complaints about products and services.

B. SOCIAL *(CONTINUED)*

B6. PRODUCT RESPONSIBILITY (CONTINUED)

CUSTOMER PRIVACY PROTECTION

The Group strictly and carefully manages customer files to avoid leakage of customer privacy. The Group strictly abides by laws and regulations such as the Protection of State Secrets of the People's Republic of China and Regulations on the Administration of the Secret Management of State Secret Carriers and other laws and regulations. We are committed to implementing stringent security protection measures on customer personal data collected during business operations to ensure that customer personal data is not leaked out and misused.

The Group strictly manages the enquiry, usage and downloading of customer privacy information in the information system to effectively prevent data leakage and abuse. Customer information and customer data must not be sold, shared, or disclosed for any purpose, and every employee must protect customer information and data in accordance with the Group's regulations. Our conversations with customers, transaction history, documents and reports provided by them (if not for public) will be kept confidential, and disclosure of customer information to third parties without customer authorization is strictly prohibited. At the same time, customers always have the right to review and modify their information. The Group is firmly committed to protecting the privacy of our customers, thereby earning their trust and confidence, maintaining the Group's market competitiveness, and driving the Group's sustainable business development and service quality assurance.

INTELLECTUAL PROPERTY

For the Group's business operation, intellectual property is not an important environmental, social and governance issue of the Group. However, the Group has formulated relevant policies to regulate the IT management within the Group. In addition, the Group's IT department is responsible for ensuring the proper licensing of the software, hardware and information used in business operations. Copying or downloading any information, software or images from the Internet requires the approval of relevant departments. Further, the Group pays close attention to the infringement in the market to prevent the Group from any related non-compliance, such as counterfeiting trademarks. The Group also regularly monitors relevant operations in the market to ensure that its intellectual property rights are not infringed.

ADVERTISING AND LABELLING

In order to ensure that the label of the Group's products conforms to the actual situation of the product, the Group strictly abides by relevant laws and regulations on advertising and marketing, such as the Advertising Law of the People's Republic of China, formulates and implements relevant systems to supervise advertising and marketing, and strictly reviews publicly released promotional materials and sales commitments, so as to prevent misleading or misleading publicity content and protect customers' consumer rights from being infringed.

The Group requires that all publicity content such as external image display, event publicity, and marketing publicity of all units, institutions, and subordinate projects must be approved by deputy leader before it can be produced and released externally, so as to avoid any form of false publicity and to ensure the content truthfulness and accuracy of the publicity.

B. SOCIAL *(CONTINUED)*

B7. ANTI-CORRUPTION

PREVENT CORRUPTION AND FRAUD

The Group believes that a clean corporate culture is the key to our continued success. Therefore, the Group attaches great importance to anti-corruption work and system building, commits ourselves to building a clean and transparent corporate culture, and pays special attention to the professional ethics of hospital staff. The Group strictly complies with the relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance in Hong Kong and the Company Law of the People's Republic of China, Bidding Law of the People's Republic of China, and Interim Provisions on Banning Commercial Bribery in China. In addition, the Group strictly complies with the relevant medical laws and regulations formulated by Chinese government departments, including the "Code of Conduct for the Practitioners of Medical Institutions", the "Notice on Printing and Circulating of "Nine Prohibitions" for Enhancing the Construction of Medical Health Industry Style", and the "Notice of the Ministry of Health on Issuing the Provisions on the Establishment of Commercial Bribery Record in the Purchase and Sales Medicines" etc. The Group implements a zero-tolerance policy on any accepted bribery of medical personnel. Any employee found to violate our anti-corruption and bribery policies will be dismissed.

During the Year, the Group did not find any major violations of laws and regulations on preventing bribery, extortion, fraud and money laundering, nor did it find any concluded corruption, pending or threatened lawsuits against the Group and its employees.

The Group has formulated the Anti-Money Laundering and Counter-Terrorism Financing Policy and implemented adequate and appropriate policies, procedures and control measures. The Group strictly prohibits any bribery or other improper payment in business operations. The relevant regulations apply to all business activities, regardless of whether the people involved are government officials or business people, the kind of services they provide, delivery channels or geographical locations involved, and such payments should not be confused with reasonable and limited expenditures for gifts, rewards and other legitimate activities directly related to the business operation of the Group. Stakeholders can report illegal or potential illegal activities to the Board in a confidential manner through the channels established by the Group.

In order to keep employees informed and prevent any form of illegal activities in daily operations, and to ensure the compliance operation and reputation of the Group, the Group is committed to providing compliance training for directors and employees, and encourages all employees to take efforts to understand the latest dynamics and future trends of global anti-money laundering and compliance work. During the Year, the Group's directors and employees respectively received about 9 hours and about 3 hours of anti-corruption training on related laws of anti-corruption, anti-money laundering and anti-terrorism financing, corporate integrity governance and ethical conduct.

B. SOCIAL *(CONTINUED)*

B8. COMMUNITY INVESTMENT

CORPORATE SOCIAL RESPONSIBILITY

The Group believes that corporation is a social cell that grows with the nurturing of social maternity while shoulders the responsibility of returning to society. As a responsible medical service operator, the Group has always been committed to supporting various public welfare and community activities and hopes to give back to the community through the medical profession. The Group actively fulfills its social responsibilities as a corporate citizen and cultivates its employees' sense of social responsibility. Therefore, the Group encourages employees to participate in charity activities during their work and private time to make greater contributions to society. There has always been arrangement for the Group's staff to participate in activities such as charity events related to environmental issues, donations for students and social services. The Group believes that through personally participating in activities that contribute to the community, employees' civic awareness can be raised to establish the correct values.

During the Year, the Group invested most of its resources to maintain its business operations due to the COVID-19 epidemic, so it did not hold or participate in any charitable activities. However, as an enterprise providing postpartum care services, the Group attaches great importance to the health of pregnant women and newborn babies in the community. Therefore, the Group will reallocate resources in the future and invest more in the community, especially in promoting the well-being of pregnant women and newborn babies, so as to give back to the society.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Chapter/Statement
Governance structure	ESG Structure
Reporting Principles	Reporting Framework
Reporting Scope	Reporting Scope

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and no hazardous waste.	Emissions – Environmental Protection Policy and Compliance Issues
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Exhaust Gas Emissions, GHG Emissions, Sewage Discharge and Treatment
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Wastes Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Wastes Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Exhaust Gas, GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and the target(s) of reducing wastes set and steps taken to achieve them.	Emissions – Wastes Management

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED (CONTINUED)

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and (if applicable) with reference to per unit produced.	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
KPI A3.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	The Environment and Natural Resources – Indoor Working Environment

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED *(CONTINUED)*

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A4：Climate Changes		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Mitigate and adapt to climate changes
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Mitigate and adapt to climate changes
Aspect B1: Employment		
General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including this ESG Reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED *(CONTINUED)*

Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and safety – Internal Health and Safety Management, Occupational Safety Training, Coronavirus Disease 2019 ("COVID-19") Prevention and Control Measures
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Training Programmes
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Training Programmes
Aspect B4: Labour Standards		
General Disclosure	Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevent Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standard – Prevention of child or forced labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standard–Prevention of child or forced labour

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED *(CONTINUED)*

Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management — Environmental and Social Risk Management of Supply Chain, Fair and Open Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management –Management of Environmental and Social Risks of the Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management –Management of Environmental and Social Risks of the Supply Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality of Nursing Services
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility –Customer service, Complaint Management
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED *(CONTINUED)*

Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility –Customer Service
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility – Protection of Customer Privacy
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption – Prevention of Corruption and Fraud
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during this ESG Reporting period and the outcomes of the cases.	Anti-corruption – Prevention of Corruption and Fraud
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Prevention of Corruption and Fraud
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Prevention of Corruption and Fraud
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment – Corporate Social Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment – Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Investment – Corporate Social Responsibility

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
AIDIGONG MATERNAL & CHILD HEALTH LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Aidigong Maternal & Child Health Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 101 to 222, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit address the key audit matters
Net realisable value of properties under development	
Refer to notes 3 and 26 in the Group's consolidated financial statements. As at 31 December 2021, the Group had properties under development of approximately HK$485,907,000. We identified the determination of the net realisable value ("NRV") of the Group's properties under development as a key audit matter due to significant judgements involved in the determination of the NRV and the estimation of future cost to completion by the management. As disclosed in note 3 to the consolidated financial statements, the NRV is determined with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion for properties under development and the estimated costs necessary to make the sale.	Our procedures in relation to the NRV of the properties under development included, but were not limited to: • Assessing the appropriateness of the selling price estimated by the management, on a sampling basis, by comparing the estimated selling price to recent market prices in similar projects or comparable properties, based on current market conditions in the real estate industry and our knowledge of the Group's business; • Evaluating the reasonableness of the management's estimation of the future costs to completion for the properties under development, on a sampling basis, by comparing them to the relevant market information; and • Checking, on a sampling basis, the accuracy and relevance of the input data used. We found that the management's estimates were supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Ng Ka Wah.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Ng Ka Wah
Practising Certificate Number: P06417

Hong Kong, 31 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	*7*	**642,573**	601,211
Cost of sales		**(437,161)**	(355,084)
Gross profit		**205,412**	246,127
Other income	*9*	**27,001**	23,368
Administrative expenses		**(63,421)**	(82,350)
Selling and distribution expenses		**(107,479)**	(88,527)
Share of result of associates		**(802)**	4,311
Profit from operations		**60,711**	102,929
Impairment loss recognised in respect of goodwill	*19*	**–**	(229,010)
Impairment loss recognised in respect of intangible assets	*18*	**–**	(65,728)
Impairment loss recognised in respect of right-of-use assets and property, plant and equipment	*16, 17*	**–**	(12,323)
Impairment loss recognised in respect of interest in associates	*20*	**–**	(87,105)
Loss on fair value change of contingent consideration payable		**(2,071)**	(13,818)
Gain on disposal of associates		**5,278**	–
Gain on disposal of subsidiaries	*40*	**55,161**	5,896
Finance cost	*10*	**(65,670)**	(64,721)
Profit/(loss) before income tax	*11*	**53,409**	(363,880)
Income tax expense	*13*	**(18,624)**	(18,762)
Profit/(loss) for the year		**34,785**	(382,642)
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of associates		**1,319**	3,455
Exchange differences on translating foreign operations		**16,550**	65,014
Release of exchange reserve upon disposal of subsidiaries		**7,207**	(85)
Release of exchange reserve upon disposal of associates		**(2,595)**	–
Items that will not be reclassified subsequently to profit or loss			
Change in value of equity investments at fair value through other comprehensive income		**(598)**	(4,011)
Other comprehensive income for the year, net of income tax		**21,883**	64,373
Total comprehensive income/(expense) for the year		**56,668**	(318,269)

Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**5,300**	(381,352)
Non-controlling interests		**29,485**	(1,290)
		34,785	(382,642)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**24,348**	(327,576)
Non-controlling interests		**32,320**	9,307
		56,668	(318,269)
Earnings/(loss) per share for the year attributable to the owners of the Company:			
Basic (HK cents per share)	*15*	**0.13**	(9.96)
Diluted (HK cents per share)	*15*	**0.13**	(9.96)

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**144,768**	167,811
Right-of-use assets	*17*	**385,447**	353,651
Intangible assets	*18*	**804,033**	808,632
Goodwill	*19*	**437,106**	426,466
Interests in associates	*20*	**2,151**	112,222
Equity investments at fair value through other comprehensive income	*22*	**19,891**	20,489
Deferred tax assets	*33*	**13,695**	8,988
		1,807,091	1,898,259
Current assets			
Deposits, prepayments and other receivables	*23*	**538,301**	373,840
Trade receivables	*24*	**3,401**	10,290
Inventories	*25*	**2,923**	50,759
Loan to a shareholder	*27*	**–**	30,830
Properties under development	*26*	**485,907**	371,052
Short-term loans receivable	*28*	**28,355**	28,782
Financial assets at fair value through profit or loss	*29*	**69,344**	24,020
Bank and cash balances	*29*	**87,627**	81,530
		1,215,858	971,103
Current liabilities			
Trade payables	*30*	**29,307**	11,581
Accruals and other payables	*31*	**64,507**	118,134
Contract liabilities	*31*	**211,162**	169,990
Lease liabilities	*17*	**138,194**	53,942
Contingent consideration payable		**–**	129,393
Bank and other borrowings	*35*	**102,124**	60,856
Bonds payable	*34*	**39,397**	65,079
Tax payable		**14,179**	28,402
		598,870	637,377
Net current assets		**616,988**	333,726
Total assets less current liabilities		**2,424,079**	2,231,985

	Notes	**2021 HK$'000**	2020 HK$'000
Capital and reserves			
Share capital	*32*	**42,850**	38,309
Reserves		**1,053,863**	734,459
Equity attributable to owners of the Company		**1,096,713**	772,768
Non-controlling interests		**153,030**	221,366
Total equity		**1,249,743**	994,134
Non-current liabilities			
Deferred tax liabilities	*33*	**167,524**	167,436
Bank borrowings	*35*	**692,626**	695,748
Lease liabilities	*17*	**281,142**	322,892
Bonds payable	*34*	**33,044**	51,775
		1,174,336	1,237,851
		2,424,079	2,231,985

The consolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on 31 March 2022 and are signed on its behalf by:

Zhu Yufei
Chairman

Cheung Wai Kuen
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to the owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Equity investment at fair value through other comprehensive income reserve HK$'000	Statutory reserve HK$'000	Shares held for the share award scheme HK$'000	Share options reserve HK$'000	Other reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2020	38,309	1,015,027	(48,611)	–	15,081	–	–	(43,840)	127,443	1,103,409	203,398	1,306,807
Loss for the year	–	–	–	–	–	–	–	–	(381,352)	(381,352)	(1,290)	(382,642)
Other comprehensive (expenses)/income												
Share of other comprehensive income of associates	–	–	3,455	–	–	–	–	–	–	3,455	–	3,455
Exchange differences on translating foreign operations arising during the year	–	–	54,417	–	–	–	–	–	–	54,417	10,597	65,014
Release of exchange reserve upon disposal of subsidiaries	–	–	(85)	–	–	–	–	–	–	(85)	–	(85)
Change in value of equity investments at fair value through other comprehensive income	–	–	–	(4,011)	–	–	–	–	–	(4,011)	–	(4,011)
Total comprehensive (expenses)/income for the year	–	–	57,787	(4,011)	–	–	–	–	(381,352)	(327,576)	9,307	(318,269)
Transfer to statutory reserve	–	–	–	–	6,839	–	–	–	(6,839)	–	–	–
Disposal of subsidiaries	–	–	–	–	(4,665)	–	–	(2,499)	7,164	–	(137)	(137)
Purchase of shares for the share award scheme *(note 37)*	–	–	–	–	–	(498)	–	–	–	(498)	–	(498)
2019 final dividend paid	–	–	–	–	–	–	–	–	(2,567)	(2,567)	–	(2,567)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	8,798	8,798
At 31 December 2020 and 1 January 2021	38,309	1,015,027	9,176	(4,011)	17,255	(498)	–	(46,339)	(256,151)	772,768	221,366	994,134
Profit for the year	–	–	–	–	–	–	–	–	5,300	5,300	29,485	34,785
Other comprehensive (expenses)/income												
Share of other comprehensive income of associates	–	–	1,319	–	–	–	–	–	–	1,319	–	1,319
Exchange differences on translating foreign operations arising during the year	–	–	13,715	–	–	–	–	–	–	13,715	2,835	16,550
Release of exchange reserve upon disposal of subsidiaries	–	–	7,207	–	–	–	–	–	–	7,207	–	7,207
Release of exchange reserve upon disposal of associates	–	–	(2,595)	–	–	–	–	–	–	(2,595)	–	(2,595)
Change in value of equity investments at fair value through other comprehensive income	–	–	–	(598)	–	–	–	–	–	(598)	–	(598)
Total comprehensive (expenses)/income for the year	–	–	19,646	(598)	–	–	–	–	5,300	24,348	32,320	56,668
Proceeds from share subscription *(note 32)*	2,641	182,229	–	–	–	–	–	–	–	184,870	–	184,870
Proceeds from placing *(note 32)*	1,900	112,366	–	–	–	–	–	–	–	114,266	–	114,266
Transfer to statutory reserve	–	–	–	–	10,430	–	–	–	(10,430)	–	–	–
Disposal of subsidiaries	–	–	–	–	(493)	–	–	–	493	–	(23,670)	(23,670)
Purchase of shares for the share award scheme *(note 37)*	–	–	–	–	–	(521)	–	–	–	(521)	–	(521)
Share based payment expense	–	–	–	–	–	–	982	–	–	982	–	982
Capital reduction of non-controlling interest	–	–	–	–	–	–	–	–	–	–	(37,093)	(37,093)
Dividend to non-controlling interest	–	–	–	–	–	–	–	–	–	–	(39,893)	(39,893)
At 31 December 2021	42,850	1,309,622	28,822	(4,609)	27,192	(1,019)	982	(46,339)	(260,788)	1,096,713	153,030	1,249,743

The accompanying notes form an integral part of these consolidated financial statements.

SHARE PREMIUM

The application of share premium is governed by Section 40 of the Companies Act 1981 of Bermuda (as amended). The share premium account may be distributed in the form of fully paid bonus shares.

TRANSLATION RESERVE

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (Hong Kong dollars ("HK$")) are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

STATUTORY RESERVE

The statutory reserve of the Group refers to the statutory reserve fund in the People's Republic of China (the "PRC"). Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

SHARE OPTIONS RESERVE

The share options reserve comprises the fair value of the share options granted which are yet to be exercised. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profit when the related options being lapsed.

OTHER RESERVE

Other reserve represents the difference between the consideration paid to obtain additional non-controlling interests in subsidiaries and its carrying amount on the date of acquisition.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Profit/(loss) before tax		**53,409**	(363,880)
Adjustments for:			
Interest income from loans receivable	*7*	**(6,857)**	(7,600)
Bank interest income	*9*	**(370)**	(246)
Interest income from financial assets at fair value through profit or loss	*9*	**(2,424)**	(4,861)
Interest expense	*10*	**65,670**	64,721
Depreciation of property, plant and equipment	*16*	**49,578**	49,244
Depreciation of right-of-use assets	*17*	**96,558**	90,784
Impairment loss recognised in respect of intangible assets	*18*	**–**	65,728
Impairment loss recognised in respect of goodwill	*19*	**–**	229,010
Impairment loss recognised in respect of property, plant and equipment and right-of-use assets	*16, 17*	**–**	12,323
(Reversal of)/allowance for expected credit losses on trade receivables	*24*	**(1,311)**	665
Reversal of expected credit losses on other receivables	*23*	**(1,865)**	(2,241)
Reversal of expected credit losses on loan to a shareholder	*27*	**(42)**	(23)
Allowance for expected credit losses on short-term loans receivable	*28*	**113**	666
Gain on disposal of associates		**(5,278)**	–
Gain on disposal of subsidiaries	*40*	**(55,161)**	(5,896)
Loss on fair value change of contingent consideration payable	*5(c)*	**2,071**	13,818
Share of result of associates		**802**	(4,311)
Impairment loss recognised in respect of interest in associates	*20*	**–**	87,105
Gain on fair value change of financial assets at fair value through profit or loss	*9*	**(1,762)**	(76)
Equity-settled share based expenses		**982**	–
Operating cash flows before movements in working capital		**194,113**	224,930
Decrease in trade receivables		**8,369**	25,430
Decrease/(increase) in inventories		**2,002**	(13,417)
Increase in deposits, prepayment and other receivables		**(106,853)**	(80,894)
Increase in properties under development		**(81,466)**	(61,577)
Decrease in loan to a shareholder		**30,872**	14,636
Decrease in short-term loans receivable		**314**	5,285
Increase/(decrease) in trade payables		**17,223**	(10,564)
Increase/(decrease) in contract liabilities		**58,561**	(54,794)
Increase/(decrease) in accruals and other payables		**7,852**	(60,989)
Cash generated from/(used in) operating activities		**130,987**	(11,954)
Interest received		**7,227**	7,846
Income tax paid		**(32,965)**	(27,497)
Net cash generated from/(used in) operating activities		**105,249**	(31,605)

For the year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from investing activities			
Purchase of property, plant and equipment	16	**(24,770)**	(11,727)
Proceeds on disposal of property, plant and equipment		**1,235**	–
Purchase of financial assets at fair value through profit or loss		**(54,532)**	(202,726)
Disposal of financial assets at fair value through profit or loss		**12,118**	330,058
Dividend received from an associate	20	**18,821**	–
Repayment of contingent consideration payable		**(132,522)**	(167,793)
Net cash inflow from disposal of subsidiaries	40	**42,112**	8,597
Net cash inflow from disposal of associates		**2,424**	–
Net cash used in investing activities		**(135,114)**	(43,591)
Cash flows from financing activities			
Proceeds from issue of bonds, net of related expenses	34	**18,644**	23,319
Capital contribution from non-controlling interests		**–**	8,798
Capital reduction of non-controlling interests		**(37,093)**	–
Dividend paid to non-controlling interests		**(39,893)**	–
Dividend paid	14	**–**	(2,567)
Purchase of shares for the share award scheme	37	**(521)**	(498)
Repayment of borrowings and bonds		**(169,095)**	(127,834)
Interest paid		**(83,057)**	(70,756)
Proceeds from share subscription		**184,870**	–
Proceeds from placing		**114,266**	–
Proceeds from bank and other borrowings		**130,591**	330,119
Capital element of lease rentals paid		**(85,259)**	(86,490)
Net cash generated from financing activities		**33,453**	74,091
Net increase/(decrease) in cash and cash equivalents		**3,588**	(1,105)
Cash and cash equivalents at the beginning of the year		**81,530**	80,098
Effect of foreign exchange rate changes		**2,509**	2,537
Cash and cash equivalents at the end of the year		**87,627**	81,530
Analysis of the balance of cash and cash equivalents			
Bank and cash balances		**87,627**	81,530

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The directors of the Company consider its parent and ultimate holding company is Champion Dynasty Limited (a company incorporated in the British Virgin Islands with limited liability). Its ultimate controlling party is Mr. Cheung Wai Kuen, who is also managing director of the Company. The addresses of the Company's registered office and principal office in Hong Kong are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The Company's principal activity is investment holding and the principal activities of its principal subsidiaries are set out in note 46.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

AMENDMENTS TO HKFRSS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRSs Interpretations Committee (the "Committee") of the International Accounting Standards Board – issued on June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(CONTINUED)*

NEW AND AMENDMENTS TO HKFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(A) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instrument that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION *(CONTINUED)*

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

CHANGES IN THE GROUP'S INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS

OPTIONAL CONCENTRATION TEST

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

ASSET ACQUISITIONS

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS *(CONTINUED)*

ASSET ACQUISITIONS *(CONTINUED)*

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and liabilities assumed as at acquisition date. If, after reassessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS *(CONTINUED)*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of associates and a joint venture is described below.

INTERESTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities required unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERESTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

The results and assets and liabilities of associates and joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extend that the Group has incurred legal or constructive obligations or made payment on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal with its carrying amount). Any impairment loss recognised is not allocated to any asset including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTERESTS IN ASSOCIATES AND JOINT VENTURES *(CONTINUED)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amount of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL ASSETS

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial assets is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL ASSETS *(CONTINUED)*

Classification and subsequent measurement of financial assets *(Continued)*

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the assets is no longer credit-impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Equity investment at fair value through other comprehensive income ("FVTOCI") reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL ASSETS *(CONTINUED)*

Classification and subsequent measurement of financial assets *(Continued)*

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within twelve months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of reporting period as well as the forecast of future conditions.

The Group recognises lifetime ECL for trade receivables arising from revenue from contracts with customers.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL ASSETS *(CONTINUED)*

Classification and subsequent measurement of financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL ASSETS *(CONTINUED)*

Classification and subsequent measurement of financial assets *(Continued)*

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial assets is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL ASSETS *(CONTINUED)*

Classification and subsequent measurement of financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provisional matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables, short-term loans receivable and loan to a shareholder where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS *(CONTINUED)*

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest or FVTPL.

Financial liabilities at FVTPL
Financial liabilities are classified at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS *(CONTINUED)*

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS *(CONTINUED)*

Financial liabilities at FVTPL *(Continued)*

A financial liability other than a financial liability held for trading may be designated at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, accruals and other payables, lease liabilities, bank and other borrowings and bonds payable) are subsequently measured at amortised cost, using the effective interest method.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

INTANGIBLE ASSETS

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses which are disclosed in note 18.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS *(CONTINUED)*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services or for administrative purpose. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the reporting period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

The above items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, as follows:

Leasehold improvements	Over the shorter of lease terms and 5 years
Office equipment	30%
Furniture and fixture	20%
Computer software	30%
Motor vehicle	25%
Medical equipment	10%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

REVENUE AND OTHER INCOME RECOGNITION

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE AND OTHER INCOME RECOGNITION *(CONTINUED)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(CONTINUED)*

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contract asset and a contract liability relating to same contract are accounted for and presented on a net basis.

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

(i) Sales of natural health food and pharmaceutical products

Revenue from the sales of natural health food and pharmaceutical products are recognised when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of discounts, returns and value added taxes.

A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE AND OTHER INCOME RECOGNITION *(CONTINUED)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(CONTINUED)*

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted of the original effective, interest rate of the instrument and continues unwinding the discount as interest income.

(iii) Provision of anti-aging healthcare services and postpartum care services

Revenue is recognised when service treatments are delivered to customers. Payments that are related to services not yet rendered are deferred and shown as contract liabilities in the consolidated statement of financial position. Upon expiry of prepaid packages of beauty, wellness and postpartum care services, the corresponding deferred revenue is fully recognised in profit or loss.

GOVERNMENT GRANT

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rate that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION *(CONTINUED)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION *(CONTINUED)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

LEASES

DEFINITION OF A LEASE

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

AS A LESSEE

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for applying other applicable standards.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES *(CONTINUED)*

AS A LESSEE*(CONTINUED)*

Allocation of consideration to components of a contract *(Continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

RIGHT-OF-USE ASSETS

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES *(CONTINUED)*

AS A LESSEE *(CONTINUED)*

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) *SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

LEASES *(CONTINUED)*

AS A LESSEE *(CONTINUED)*

Lease modifications

The Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

AS A LESSOR

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

The Group applies HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

LEASES *(CONTINUED)*

AS A LESSOR *(CONTINUED)*

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as operating lease by reference to the right-of-use asset arising from the head lease.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

FOREIGN CURRENCIES *(CONTINUED)*

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

SHORT-TERM AND OTHER LONG-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

RETIREMENT BENEFIT COSTS

Payments to defined contribution benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SHARE-BASED PAYMENT ARRANGEMENTS

SHARE-BASED PAYMENT TRANSACTIONS OF THE COMPANY

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

When shares granted are vested, the amount previously recognised in share options reserve will be transferred to share premium.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constitutive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

RELATED PARTIES TRANSACTIONS

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES TRANSACTIONS *(CONTINUED)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employees are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influence by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

CONTINGENT ASSETS

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

CONTINGENT LIABILITIES

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(B) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTIES UNDER DEVELOPMENT

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. 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 carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties for sale upon completion.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed below.

IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSET

Determining whether goodwill and intangible assets are impaired requires an estimation of the recoverable amount of the group of cash-generating units to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from a group of cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at 31 December 2021, the carrying amount of goodwill is HK$437,106,000 (2020: HK$426,466,000) (net of accumulated impairment loss of HK$Nil (2020: HK$229,010,000). Details of the recoverable amount calculation are disclosed in note 19.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

ALLOWANCE FOR EXPECTED CREDIT LOSSES OF DEPOSITS AND OTHER RECEIVABLES, LOAN TO A SHAREHOLDER AND SHORT-TERM LOANS RECEIVABLE

The policy for the allowance for expected credit losses of deposits and other receivables, loan to a shareholder and short-term loans receivable of the Group is based on the forward looking basis the expected credit losses associated with its assets carried at amortised cost. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables including the Group's historical records, existing market conditions and forward looking estimates at the end of reporting period. If the financial condition of the Group's deposits and other receivables, loan to a shareholder and short-term loans receivable was deteriorated, resulting in an impairment of their abilities to make payments, additional allowances may be required.

PROVISION OF ALLOWANCE FOR CREDIT LOSSES FOR TRADE RECEIVABLES

The Group uses provision matrix to calculate ECL for trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportive available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balance and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. Due to greater financial uncertainty triggered by the COVID-19 pandemic the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could led to increased credit default rates. The information about the ECL and the Group's trade receivables are disclosed in notes 5 and 24.

FAIR VALUE MEASUREMENTS AND VALUATION PROCESSES

Certain assets and liabilities of the Group are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

Information about the valuation techniques and inputs used in the determination of the fair value of various assets and liabilities are disclosed in note 5(c).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

ESTIMATED IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2021 the carrying amounts of the right-of-use assets and property, plant and equipment subject to impairment assessment were HK$385,447,000 and HK$144,768,000 (2020: HK$353,651,000 and HK$167,811,000) respectively, no impairment losses have been recognised during the year.

ESTIMATED NET REALISABLE VALUE ON PROPERTIES UNDER DEVELOPMENT

In determining whether allowances should be made for the Group's properties under development, the Group takes into consideration the current market environment and the estimated net realisable value (i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale). An allowance is made if the estimated or actual net realisable value of the properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. As at 31 December 2021, the carrying amount of the properties under development was approximately HK$485,907,000 (2020: HK$371,052,000).

5. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2021	2020
	HK$'000	HK$'000
Financial assets		
At amortised cost		
– Deposits and other receivables	**264,419**	92,491
– Trade receivables	**3,401**	10,290
– Loan to a shareholder	**–**	30,830
– Short-term loans receivable	**28,355**	28,782
– Bank and cash balances	**87,627**	81,530
At FVTPL		
– Structured bank deposits	**69,344**	24,020
At FVTOCI		
– Equity investments	**19,891**	20,489
Financial liabilities		
At amortised cost		
– Trade payables	**29,307**	11,581
– Accruals and other payables	**64,507**	118,134
– Lease liabilities	**419,336**	376,834
– Bank and other borrowings	**794,750**	756,604
– Bonds payable	**72,441**	116,854
At FVTPL		
– Contingent consideration payable	**–**	129,393

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(A) *CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)*

The Group's major financial instruments include deposits and other receivables, trade receivables, loan to a shareholder, short-term loans receivable, bank and cash balances, financial assets at FVTPL, equity investments at FVTOCI, trade payables, accruals and other payables, lease liabilities, bank and other borrowings, bonds payable and contingent consideration payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure in respect of financial instruments or the manner in which it manages and measures the risks.

(B) *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*

FOREIGN CURRENCY RISK

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash and bank balance that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relate. The currencies giving rise to this risk are primarily HK$ and Renminbi ("RMB").

Certain cash and bank balances are denominated in RMB. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by PRC. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The Group are not exposed to foreign currency risk in respect to HK$ against the United States dollars (US$) as long as this currency is pegged.

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

FOREIGN CURRENCY RISK *(CONTINUED)*

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021	2020	**2021**	2020
	HK$' 000	HK$'000	**HK$' 000**	HK$'000
RMB	**35,472**	59,612	**–**	129,393

SENSITIVITY ANALYSIS

The following table details the Group sensitivity to a 5% increase and decrease in functional currency of the Group against the relevant foreign currencies. 5% represents the management of the Company's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss or an increase in profit where functional currency of the Group weakens 5% against the relevant foreign currency. For a 5% strengthen of functional currency of the Group against the relevant foreign currency, there would be an equal and opposite impact on the profit or loss, and the balance below would be negative.

	Profit/(loss) before tax	
	2021	2020
	HK$'000	HK$'000
RMB	**1,774**	(3,489)

INTEREST RATE RISK

The Group has interest-bearing assets and liabilities including time deposits and bank balances, short-term loans receivable, loan to a shareholder, financial assets at FVTPL, bank and other borrowings, bonds payable and lease liabilities. Details of these financial instruments are disclosed in respective notes. The Group currently does not have interest rate hedging policy. However, the management of the Company monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

INTEREST RATE RISK *(CONTINUED)*

SENSITIVITY ANALYSIS

If the floating rates had been 50 basis points (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2021 would increase/decrease by approximately HK$3,794,000 (2020: HK$3,479,000). This is mainly attributable to the Group's exposure to interest rates on its bank and other borrowings.

CREDIT RISK

The Group's credit risk is mainly attributable to trade receivables, deposits and other receivables, loan to a shareholder, short-term loans receivable and bank and cash balances. The management of the Company has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

As at 31 December 2021 and 2020, trade receivables that are individually significant have been separately assessed for impairment. The Group makes periodic assessments on the recoverability of the receivables based on the background and reputation of the customers, historical settlement records and past experience.

The Group has certain concentration of credit risk as 48.3% (2020: 98.3%) and 100% (2020: 100%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In view of the history of business dealings with the debtors and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these debtors saved for the debtor related to the impaired trade receivable disclosed in the below. Management makes periodic assessment on the recoverability of the trade and other receivables based on historical payment records, the length of overdue period, the financial strength of the debtors and whether there are any disputes with the debtors.

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CREDIT RISK *(CONTINUED)*

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

TRADE RECEIVABLES

	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
At 31 December 2021					
Expected credit loss rate	**–**	**1.26%**	**–**	**18.2%**	**10.81%**
Gross carrying amount (HK$'000)	**–**	**1,667**	**–**	**2,146**	**3,813**
Lifetime ECL	**–**	**(21)**	**–**	**(391)**	**(412)**
	–	**1,646**	**–**	**1,755**	**3,401**
At 31 December 2020					
Expected credit loss rate	–	–	–	14.34%	14.34%
Gross carrying amount (HK$'000)	–	–	–	12,013	12,013
Lifetime ECL	–	–	–	(1,723)	(1,723)
	–	–	–	10,290	10,290

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without under cost or effort.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

OTHER RECEIVABLES

For other receivables, the directors make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CREDIT RISK *(CONTINUED)*

OTHER RECEIVABLES *(CONTINUED)*

The movement of allowance of expected credit losses of other receivables during the year are as follows:

	HK$'000
At 1 January 2020	13,331
Reversal of allowance for expected credit losses	(2,241)
At 31 December 2020 and 1 January 2021	11,090
Reversal of allowance for expected credit losses	(1,865)
At 31 December 2021	9,225

SHORT-TERM LOANS RECEIVABLE AND LOAN TO A SHAREHOLDER

Short-term loans receivable and loan to a shareholder are categorised into the following stages by the Group:

Stage 1

Short-term loans receivable and loan to a shareholder have not experienced a significant increase in credit risk since origination and impairment recognised on the basis of 12 months ECL (12-month ECLs).

Stage 2

Short-term loans receivable and loan to a shareholder have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime ECL (Lifetime ECLs non credit-impaired).

Stage 3

Short-term loans receivable and loan to a shareholder that are in default and considered credit impaired (Lifetime ECLs credit-impaired). In assessing whether the credit risk of short-term loans receivable and loan to a shareholder have increased significantly since initial recognition, the Group compares the risk of default occurring on the short-term loans receivable and loan to a shareholder assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is past due for more than 90 days. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CREDIT RISK *(CONTINUED)*

SHORT-TERM LOANS RECEIVABLE AND LOAN TO A SHAREHOLDER *(CONTINUED)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in its external or internal credit rating (if available);

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group; and

– the financial asset is past due.

In addition, the Group reviews the recoverable amount of each individual's short-term loans receivable and loan to a shareholder at the end of each reporting period to ensure that adequate allowance for expected credit losses are made for irrecoverable amounts. As at 31 December 2021, based on past experience, the directors are of the opinion that allowance for expected credit losses of HK$1,267,000 and HK$Nil (2020: HK$1,154,000 and HK$42,000) were recognised on individual loans are necessary in respect of these balances respectively.

The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered. If there is no independent rating, the Group assesses the credit quality of the customer based on the customer's financial position, past experience and other factors. Individual risk limits are set based on the customers' internal or external ratings in accordance with limits set by the directors. The utilisation of credit limits is regularly monitored.

Quantitative information related to allowance for ECL of short-term loans receivable and loan to a shareholder were details in notes 28 and 27 respectively.

The Group does not provide any guarantees which would expose the Group to credit risk.

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(B) *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)*

CREDIT RISK *(CONTINUED)*

SHORT-TERM LOANS RECEIVABLE AND LOAN TO A SHAREHOLDER *(CONTINUED)*

	At 31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Short-term loans receivable, gross	**29,622**	**–**	**–**	**29,622**
Less: Lifetime ECL, on short-term loans receivable	**(1,267)**	**–**	**–**	**(1,267)**
	28,355	**–**	**–**	**28,355**

	At 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Short-term loans receivable, gross	29,936	–	–	29,936
Less: Lifetime ECL, on short-term loans receivable	(1,154)	–	–	(1,154)
	28,782	–	–	28,782

Movement for ECL of short-term loans receivable are as follow:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	488	–	–	488
Allowance for ECL on short-term loans receivable	666	–	–	666
At 31 December 2020 and 1 January 2021	1,154	–	–	1,154
Allowance for ECL on short-term loans receivable	113	–	–	113
At 31 December 2021	1,267	–	–	1,267

5. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CREDIT RISK (CONTINUED)

LOAN TO A SHAREHOLDER

	At 31 December 2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Loan to a shareholder, gross	–	–	–	–
Less: Lifetime ECL, on loan to a shareholder	–	–	–	–
	–	–	–	–

	At 31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Loan to a shareholder, gross	30,872	–	–	30,872
Less: Lifetime ECL, on loan to a shareholder	(42)	–	–	(42)
	30,830	–	–	30,830

Movement for ECL of loan to a shareholder are as follow:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	65	–	–	65
Reveral for ECL on loan to a shareholder	(23)	–	–	(23)
At 31 December 2020 and 1 January 2021	42	–	–	42
Reversal of ECL on loan to a shareholder	(42)	–	–	(42)
At 31 December 2021	–	–	–	–

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

CREDIT RISK *(CONTINUED)*

BANK BALANCES

The credit risk on bank balances are limited because the majority of the counterparties are bank with high credit-ratings assigned by International credit-ratio agencies. The Group has no other significant concentration of credit risk.

The Group is not exposed to significant credit risk in relation to other financial assets such as cash and cash equivalents.

LIQUIDITY RISK

The Group manages liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and intended credit lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term. The liquidity risk is under continuous monitoring by the management of the Group. The Group will raise bank borrowings whenever necessary.

The following tables detail the Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest dates on which the Group can be required to pay. The amounts disclosed in the table are based on the contractual undiscounted payments, are as follows:

	Weighted average effective interest rate %	On demand or less than 1 year HK$'000	Between 1-5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2021						
Non-derivative financial liabilities:						
Trade payables	**–**	**29,307**	**–**	**–**	**29,307**	**29,307**
Accruals and other payables	**–**	**64,507**	**–**	**–**	**64,507**	**64,507**
Bonds payables	**13.21**	**45,203**	**38,776**	**–**	**83,979**	**72,441**
Bank and other borrowings	**7.02**	**114,124**	**756,476**	**–**	**870,600**	**794,750**
Lease liabilities	**5.62**	**157,605**	**285,154**	**21,063**	**463,822**	**419,336**
Total		**410,746**	**1,080,406**	**21,063**	**1,512,215**	**1,380,341**
At 31 December 2020						
Non-derivative financial liabilities:						
Trade payables	–	11,581	–	–	11,581	11,581
Accruals and other payables	–	118,134	–	–	118,134	118,134
Bonds payables	12.53	74,217	61,034	–	135,251	116,854
Bank and other borrowings	8.08	70,811	453,223	297,158	821,192	756,604
Lease liabilities	5.71	68,984	277,517	138,427	484,928	376,834
Total		343,727	791,774	435,585	1,571,086	1,380,007

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(C) FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively;

- the fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and

- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements are approximate to their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 December 2021				
Equity investments at FVTOCI	–	–	19,891	19,891
Structured bank deposits at FVTPL	–	–	69,344	69,344
Contingent consideration payable	–	–	–	–
At 31 December 2020				
Equity investments at FVTOCI	–	–	20,489	20,489
Structured bank deposits at FVTPL	–	–	24,020	24,020
Contingent consideration payable	–	–	129,393	129,393

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(C) FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL INSTRUMENTS UNDER LEVEL 3 MEASUREMENT

FAIR VALUE ESTIMATION

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instruments	Fair value 2021 HK$'000	Fair value 2020 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Unlisted equity investments presented as equity investments at FVTOCI	**19,891**	20,489	Level 3	Market approach, using three market multiples (P/E, P/B and P/S), adjusted by size to determine the implied value of the Company	Discount for lack of marketability of 35% (2020: 21%), determined by reference to the Stout Restricted Stock Study
Structured bank deposits presented as financial assets at FVTPL	**69,344**	24,020	Level 3	Discounted cash flow was used to capture the present value of the expected future economic benefits to be derived from the ownership	Discount rate ranging from 2.87% to 3.59% (2020: 1.38% to 4.17%) *(note (ii))*
Contingent consideration payable	**–**	129,393	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group from the contingent consideration	Discount rate from Nil% (2020: 4.77%) and probability-adjusted profits with a range from approximately RMBNil (2020: RMB80,598,000) *(note (iii))*

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(C) *FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)*

FINANCIAL INSTRUMENTS UNDER LEVEL 3 MEASUREMENT *(CONTINUED)*

FAIR VALUE ESTIMATION *(CONTINUED)*

Notes:

(i) The higher the discount rate, the lower the fair value.

(ii) An increase in the discount rate would result in a decrease in fair value measurement of the financial assets at FVTPL, and vice versa.

(iii) A slight increase in the probability-adjusted profits used in isolation would results in a significant increase in the fair value measurement of the contingent consideration and vice versa.

There is no transfer into and out of level 3 for the years ended 31 December 2021 and 2020.

The following table present the changes in equity investments at FVTOCI and contingent consideration payable which are classified as level 3 instrument at the end of the reporting period:

Reconciliation of equity investments at FVTOCI

	Equity investments at FVTOCI HK$'000
At 1 January 2020	24,500
Loss on fair value change for the year	(4,011)
As at 31 December 2020 and 1 January 2021	20,489
Loss on fair value change for the year	(598)
As at 31 December 2021	19,891

5. FINANCIAL INSTRUMENTS *(CONTINUED)*

(C) *FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)*

FINANCIAL INSTRUMENTS UNDER LEVEL 3 MEASUREMENT *(CONTINUED)*

FAIR VALUE ESTIMATION *(CONTINUED)*

Reconciliation of contingent consideration payable

	Contingent consideration payable HK$'000
At 1 January 2020	325,816
Amount repaid during the year	(167,793)
Transfer to other payables	(59,853)
Loss on fair value change for the year	13,818
Exchange alignment	17,405
As at 31 December 2020 and 1 January 2021	129,393
Amount repaid during the year	(132,522)
Loss on fair value change for the year	2,071
Exchange alignment	1,058
As at 31 December 2021	–

No material gain or losses are recognised in profit or loss and other comprehensive income relating to the change in fair value of structured deposits presented as financial assets at FVTPL, classified as level 3 in the current year, and therefore no reconciliation of level 3 fair value measurements in respected of structured deposits is presented.

SENSITIVITY ANALYSIS

A slight increase in the discount rate used in isolation would result in a slight decrease in the fair value measurement of the contingent consideration payable, and vice versa. A 5% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the contingent consideration payable by HK$Nil (2020: HK$71,000)

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data in respect of structured bank deposits classified as financial assets at FVTPL and equity investments at FVTOCI, as the management considers that the exposure is insignificant to the Group.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2020.

The capital structure of the Group consists of bank and other borrowings, bonds payable and lease liabilities and equity (comprising share capital and reserves).

The directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratio at the end of the reporting period was as follows:

	2021 **HK$'000**	2020 HK$'000
Total borrowings:		
Lease liabilities *(note 17(B))*	**419,336**	376,834
Bank and other borrowings *(note 35)*	**794,750**	756,604
Bonds payable *(note 34)*	**72,441**	116,854
	1,286,527	1,250,292
Total equity	**1,249,743**	994,134
Gearing ratio	**102.9%**	125.8%

7. REVENUE

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
Provision of postpartum care services	**631,976**	578,402
Health industry		
– Provision of medical anti-aging healthcare services	**3,740**	15,177
– Sales of pharmaceutical products and others	**–**	32
	635,716	593,611
Timing of revenue recognition		
At a point in time	**–**	32
Over-time	**635,716**	593,579
	635,716	593,611
Revenue from other sources:		
– Interest income from loans receivable	**6,857**	7,600
	642,573	601,211

All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contacts is not disclosed.

8. OPERATING SEGMENTS

For the purposes of resource allocation and assessment of segment performance, information reported to the Executive Directors of the Company, being the chief operating decision makers (the "CODM"), focus on types of goods or services delivered or provided.

Particulars of the Group's reportable operating segments are summarised as follows:

Postpartum care services – provision of maternal and child healthcare services in the PRC

Health industry – including natural health food and pharmaceutical products trading in the PRC, medical anti-aging, healthcare industry investments and healthcare property development in the PRC

"Other" segment primarily comprises investment and finance business and others operations that do not meet the quantitative thresholds. Information regarding the above segments is reported below.

INFORMATION ABOUT MAJOR CUSTOMERS

No individual customer contributed over 10% of the total revenue of the Group during the year ended 31 December 2021 (2020: Nil):

Operating segment information is presented below:

SEGMENT REVENUES AND RESULTS

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
Revenue from external customers	**631,976**	578,402	**3,740**	15,209	**6,857**	7,600	**642,573**	601,211
Results								
Segment results for reportable segment	**56,528**	92,960	**(1,600)**	(394,253)	**(17,433)**	(54,516)	**37,495**	(355,809)
Unallocated gain/(expenses), net*							**(2,710)**	(26,833)
Profit/(loss) for the year							**34,785**	(382,642)

* Unallocated gain and expenses mainly include certain depreciation on property, plant and equipment, general office expenses, unallocated employee benefit expenses, fair value change of contingent consideration payable and gain on disposal of subsidiaries.

8. OPERATING SEGMENTS *(CONTINUED)*

SEGMENT ASSET AND LIABILITIES

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets								
Segment assets for reportable segments	**1,909,197**	1,761,677	**1,071,561**	1,032,194	**28,723**	59,612	**3,009,481**	2,853,483
Unallocated assets							**13,468**	15,879
Total assets							**3,022,949**	2,869,362
Liabilities								
Segment liabilities for reportable segments	**1,050,714**	920,331	**447,549**	493,610	**96,041**	140,545	**1,594,304**	1,554,486
Unallocated liabilities							**178,902**	320,742
Total liabilities							**1,773,206**	1,875,228

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales during both years.

Segment results represent the profit earned/(the loss incurred) by each segment without allocation of corporate expenses.

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than unallocated corporate assets which mainly include certain property, plant and equipment, prepayments and deposits and corporate bank balances.

All liabilities are allocated to reportable segments other than unallocated corporate liabilities which mainly include certain accruals and other payables, deferred tax liabilities and contingent consideration payable.

8. OPERATING SEGMENTS *(CONTINUED)*

GEOGRAPHICAL INFORMATION

In determining the Group's geographical information, revenue information is based on the location of the customers, and asset information is based on the location of the assets.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
The People's Republic of China (the "PRC")	**631,976**	582,498	**1,768,382**	1,724,493
Hong Kong	**10,597**	18,713	**2,972**	32,067

* Non-current assets excluded those relating to interests in associates, equity investments at fair value through other comprehensive income and deferred tax assets.

OTHER SEGMENT INFORMATION

	Postpartum Care Services		Health Industry		Others		Consolidated	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Depreciation of property, plant and equipment	**45,375**	42,592	**3,380**	4,995	**823**	1,657	**49,578**	49,244
Depreciation of right-of-use assets	**94,209**	80,406	**703**	7,265	**1,646**	3,113	**96,558**	90,784
Share of result of associates	**–**	490	**(802)**	3,821	**57**	–	**(802)**	4,311
Impairment loss recognised in respect of interest in associates	**–**	–	**–**	87,105	**–**	–	**–**	87,105
Bank interest income	**(310)**	(207)	**(3)**	(2)	**(57)**	(37)	**(370)**	(246)
Interest income from financial assets at FVTPL	**(2,424)**	(4,861)	**–**	–	**–**	–	**(2,424)**	(4,861)
Loss on fair value change of contingent consideration payable	**2,071**	13,818	**–**	–	**–**	–	**2,071**	13,818
Impairment loss recognised in respect of right-of-use assets and property, plant and equipment	**–**	–	**–**	12,323	**–**	–	**–**	12,323
Impairment loss recognised in respect of goodwill	**–**	–	**–**	229,010	**–**	–	**–**	229,010
Impairment loss recognised in respect of intangible assets	**–**	–	**–**	65,728	**–**	–	**–**	65,728
Allowance for/(reversal of) expected credit losses of								
– trade receivables	**412**	–	**(1,723)**	665	**–**	–	**(1,311)**	665
– other receivables	**–**	–	**(1,865)**	(2,241)	**–**	–	**(1,865)**	(2,241)
– loan to a shareholder	**–**	–	**–**	–	**(42)**	(23)	**(42)**	(23)
– short-term loans receivable	**–**	–	**–**	–	**113**	666	**113**	666
Gain on disposal of associates	**–**	–	**(5,278)**	–	**–**	–	**(5,278)**	–
Gain on disposal of subsidiaries	**–**	–	**–**	(5,896)	**(55,161)**	–	**(55,161)**	(5,896)
Interests in associates	**2,151**	1,720	**–**	110,502	**–**	–	**2,151**	112,222
Capital expenditures*	**234,993**	104,598	**612**	12	**2,055**	–	**237,660**	104,610
Finance cost	**47,609**	15,546	**1,315**	28,360	**16,746**	20,815	**65,670**	64,721

* Capital expenditure consists of addition to property, plant and equipment and right-of-use assets.

9. OTHER INCOME

	2021 HK$'000	2020 HK$'000
Bank interest income	**370**	246
Imputed interest income from consideration receivable	**5,013**	–
Gain on fair value change of financial assets at FVTPL	**1,762**	76
Interest income from financial assets at FVTPL	**2,424**	4,861
Dividend income from unlisted investments	**461**	377
Rental income	**10,315**	12,481
Management fee income	**700**	734
Government grants *(note)*	**4,577**	4,140
Others	**1,379**	453
	27,001	23,368

Note: Government grants were mainly granted to the Group as (i) subsidies to support the operation of the PRC subsidiaries and (ii) COVID-19 related subsidies which is related to Employment Support Scheme provided by the Hong Kong government. The government grant had no conditions or contingencies attracted to them and they were non-recurring in nature.

10. FINANCE COST

	2021 HK$'000	2020 HK$'000
Interest on bonds payable	**11,864**	14,501
Interest on bank and other borrowings	**57,781**	47,478
Interest expense on lease liabilities	**18,855**	15,391
	88,500	77,370
Less: Capitalised in properties under development *(note)*	**(22,830)**	(12,649)
	65,670	64,721

Note: Borrowing costs capitalised during the year arose on the specific loan and are capitalised by applying a capitalisation rate of 6.8% per annum to expenditure on the properties under development.

11. PROFIT/(LOSS) BEFORE INCOME TAX

	2021 HK$'000	2020 HK$'000
Profit/(loss) for the year has been arrived at after charging/(crediting):		
Total staff costs including remuneration of the directors:		
Salaries and other benefits	**208,944**	187,112
Equity-settled share based expenses	**982**	–
Retirement benefit scheme contributions	**14,269**	5,470
	224,195	192,582
Auditors' remuneration for audit services	**2,000**	2,000
Exchange loss, net	**–**	11
Impairment loss recognised in respect of interest in an associate	**–**	87,105
Impairment loss recognised in respect of goodwill	**–**	229,010
Impairment loss recognised in respect of intangible assets	**–**	65,728
Impairment loss recognised in respect of right-of-use assets and property, plant and equipment	**–**	12,323
Allowance for/(reversal of) expected credit losses of		
– trade receivables	**(1,311)**	665
– other receivables	**(1,865)**	(2,241)
– loan to a shareholder	**(42)**	(23)
– short-term loans receivable	**113**	666
Loss on fair value change of contingent consideration payable	**2,701**	13,818
Depreciation of property, plant and equipment	**49,578**	49,244
Depreciation of right-of-use assets	**96,558**	90,784
Payments to short-term leases	**2,103**	2,402

12. DIRECTORS', SENIOR MANAGEMENT'S AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

Fees and other emoluments paid or payable to the directors of the Company for the years ended 31 December 2021 and 2020 were as follows:

For the year ended 31 December 2021

	Fees HK$'000	Salaries and allowances HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:				
Ms. Zhu Yufei *(Chairman and Chief Executive Officer)*	–	–	–	–
Mr. Cheung Wai Kuen	–	–	–	–
Mr. Li Runping *(note (ii))*	–	–	–	–
Mr. Lin Jiang *(note (iii))*	–	300	–	300
Non-executive directors:				
Mr. Wong Kin Man	–	–	–	–
Mr. Yang Zhibo *(note (v))*	–	–	–	–
Independent non-executive directors:				
Mr. Lam Chi Wing	150	–	–	150
Mr. Mai Yang Guang *(note (vi))*	150	–	–	150
Mr. Wong Yiu Kit, Ernest	150	–	–	150
Ms. Yu Lin *(note (vii))*	48	–	–	48
Total	498	300	–	798

12. DIRECTORS', SENIOR MANAGEMENT'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(A) DIRECTORS' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2020

	Fees HK$'000	Salaries and allowances HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
Executive directors:				
Ms. Zhu Yufei *(Joint Chairman and Chief Executive Officer)*	–	–	–	–
Mr. Cheung Wai Kuen *(Joint Chairman)*	–	–	–	–
Mr. Ye Jiong Xian *(note (i))*	–	52	2	54
Mr. Li Runping *(note (ii))*	–	–	–	–
Mr. Lin Jiang *(note (iii))*	–	250	–	250
Non-executive directors:				
Mr. Hou Kaiwen *(note (iv))*	–	–	–	–
Mr. Wong Kin Man *(note)*	–	–	–	–
Mr. Yang Zhibo *(note (v))*	–	–	–	–
Independent non-executive directors:				
Mr. Lam Chi Wing	150	–	–	150
Mr. Mai Yang Guang *(note (vi))*	150	–	–	150
Mr. Wong Yiu Kit, Ernest	150	–	–	150
Total	450	302	2	754

12. DIRECTORS', SENIOR MANAGEMENT'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(A) DIRECTORS' EMOLUMENTS (CONTINUED)

No emoluments were paid by the Group to the directors of the Company, its chief executive officer and senior management of the highest paid individuals as a discretionary bonus or an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2021 and 2020.

None of the directors of the Company and chief executive officer of the Company agreed to receive or waived any emoluments in the years ended 31 December 2021 and 2020.

No share option was held by directors as at 31 December 2021 and 2020. Details of the share award scheme are disclosed in note 37.

Notes:

(i) Mr. Ye Jiong Xian was resigned as an executive director of the Company with effect from 14 February 2020.

(ii) Mr. Li Runping was appointed as an executive director of the Company with effect from 16 April 2020.

(iii) Mr. Lin Jiang was re-designed as an executive director of the Company with effect from 14 February 2020.

(iv) Mr. Hou Kaiwen was resigned as a non-executive director of the Company with effect from 14 February 2020.

(v) Mr. Yang Zhibo was appointed as a non-executive director of the Company with effect from 16 April 2020.

(vi) Mr. Mai Yang Guang was resigned as independent non-executive director of the Company with effect from 5 September 2021.

(vii) Ms. Yu Lin was appointed as independent non-executive director of the Company with effect from 5 September 2021.

12. DIRECTORS', SENIOR MANAGEMENT'S AND EMPLOYEES' EMOLUMENTS *(CONTINUED)*

(B) FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, no (2020: no) director of the Company whose emoluments was included in note 12(a) above. The emoluments of the remaining five (2020: five) individuals were as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries and other allowances	**2,180**	1,983
Contribution to retirement benefits scheme	**72**	72
	2,252	2,055

Their emoluments were within the following bands:

	2021	2020
Nil to HK$1,000,000	**5**	5

At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the future years.

13. INCOME TAX EXPENSE

	2021 **HK$'000**	2020 HK$'000
Income tax expense comprises:		
Current tax – Hong Kong Profits tax		
Charge for the year	**–**	–
Current tax – PRC Enterprise income tax		
Charge for the year	**24,144**	31,303
Deferred tax	**(5,520)**	(12,541)
	18,624	18,762

13. INCOME TAX EXPENSE (CONTINUED)

(A) HONG KONG PROFITS TAX

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualified for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

(B) PRC ENTERPRISE INCOME TAX

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

(C) CAYMAN ISLANDS AND BRITISH VIRGIN ISLANDS CORPORATE INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Company and the Company's subsidiaries registered in the BVI are not subject to any income tax in the Cayman Islands and BVI, respectively.

The income tax expense for the year can be reconciled to the profit/(loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021		2020	
	HK$'000	**%**	HK$'000	%
Profit/(loss) before tax	**53,409**		(363,880)	
Tax at the Hong Kong Profits Tax rate of 16.5%	**8,812**	**16.5**	(60,040)	(16.5)
Tax effect of share of result of associates	**132**	**0.2**	(711)	(0.2)
Tax effect of income not taxable for tax purpose	**(11,627)**	**(21.8)**	(1,970)	(0.5)
Tax effect of expenses not deductible for tax purpose	**11,180**	**20.9**	67,454	18.5
Tax effect of tax losses not recognised	**3,638**	**6.8**	2,431	0.7
Tax effect of utilisation of tax losses previously not recognised	**–**	**–**	(655)	(0.2)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**6,489**	**12.1**	12,253	3.4
Income tax expense	**18,624**	**34.9**	18,762	5.2

14. DIVIDENDS

	2021 **HK$'000**	2020 HK$'000
Dividend for ordinary shareholders of the Company recognised as distribution		
2019 Annual – HK$0.067 cents	**–**	2,567

The Board does not recommend the payment of dividend for the year (2020: Nil).

On 15 May 2020, the Board recommended the payment of final dividends of approximately HK$0.067 cents per ordinary share, amounting to HK$2,567,000.

15. 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 **HK$'000**	2020 HK$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share (profit/(loss) for the year attributable to owners of the Company)	**5,300**	(381,352)
Number of shares ('000)		
Issued ordinary shares as at 1 January	**3,830,915**	3,830,915
Weighted average number of shares in respect of placing and subscription of shares	**236,698**	–
Weighted average number of shares held for the share award scheme	**(2,008)**	(654)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**4,065,605**	3,830,261
Effect of dilutive potential ordinary shares:		
– Share award	**350**	–
Weighted average number or ordinary share for the purpose of diluted earnings/(loss) per share	**4,065,955**	3,830,261

Diluted loss per share is the same as the basis loss per share for the year ended 31 December 2020 as there were no potential dilutive ordinary share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixture HK$'000	Computer software HK$'000	Motor vehicle HK$'000	Medical equipment HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:								
At 1 January 2020	202,328	4,264	5,495	769	3,504	50,975	530	267,865
Additions	4,458	12	428	1,692	4,366	771	–	11,727
Disposal of subsidiaries *(note 40)*	(2,632)	(1,400)	(119)	(95)	(335)	(4,622)	–	(9,203)
Written of	(204)	–	–	–	–	–	–	(204)
Transfer	530	–	–	–	–	–	(530)	–
Exchange alignment	7,595	461	550	39	752	1,689	–	11,086
At 31 December 2020 and 1 January 2021	212,075	3,337	6,354	2,405	8,287	48,813	–	281,271
Additions	18,634	1,318	939	1,265	28	2,586	–	24,770
Disposal of subsidiaries *(note 40)*	(6,148)	(50)	(1,847)	(25)	–	(30,639)	–	(38,709)
Disposals	–	(682)	(682)	–	(13)	(3,077)	–	(4,454)
Exchange alignment	5,182	174	387	90	157	412	–	6,402
At 31 December 2021	229,743	4,097	5,151	3,735	8,459	18,095	–	269,280
Accumulated depreciation and impairment:								
At 1 January 2020	32,738	1,967	1,664	361	3,277	16,733	–	56,740
Charge for the year	38,478	19	3,393	101	324	6,929	–	49,244
Disposal of subsidiaries *(note 40)*	(1,260)	(829)	(19)	(96)	(237)	(3,006)	–	(5,447)
Impairment loss recognised in profit or loss	1,183	–	74	–	–	10,175	–	11,432
Written off	(204)	–	–	–	–	–	–	(204)
Exchange alignment	1,414	19	118	6	47	91	–	1,695
At 31 December 2021 and 1 January 2021	72,349	1,176	5,230	372	3,411	30,922	–	113,460
Charge for the year	39,136	776	924	288	1,147	7,307	–	49,578
Disposal of subsidiaries *(note 40)*	(5,144)	(50)	(1,120)	(21)	–	(31,152)	–	(37,487)
Disposals	–	(552)	(552)	–	(10)	(2,105)	–	(3,219)
Exchange alignment	1,466	142	205	27	49	291	–	2,180
At 31 December 2021	107,807	1,492	4,687	666	4,597	5,263	–	124,512
Carrying amounts:								
At 31 December 2021	121,936	2,605	464	3,069	3,862	12,832	–	144,768
At 31 December 2020	139,726	2,161	1,124	2,033	4,876	17,891	–	167,811

For impairment testing, please refer to note 19 for details.

17. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

(A) RIGHT-OF-USE ASSETS

	Leased properties HK$'000	Motor vehicles HK$'000	Office equipment HK$'000	Total HK$'000
At 31 December 2021				
Carrying amount	384,572	871	4	385,447
At 31 December 2020				
Carrying amount	352,253	1,388	10	353,651
For the year ended 31 December 2021				
Depreciation charge	96,035	517	6	96,558
Disposal of subsidiaries	(93,576)	–	–	(93,576)
For the year ended 31 December 2020				
Depreciation charge	90,261	517	6	90,784

	2021 HK$'000	2020 HK$'000
Total cash outflow for leases *(Note (i))*	**106,217**	104,283
Additions to right-of-use assets *(Note (ii))*	**212,890**	92,883

Notes:

(i) Amount includes payments of principal of HK$85,259,000 (2020: HK$86,490,000) and interest portion of HK$18,855,000 (2020: HK$15,391,000) of lease liabilities, and leases with lease terms ends within 12 months of HK$2,103,000 (2020: HK$2,402,000).

(ii) Amount includes right-of-use assets resulting from renewal of lease.

For both years, the Group leases various properties, equipment and vehicles for its operations. Lease contracts are entered into for fixed term of 2 years to 10 years (2020: 2 years to 10 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The maturity analysis of lease liabilities is presented in note 17(B).

17. RIGHT-OF-USE ASSETS/LEASE LIABILITIES *(CONTINUED)*

(A) RIGHT-OF-USE ASSETS (CONTINUED)

As at 31 December 2021, right-of-use asset with carrying amount of approximately HK$1,883,000 (2020: HK$951,000) was carried under lease with a related company.

For impairment testing, please refer to note 19 for details.

(B) LEASE LIABILITIES

	2021	2020
	HK$'000	HK$'000
Analysed as:		
Non-current	**281,142**	322,892
Current	**138,194**	53,942
	419,336	376,834

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period are as follows:

	2021	2020
	HK$'000	HK$'000
Within one year	**138,194**	53,942
After one year but within two years	**125,406**	49,414
After two years but within five years	**136,509**	171,768
After five years	**19,227**	101,710
	281,142	322,892
	419,336	376,834

The weighted average incremental borrowing rate applied to lease liabilities range from 1.98% to 8.42% (2020: from 1.98% to 8.42%).

18. INTANGIBLE ASSETS

	Land development right HK$'000	Trademark HK$'000	Total HK$'000
Cost:			
At 1 January 2020	122,225	700,727	822,952
Exchange alignment	8,572	42,836	51,408
At 31 December 2020 and 1 January 2021	130,797	743,563	874,360
Disposal of subsidiaries	–	(89,900)	(89,900)
Exchange alignment	3,263	16,310	19,573
At 31 December 2021	**134,060**	**669,973**	**804,033**
Accumulated impairment loss:			
At 1 January 2020	**–**	**–**	**–**
Impairment loss recognised in profit or loss	**–**	**65,728**	**65,728**
At 31 December 2020, 1 January 2021	**–**	**65,728**	**65,728**
Disposal of subsidiaries	**–**	**(65,728)**	**(65,728)**
At 31 December 2021	**–**	**–**	**–**
Carrying amounts:			
At 31 December 2021	**134,060**	**669,973**	**804,033**
At 31 December 2020	**130,797**	**677,835**	**808,632**

The land development right was acquired by the Company through the acquisition of 100% equity interests of Harvest Luck Investment Limited ("Harvest Luck") during the year ended 31 December 2016. The management considered that the legal rights of the land development rights is capable of being renewed indefinitely at insignificant cost and it is expected to generate positive cash flows indefinitely. The development rights will not be amortised until its useful life is determined to be finite upon reassessment of its useful life annually by the management. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. No impairment losses were recognised for both years.

The trademark from health industry with carrying amount of approximately HK$89,900,000 (the "Trademark") was acquired by the Company through the acquisition of 100% equity interests of Golden Time Ventures Limited ("Golden Time Ventures") during the year ended 31 December 2017. The Company disposed Golden Time Ventures during the year, thus, the Trademark was disposed accordingly.

18. INTANGIBLE ASSETS *(CONTINUED)*

The trademark from postpartum care services with carrying amount of approximately HK$611,416,000 was acquired by the Company through the step-up acquisition of Shenzhen Aidigong Group during the year ended 31 December 2019. The directors have determined the fair value of intangible asset as at 13 September 2019 with reference to the valuation report prepared by an independent valuer.

The management of the Group considered that the trademarks from health industry and postpartum care services business are expected to generate positive cash flows indefinitely and therefore they have indefinite useful lives. The trademarks will not be amortised until its useful life are determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 19.

IMPAIRMENT TESTING OF INTANGIBLE ASSETS

For the purpose of impairment testing, intangible asset has been allocated to the following CGU. The carrying amount of intangible asset (net of accumulated impairment losses) at 31 December 2021 and 2020 was allocated as follow:

	2021 **HK$'000**	2020 HK$'000
Postpartum care services	**669,973**	653,663
Health industry	**134,060**	154,969

For impairment testing, please refer to note 19 for details.

19. GOODWILL

	2021 **HK$'000**	2020 HK$'000
Cost:		
At 1 January	**655,476**	627,529
Disposal of subsidiaries	**(229,010)**	–
Exchange alignment	**10,640**	27,947
At 31 December	**437,106**	655,476
Accumulated impairment losses:		
At 1 January	**229,010**	–
Disposal of subsidiaries	**(229,010)**	–
Impairment loss recognised in profit or loss	**–**	229,010
At 31 December	**–**	229,010
Carrying amounts		
At 31 December	**437,106**	426,466

19. GOODWILL *(CONTINUED)*

IMPAIRMENT TEST OF GOODWILL

For the purpose of impairment testing, goodwill has been allocated to the following CGU. The carrying amount of goodwill (net of accumulated impairment losses) at 31 December 2021 and 2020 was allocated as follow:

	2021 **HK$'000**	2020 HK$'000
Postpartum care services	**437,106**	426,466
Health industry	**–**	–

(A) POSTPARTUM CARE SERVICES

The recoverable amount of this cash-generating units of postpartum care services business have been determined on a value in use calculation which use cash flow projection based on financial budgets approved by the directors and valued by the professional valuer covering a five year period, and discount rate of 16.77% (2020: 18.35%) per annum. Cash flows beyond that five-year period have been extrapolated using a steady 3.00% (2020: 3.00%) growth rate. This growth rate does not exceed the long-term average growth rate for the market.

The key assumptions used in the value-in-use calculations are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflects the past experience.

During the year ended 31 December 2021 and 31 December 2020, management of the Group determines that there is no impairment on postpartum care services. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of postpartum care services to exceed the recoverable amount of postpartum care services.

19. GOODWILL *(CONTINUED)*

(B) HEALTH INDUSTRY

For the year ended 31 December 2020, the management of the Group concluded there was indication of impairment and conducted impairment assessment on recoverable amounts of certain goodwill, intangible assets, property, plant and equipment and right-of-use assets associated to the health industry in Hong Kong with carrying amounts (before impairment) of HK$229,010,000 (note 19), HK$89,900,000 (note 18), HK$15,635,000 (note 16) and HK$1,219,000 (note 17), respectively. The recoverable amount of the relevant health industry related to which that generate cash-flow together with the related goodwill, intangible assets, property, plant and equipment and right-of-use assets are included in the respective CGU for the purpose of impairment assessment.

The recoverable amount of the cash-generating units of health industry have been determined on a value in use calculation which use cash flow projections based on financial budget approved by the directors and valued by the professional valuer covering a five year period, and discount rate of 14.25% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 2.4% growth rate. This growth rate does not exceed the long-term average growth rate for the market. Key assumptions included gross margin and discount rate which were determined by valuer and confirmed by the directors of the Company based on past performance and its expectation for market development. The values assigned to key assumptions are based on historical experience, current market condition, approved forecasts and consistent with external information sources.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU is lower than the carrying amount. Due to adverse changes in market in health industry by the outbreak of the COVID-19 pandemic and the lockdown measures imposed by government in Hong Kong.

The impairment amount has been allocated to each category of goodwill, intangible assets, property, plant and equipment and right-of-use assets such that they carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, an impairment of HK$229,010,000 (note 19), HK$65,728,000 (note 18), HK$11,432,000 (note 16) and HK$891,000 (note 17) has been recognised against the carrying amount of goodwill, intangible assets, property, plant and equipment and right-of-use assets respectively.

20. INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Interests in associates, included in non-current assets:		
Share of net assets	**2,151**	107,098
Goodwill on acquisition recognised by the Group	**–**	5,124
Interests in associates	**2,151**	112,222
Dividend from the associate during the year	**18,821**	–

Details of the Group's material associates, which are held indirectly by the Company at the end of reporting period, are as follows:

Name of associate	Form of business and structure	Place of incorporation	Class of registered capital held	Proportion of ownership interest and voting rights interest held by the Group 2021	Proportion of ownership interest and voting rights interest held by the Group 2020	Principal activities
Guangdong Fengyuan Huake Bio Tech Company Limited* ("Fengyuan Group")	Incorporated	The PRC	Registered capital	–% *(note 20B)*	22.72%	Research, development and manufacturing of pharmaceutical products
Yangxi Fengyuan Huake Agriculture Integrated Development Company Limited* ("Fengyuan Group")	Incorporated	The PRC	Registered capital	–% *(note 20B)*	22.72%	Research, development and manufacturing of pharmaceutical products
Shanyang Fengyuan Huake Bio Tech Limited* ("Fengyuan Group")	Incorporated	The PRC	Registered capital	–% *(note 20B)*	22.72%	Research, development and manufacturing of pharmaceutical products
Shenzhen Wanqi Marine Bio Tech Company Limited* ("Shenzhen Wanqi")	Incorporated	The PRC	Registered capital	–% *(note 20A)*	49.00%	Seahorse breeding
Shenzhen Xijianglang Technological and Cultural Company Limited*	Incorporated	The PRC	Registered capital	**36.00%**	36.00%	eCommerce platform for healthcare services

* For identification purpose only

20. INTERESTS IN ASSOCIATES (CONTINUED)

MATERIAL ASSOCIATE DISCLOSURES

The following table illustrates the summarised financial information of the material associate and have been adjusted to reflect the fair values of identifiable assets and liabilities at the completion dates of acquisition by the Group, and reconciled to the carrying amount in the consolidated financial statements:

(A) SHENZHEN WANQI

	2020 HK$'000
Non-current assets	172
Current assets	34,814
Current liabilities	(2,396)
Net assets attributable to shareholders of the associates	32,590
Reconciliation to the Group's investments in the associates	
Proportion of the Group's ownership interest in the Shenzhen Wanqi	49.0%
Group's share of net assets of the associates, excluding goodwill	15,969
Goodwill on acquisition recognised by the Group	5,124
Carrying amount of the Group's interests in the Shenzhen Wanqi	21,093

20. INTERESTS IN ASSOCIATES *(CONTINUED)*

MATERIAL ASSOCIATE DISCLOSURES (CONTINUED)

(A) SHENZHEN WANQI *(CONTINUED)*

OTHER DISCLOSURES

	2021 HK$'000	2020 HK$'000
Revenue	**1,400**	3,806
Profit for the year	**–**	7
Profit for the year attributable to shareholders of the associate	**–**	7
Other comprehensive income for the year attributable to shareholders of the associates	**979**	2,135
Share of the associates' profit for the year	**–**	3
Share of the associates' other comprehensive income for the year	**480**	1,046

For the year ended 31 December 2020, the recoverable amount of cash-generating units of Shenzhen Wanqi has been determined based on a value in use calculation which uses cash flow projection based on financial budgets approved by the directors and valued by the professional valuer covering a five year period, and discount rate of 16.35% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 3.00% growth rate. This growth rate does not exceed the long-term average growth rate for the market. The key assumptions used in the value-in-use calculations are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflects the past experience

During the year ended 31 December 2020, an impairment loss on interest in associates of approximately HK$64,556,000 was recognised in the Group's consolidated statement of profit or loss in respect of Shenzhen Wanqi on the basis of decline in the recoverable amount which was below the carrying amount and adverse changes in the market in which the associate operated.

20. INTERESTS IN ASSOCIATES *(CONTINUED)*

MATERIAL ASSOCIATE DISCLOSURES (CONTINUED)

(A) SHENZHEN WANQI *(CONTINUED)*

OTHER DISCLOSURES *(CONTINUED)*

During the year ended 31 December 2021, the Group disposed of entire interest in Shenzhen Wanqi to a third party for fair value consideration of HK$23,700,000. The transaction has resulted in the recognition of a gain in profit or loss, calculated as follow.

	HK$'000
Cash consideration of disposal	1,212
Consideration receivables of disposal	22,488
Less: carrying amount of the investment on the date of disposal	(21,573)
Release of exchange difference upon disposal	1,000
Gain recognised	3,127

(B) FENGYUAN GROUP

	2020 HK$'000
Non-current assets	41,751
Current assets	307,199
Current liabilities	(124,852)
Net assets	224,098
Less: Non-controlling interests	(11,832)
Net assets attributable to shareholders of the associates	212,266
Reconciliation to the Group's investments in the associates	
Proportion of the Group's ownership interest in the Fengyuan Group	22.72%
Group's share of net assets of the associates, excluding goodwill	48,227
Other reconciling items *(note (i))*	41,182
Carrying amount of the Group's interests in the Fengyuan Group	89,409

Notes:

(i) Other reconciling items mainly represented additional capital injection attributable by the Group.

20. INTERESTS IN ASSOCIATES *(CONTINUED)*

MATERIAL ASSOCIATE DISCLOSURES (CONTINUED)

(B) FENGYUAN GROUP *(CONTINUED)*

OTHER DISCLOSURES

	2021	2020
	HK$'000	HK$'000
Revenue	**8,468**	33,816
Loss/profit for the period attributable to shareholders of the associate	**(3,521)**	16,803
Other comprehensive income for the year attributable to shareholders of the associates	**3,499**	10,180
Share of the associates' profit for the year	**(800)**	3,818
Share of the associates' other comprehensive income for the year	**795**	2,313
Dividend receivable from associate during the period/year	**(18,821)**	–

For the year ended 31 December 2020, the recoverable amount of cash-generating units of Fengyuan Group has been determined based on a value in use calculation which uses cash flow projection based on financial budgets approved by the directors and valued by the professional valuer covering a five year period, and discount rate of 14.58% per annum. Cash flow beyond that five-year period have been extrapolated using a steady rate of 3.00% growth rate. This growth rate does not exceed the long-term average growth rate for the market. The key assumptions used in the value-in-use calculations are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflects the past experience.

During the year ended 31 December 2020, an impairment loss on interest in associates of approximately HK$22,549,000 was recognised in respect of Fengyuan Group on the basis of decline in the recoverable amount which was below the carrying amount and adverse changes in the market in which the associate operated.

20. INTERESTS IN ASSOCIATES *(CONTINUED)*

MATERIAL ASSOCIATE DISCLOSURES (CONTINUED)

(B) FENGYUAN GROUP *(CONTINUED)*

OTHER DISCLOSURES *(CONTINUED)*

During the year ended 31 December 2021, the Group disposed of entire interest in Fengyuan Group to a third party for fair value consideration of approximately RMB58,724,000 (approximately HK$71,139,000). The transaction has resulted in the recognition of a gain in profit or loss, calculated as follow.

	HK$'000
Cash consideration of disposal	1,212
Consideration receivables of disposal	69,927
Less: carrying amount of the investment on the date of disposal	(70,583)
Release of exchange difference upon disposal	1,595
Gain recognised	2,151

DISCLOSURE ON OTHER ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

(C) OTHERS

The following tables illustrate the aggregate financial information of the Group's associates that are not individually material:

	2021 **HK$'000**	2020 HK$'000
Share of the associates' (loss)/profit for the year	**(2)**	490
Share of the associates' other comprehensive income for the year	**44**	96
Carrying amount of the Group's interests in the associates that are not individually material	**2,151**	1,720

21. INTERESTS IN JOINT VENTURES

Details of the Group's interest are as follows:

	2021 HK$'000	2020 HK$'000
Cost of investments in joint ventures		
– Unlisted outside Hong Kong	**73,235**	73,235
Amounts due from joint ventures	**60,330**	60,330
	133,565	133,565
Impairment loss recognised	**(133,565)**	(133,565)
	–	–

Details of the Group's joint ventures, which are held indirectly by the Company at the end of reporting period, are as follows:

Name of joint venture	Form of business and structure	Place of incorporation	Class of shares held	Proportion of ownership interest and voting rights held by the Group		Principal activities
				2021	2020	
Golden Royce Investment Limited	Incorporated	Hong Kong	Ordinary	**40%**	40%	Dormant

22. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK$'000	2020 HK$'000
Equity investment at FVTOCI		
– Unlisted *(notes)*	**19,891**	20,489

Notes:

(a) Dragon Pride Group was principally engaged in the provision of medical services in Hong Kong.

(b) The directors considered the fair value of the equity investments refer to the valuation performed by independent qualified valuer (note 5(c)).

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Deposits	**36,887**	25,442
Prepayments *(note (i))*	**273,882**	281,349
Other receivables *(note (ii))*	**236,757**	78,139
	547,526	384,930
Less: Allowance for expected credit losses	**(9,225)**	(11,090)
	538,301	373,840
Analysed for reporting purposes as:		
Non-current	**–**	–
Current	**538,301**	373,840
	538,301	373,840

The directors consider that carrying amounts of deposits paid and other receivables approximate to their fair values.

Notes:

(i) The prepayments mainly comprised of (i) prepaid land cost situated at Luofu Mountain in Guangdong Province of approximately HK$22,085,000, (ii) prepaid construction and development costs for Luofu Mountain projects of approximately HK$249,014,000 and (iii) prepaid cost for procurement of raw material and finished goods for health industry business of approximately HK$Nil (2020; HK$21,547,000, HK$187,441,000 and HK$67,160,000 respectively).

(ii) As at 31 December 2021, the other receivables mainly comprised of (i) payment related to medical anti-aging business and healthcare industry investment business of approximately HK$Nil (2020: HK$63,540,000), (ii) consideration receivables for the disposal of subsidiaries and associates of approximately HK$182,508,000 (2020: HK$Nil) and repayable within one year bearing effective interest rate of 5.71%, (iii) amount due from a former subsidiary and dividend from the former associate of approximately HK$22,620,000 and HK$18,821,000 respectively (2020: HK$Nil and HK$Nil respectively).

23. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Movement in the loss allowance account in respect of deposits and other receivables during the year was as follows:

	2021 **HK$'000**	2020 HK$'000
Balance at 1 January	**11,090**	13,331
(Reversal of)/allowance for expected credit losses recognised during the year	**(1,865)**	(2,241)
Balance at 31 December	**9,225**	11,090

Details of allowance for expected credit losses assessment for the years ended 31 December 2021 and 2020 were set out in note 5(b).

The allowance for expected credit losses decreased by approximately HK$1,865,000 (2020: decreased by HK$2,241,000) for other receivables during the year.

24. TRADE RECEIVABLES

	2021 **HK$'000**	2020 HK$'000
Trade receivables	**3,813**	12,013
Less: Allowance for expected credit losses	**(412)**	(1,723)
	3,401	10,290

The Group generally allows an average credit period ranging from 30 to 90 days (2020: 30 to 90 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for expected credit losses), at the end of the reporting period:

	2021 **HK$'000**	2020 HK$'000
0 to 30 days	**–**	–
31 to 60 days	**1,646**	–
61 to 90 days	**–**	–
Over 90 days	**1,755**	10,290
	3,401	10,290

24. TRADE RECEIVABLES *(CONTINUED)*

Allowance for expected credit losses of approximately HK$412,000 have been recognised for trade receivables as at 31 December 2021 (2020: HK$1,723,000).

The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables.

The Group rebutted the presumption of default under expected credit losses model for trade receivables over 90 days past due based on no significant change in credit quality after understood the customers' background as well as the good payment records of and continuous business relationship with the customers.

These customers were assessed individually and/or collectively using a provision matrix with appropriate groupings for the credit risk based on their historical default rate, probability of default and exposure of default and were adjusted for forward-looking information that was available without undue cost or effort. The Group did not hold any collateral over these balances.

Movement in the allowance for expected credit losses in respect of trade receivables during the year is as follows:

	2021	2020
	HK$'000	HK$'000
Balance at 1 January	**1,723**	1,058
Disposal of a subsidiary	**(1,723)**	–
Allowance for expected credit losses during the year	**412**	665
Balance at 31 December	**412**	1,723

Details of impairment assessment under expected credit loss model of trade receivables for the years ended 31 December 2021 and 2020 were set out in note 5(b).

25. INVENTORIES

	2021 HK$'000	2020 HK$'000
Finished goods	**2,923**	50,759

The directors have assessed the net realisable values and condition of the Group's inventories as at 31 December 2021 and 2020 and have considered no write-down of obsolete inventories to be made.

26. PROPERTIES UNDER DEVELOPMENT

	2021 HK$'000	2020 HK$'000
Properties under development comprised of:		
– Development costs	**256,031**	168,739
– Land use rights	**194,397**	189,664
– Finance cost capitalised	**35,479**	12,649
	485,907	371,052

As at 31 December 2021, properties under development amounting HK$224,824,000 are expected to be recovered after more than 12 months from the end of the reporting period.

27. LOAN TO A SHAREHOLDER

On 5 October 2018, the Company, as lender, Champion Dynasty Limited ("Champion Dynasty"), as borrower and Mr. Cheung Wai Kuen, as an individual guarantor entered a new facility agreement, to renew a three-year revolving loan facility of up to HK$200,000,000 to Champion Dynasty at an interest rate of 12% per annum. The loan was carried with the term of repayable on demand clause.

Details of the loan were set out in the Company's circular dated 2 November 2018.

Name of a shareholder	Maximum amount outstanding during the year HK$'000	2021 HK$'000	2020 HK$'000
Champion Dynasty	40,561	–	30,872
Less: Allowance for expected credit losses		–	(42)
		–	30,830

Movement in the loss allowance account in respect of loan to a shareholder during the year is as follows:

	2021 HK$'000	2020 HK$'000
Balance at 1 January	42	65
Reversal of expected credit losses during the year	(42)	(23)
Balance at 31 December	–	42

Details of allowance for expected credit losses assessment for the years ended 31 December 2021 and 2020 were set out in note 5(b).

28. SHORT-TERM LOANS RECEIVABLE

	2021 HK$'000	2020 HK$'000
Loans receivable		
With no guarantee *(note (i))*	**29,622**	29,936
Less: Allowance for expected credit losses	**(1,267)**	(1,154)
Carrying amount within one year *(note (ii))*	**28,355**	28,782

Notes:

(i) Loans receivable are denominated in Hong Kong dollars and carried at fixed effective interest of 12% per annum.

Total short-term loans receivable at 31 December 2021 and 2020 was not past due. The amount due are based on the scheduled repayment dates set out in the loan agreements. All loans are repayable within one year.

Movement in the loss allowance account in respect of short-term loans receivable during the year is as follows:

	2021 HK$'000	2020 HK$'000
Balance at 1 January	**1,154**	488
Allowance for expected credit losses during the year	**113**	666
Balance at 31 December	**1,267**	1,154

Details of allowance for expected credit losses assessment for the years ended 31 December 2021 and 2020 were set out in note 5(b).

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/BANK AND CASH BALANCES

(A) FINANCIAL ASSETS AT FVTPL

	2021 HK$'000	2020 HK$'000
Structured bank deposits	**69,344**	24,020

Structured bank deposits generally include foreign currency, commodity price, or assets linked structured bank deposits ("SBDs") placed by the Group to a number of banks. Pursuant to the relevant underlying agreements, the SBDs generally carry interest income at the interest rate range from 0.5% to 5.2% (2020: 0.5% to 4%) per annum with reference to the performance of foreign currency, commodity price, or assets during the investment period and the principal sums are denominated in RMB. Certain of the structured bank deposits are capital guaranteed. The structured bank deposits are either redeemable on demand or have a maturity date ranged from three months to three years (2020: three months).

(B) BANK AND CASH BALANCES

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term time deposits are denominated in HK$ and RMB which made for varying periods between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

At 31 December 2021, the Group's bank and cash balances denominated in RMB are approximately HK$87,127,000 (2020: HK$80,770,000).

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

30. TRADE PAYABLES

The following is an aged analysis of trade payables, based on the invoice date:

	2021 HK$'000	2020 HK$'000
0 to 30 days	**19,882**	8,076
31 to 60 days	**6,499**	3,459
181 to 365 days	**255**	46
Over 365 days	**2,671**	–
	29,307	11,581

The average credit period granted by suppliers ranges from 0 to 30 days.

31. ACCRUALS AND OTHER PAYABLES/CONTRACT LIABILITIES

(A) ACCRUALS AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Accruals	**33,483**	37,860
Other payables *(note)*	**31,024**	80,274
	64,507	118,134

Note:

Other payables mainly comprised of approximately (a) HK$808,000 (2020: HK$2,393,000) consideration payable to third parties for development and construction of the Luofu Mountain project, (b) HK$10,100,000 (2020: HK$1,597,000) payable for the bonds payable included interest, (c) HK$12,791,000 (2020: HK$8,681,000) advance payment from independent third parties and (d) HK$Nil (2020: HK$59,853,000) represents the fourth installment payable to the vendors of Shenzhen Aidigong Group.

(B) CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Contract liabilities *(Note)*	**211,162**	169,990

Note:

At 31 December 2021, contract liabilities mainly comprised of approximately (a) HK$Nil (2020: HK$23,085,000) of deposits received from customers on sales of raw materials and finished goods of natural health food, (b) HK$148,931,000 (2020: HK$130,384,000) of deferred income relating to postpartum care services; (c) HK$Nil (2020: HK$16,521,000) of deferred income relating to medical anti-aging healthcare services and (d) HK$62,231,000 of deposits received from customers on sales of health preservation villas in Luofu Mountain and expected to be recognised as revenue within one year based on the Group's pre-sale contracts signed up to 31 December 2021.

31. ACCRUALS AND OTHER PAYABLES/CONTRACT LIABILITIES *(CONTINUED)*

(B) CONTRACT LIABILITIES (CONTINUED)

MOVEMENTS IN CONTRACT LIABILITIES

	2021 **HK$'000**	2020 HK$'000
As at 1 January	**169,990**	225,934
Decrease in contract liabilities as a result of recognising revenue during the year	**(146,905)**	(197,535)
Disposals of subsidiaries *(note 40)*	**(23,085)**	–
Increase in contract liabilities as a result of receiving deposits during the year in respect of services not yet rendered as at 31 December	**211,162**	141,591
As at 31 December	**211,162**	169,990

32. SHARE CAPITAL

	Number of shares '000	**Share capital** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	80,000,000	800,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 1 January 2021	3,830,915	38,309
Share capital issued under subscription agreement *(note (i))*	264,100	2,641
Share capital issued under placing *(note (ii))*	190,000	1,900
At 31 December 2021	4,285,015	42,850

Notes:

(i) On 25 June 2021, an aggregate of 264,099,966 new shares have been issued at the subscription price of HK$0.7 per subscription share. Details of the subscription are set out in the Company's announcements dated 25 June 2011.

(ii) On 22 June 2021, the Company completed a share placing for an aggregate for 190,000,000 shares at a placing price of HK$0.62 per share to independent investors. Details of the placement are set out in the Company's announcements dated 22 June 2021.

33. DEFERRED INCOME TAXES

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**13,695**	8,988
Deferred tax liabilities	**(167,524)**	(167,436)

The movements of deferred income tax assets were as follows:

	Accured expenses HK$'000	**Loss available for offset future taxable profit** HK$'000	**Allowance for expected credit losses** HK$'000	**Total** HK$'000
At 1 January 2020	2,804	2,321	1,392	6,517
Credit/(charge) to the consolidated statement of profit or loss and other comprehensive income	1,747	(607)	841	1,981
Exchange alignment	256	106	128	490
At 31 December 2020 and 1 January 2021	4,807	1,820	2,361	8,988
Disposal of subsidiaries *(note 40)*	–	(1,047)	–	(1,047)
Credit/(charge) to the consolidated statement of profit or loss and other comprehensive income	1,212	4,466	(189)	5,489
Exchange alignment	136	75	54	265
At 31 December 2021	6,155	5,314	2,226	13,695

At the end of the reporting period, the Group has unused tax losses of approximately HK$646,764,000 (2020: HK$624,717,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$21,256,000 (2020: HK$9,435,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$645,219,000 (2020: HK$621,627,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$$1,545,000 (2020: HK$3,090,000) that will expire in 2024. Other losses may be carried forward indefinitely.

33. DEFERRED INCOME TAXES *(CONTINUED)*

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates which are expected to apply at the time of reversal of the temporary differences.

The movements of deferred tax liabilities were as follows:

	Intangible assets HK$'000	Property, plant and equipment HK$'000	Total HK$'000
At 1 January 2020	167,256	316	167,572
Credit to the consolidated statement of profit or loss and other comprehensive income	(10,275)	(285)	(10,560)
Exchange alignment	10,424	–	10,424
At 31 December 2020 and 1 January 2021	167,405	31	167,436
Disposal of subsidiaries *(note 40)*	(3,989)	–	(3,989)
Credit to the consolidated statement of profit or loss and other comprehensive income	–	(31)	(31)
Exchange alignment	4,108	–	4,108
At 31 December 2021	167,524	–	167,524

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

34. BONDS PAYABLE

	2021 HK$'000	2020 HK$'000
At 1 January	**116,854**	121,537
Initial recognition, net of related expenses	**18,644**	23,319
Repayment	**(58,400)**	(33,000)
Imputed interest expenses	**11,864**	14,501
Interest paid	**(6,421)**	(7,906)
Transfer to other payables	**(10,100)**	(1,597)
At 31 December	**72,441**	116,854
Current liabilities	**39,397**	65,079
Non-current liabilities	**33,044**	51,775
	72,441	116,854

During the year ended 31 December 2021, the Company, through an independent placing agent issued coupon bonds for an aggregate principal amount of HK$21,000,000 (2020: HK$25,800,000), which carry a fixed coupon interest rate of 7% per annum (2020: 6% and 7% per annum), The bonds are unsecured and will mature on the date falling on the second and third anniversary of the date of issue of the bonds. The net proceeds are intended to be used for general capital of the Group. The bonds are subsequently measured at amortised cost.

As at 31 December 2021, the bonds payable with principal amount of HK$78,000,000 will be due between 2022 and 2024. The effective interest rates are ranging from 11.50% to 15.89% (2020: 11.50% to 15.89%).

35. BANK AND OTHER BORROWINGS

Bank and other borrowings comprised of:

	2021 **HK$'000**	2020 HK$'000
Bank borrowings, secured *(note (i))*	**758,881**	695,748
Bank borrowings, unsecured *(note (ii))*	**–**	2,285
Other borrowings, unsecured *(note (iii))*	**35,869**	28,571
Other borrowings, guaranteed *(note (iv))*	**–**	30,000
Total borrowings	**794,750**	756,604

	2021 **HK$'000**	2020 HK$'000
Carrying amount repayable:		
Within 1 year or on demand	**102,124**	60,856
Between 1 to 5 years	**692,626**	406,936
Over 5 years	**–**	288,812
	794,750	756,604

Notes:

(i) On 12 September 2019, Guangdong Common Splendor Health Industry Group Limited ("Guangdong CS"), a wholly-owned subsidiary of the Company, as borrower, with Dongguan Rural Commercial Bank Co., Ltd. ("DRC Bank"), as lender, pursuant to which, DRC Bank, Donglian Branch agreed to make available to Guangdong CS the Loan Facilities of up to an aggregate principal amount of RMB340,000,000. The bank loans were secured by following:

(a) a pledge of 88.5184% shares of Shenzhen Aidigong;

(b) personal guarantee by related parties; and

(c) corporate guarantee by its wholly-owned subsidiaries, Guangdong Common Splendor Supply Chain Management Limited and Dongguan Great King Health Industry Company Limited.

The principal was due between 2020 and 2026 and the annual interest rate of above loans ranged from 6.89% to 7.11%, of which HK$402,435,000 was utilised as at 31 December 2021 (2020: HK$401,018,000).

35. BANK AND OTHER BORROWINGS *(CONTINUED)*

Notes: (Continued)

(i) *(Continued)*

During the year ended 31 December 2021, Guangdong Common Splendor Zhongliang Healthcare Industry as borrower, with Dongguan Rural Commercial Bank Co., Ltd, entered into loan facilities of up to an aggregate principal amount of RMB300,000,000. The bank loans were secured by its subsidiaries of the Company. The principal was due between 2021 and 2030 and the interest rate of the above loan charged 6.65%, of which HK$356,446,000 was utilised as at 31 December 2021 (2020: HK$294,730,000).

On 22 April 2019, the Group through a non-wholly owned subsidiary, Guangdong Weijingfang entered into a bank facility agreement with Bank of Dongguan Co., Ltd. The bank loans of RMB71,000,000 (equivalent to approximately HK$79,422,000 were secured by following:

(a) corporate guarantee by related companies;

(b) a personal guarantee by Mr. Cheung Wai Kuen, the director of the Company; and

(c) a parcel of land of the Group in Luofu Maintain with carrying amount of approximately HK$87,572,000.

The interest rate was charged at 6.53% and the loan was repaid in 2020.

(ii) At 31 December 2021, unsecured bank borrowing of RMBNil (2020: RMB1,909,000) (equivalent to approximately HK$Nil (2020: HK$2,285,000)) was repaid in 2021 with the interest rate charged at 4.55% (2020: 4.55%).

(iii) At 31 December 2021, the other borrowings of RMB10,000,000 (2020: RMB10,000,000) (equivalent to approximately HK$12,269,000) (2020: HK$11,971,000) and HK$23,600,000 (2020: HK$16,600,000) were provided by independent third parties. The interest rates were charged from 9.00% to 13.00% (2020: 9.00% to 10.00%) per annum. The principal is repayable within one year.

(iv) At 31 December 2020, the other borrowings of HK$30,000,000 was provided by an independent third party and guaranteed by Mr. Cheung Wai Kuen, the director of the Company. The interest rates was charged at 10% per annum. The amount was repaid during the year ended 31 December 2021.

The Group's borrowings are denominated in the following currencies:

	2021 **HK$'000**	2020 HK$'000
Hong Kong Dollar	**23,600**	46,600
RMB	**771,150**	710,004
	794,750	756,604

36. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") pursuant to an ordinary resolution passed at the AGM of the Company held on 11 October 2012.

The major terms of the Share Option Scheme are summarised as follows:

(a) The primary purpose of the Share Option Scheme is to provide incentives or rewards to eligible participants for their contribution to the Group.

(b) The Share Option Scheme will expire on 10 October 2022.

(c) The eligible participants include:

(1) any employee (whether full time or part time, including any executive director of the Company and non-executive director of the Company) of any member of the Company, any of its subsidiaries or any entity ("Invested Entity");

(2) any independent non-executive directors of the Company of any member of the Group or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of any member of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other support (technical or otherwise) to any member of the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(7) any adviser or consultant (professional or otherwise) to any area of business or business development of any member of the Group or any Invested Entity; and

(8) any other group or classes of participants who have contributed or may contribute by way of joint ventures, business alliance or other business arrangement to the development and growth of the Group.

and, for the purpose of the Share Option Scheme, any grant may be made to any company controlled by one or more eligible participants.

36. SHARE OPTION SCHEME *(CONTINUED)*

(d) Maximum number of Shares:

(1) The overall limit on the number of share which may be issued upon exercise of all outstanding (share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group must not exceed 30% of the shares in issues from time to time. The total number of shares available for issue under the Share Option Scheme is 242,825,500 Shares, which represent 9.35% of the total issued share capital of the Company as at the date of the report.

(2) Subject to the above overall limit, the total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all other share option scheme of the Group must not, in aggregate, exceed 10% of the shares in issue as at the date of approval of the Share Option Scheme (the "General Scheme Limit"). The Company may refresh the General Scheme Limit subject to approval of the shareholders in general meeting, provided that the General Scheme Limit as refreshed must not exceed 10% of the shares in issue as at the date of the approval of the refreshed limit.

(e) A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of the grant of share options. Share options may be exercised at any time during the period to be determined and identified by the board of directors of the Company, but in any event no later than ten years from the date of grant but subject to the early termination of the Share Option Scheme.

(f) The subscription prices for shares under the Share Option Scheme shall be a price determined by the board of directors of the Company, but shall not be less than the highest of:

(1) the closing price of the shares at stated in the Stock Exchange's daily quotations sheets on the date of offer for the grant;

(2) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer for the grant; and

(3) the nominal value of the shares.

(g) Share options granted should be accepted within 21 days from date of offer.

(h) Share options granted vested at the date of grant.

(i) Share options are valid for a period from 18 December 2012 to 10 October 2022 (both days inclusive) with remaining life of approximately 6.5 years as at the date of this report and can be exercisable in full or in part. The share options granted can be exercised since 18 December 2012 until they are exercised or lapsed.

During the year ended 31 December 2021, no share options were granted or exercised (2020: Nil).

37. SHARE AWARD SCHEME

A share award scheme was adopted on 30 August 2018 by the Company to recognise the contributions by certain personnel of the Group, to provide them with incentives in order to retain them for the continued operation and development of the Group, and to attract suitable personnel for further development of the Group. Subject to any early termination determined by the Board of Directors of the Company, the share award scheme is valid and effective for a period of ten years commencing on 30 August 2018. The Board of Directors of the Company may at its discretion grant any eligible participant awarded shares, provided that the total number of awarded shares shall not exceed 3% of the issued share capital of the Company as at the date of grant.

The share award scheme is operated through a trustee which is independent of the Group. The Board may either (i) cause to allot and issue new Shares to the Trustee at the Subscription Price under the Scheme Mandate or the General Mandate (as the case may be) (1) as Awarded Shares in the event that the Board has selected certain Eligible Persons as Selected Participants or (2) from time to time for future Award, and the Board shall in such events cause an amount equal to the Subscription Price of such new Shares to be allotted and issued under the Scheme Mandate or the General Mandate (as the case may be) be transferred from the Company's resources as soon as practicable prior to the allotment and issuance of such Shares as subscription monies for the new Shares to the Trustee or (ii) from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange out of the Trust Fund.

In the event that the aggregate interests of connected persons of the Company under the share award scheme exceeds 30% at any time during the life of the share award scheme, the Trustee will become a connected person of the Company under the Listing Rules. In such event, any issue and allotment of new shares to the Trustee in satisfaction of awards granted under the share award scheme will constitute connected transactions of the Company subject to independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

37. SHARE AWARD SCHEME *(CONTINUED)*

SHARES HELD FOR SHARE AWARD SCHEME

On 28 May 2020, 29 May 2020, 2 February 2021 and 3 February 2021, the Company purchased for an aggregate for 550,000 shares, 550,000 shares, 500,000 shares and 500,000 shares at approximately HK$0.4518, HK$0.4527, HK$0.52 and HK$0.5228 per share at the consideration of approximately HK249,000, HK$249,000, HK$260,000 and HK$261,000 for the adoption of the share award scheme (the"Scheme"). The purposes of the Scheme is to recognise and incentivise certain employees, directors, agent and consultant (the "Participants") and to recognise the contributions by certain personnel of the Group, to provide them with incentives in order to retain them for the continued operation and development of the Group, and to attract suitable personnel for further development of the Group.

On 12 November 2021, the Company granted 63,500,000 award shares to 69 selected persons thereunder in the form of issue of shares under general mandate pursuant to Share Award Scheme.

During the year ended 31 December 2021, the equity-settled share-based expenses were approximately HK$982,000 (2020: HK$Nil).

			Movement during the year								
	Date of grant	Outstanding at 1 January 2020	Granted	Exercised	Lapsed	Outstanding at December 2020	Granted	Exercised	Lapsed	Outstanding at 31 December 2021	Validating period
Employees and others	12 November 2021	–	–	–	–	–	19,050,000	–	–	19,050,000	12 November 2021 to 12 November 2022
	12 November 2021	–	–	–	–	–	19,050,000	–	–	19,050,000	12 November 2021 to 12 November 2023
	12 November 2021	–	–	–	–	–	25,400,000	–	–	25,400,000	12 November 2021 to 12 November 2024
	Total	–	–	–	–	–	63,500,000	–	–	63,500,000	

The fair value of share award were calculated using the Binomial Model. The inputs into the model were as follows:

Date of grant	**2021.11.12**
Grant date share price	HK$0.88
Exercise price	HK$0.80
Expected volatility	56.13%
Expected life	1-4 years
Risk-free rate	0.62%
Expected dividend yield	0%

38. COMMITMENTS

(A) OPERATING LEASES COMMITMENT

THE GROUP AS LESSOR

At the end of reporting period, the Group had contracted with merchants for floor areas around the Nanshan postpartum care centre for the following minimum lease payments non-cancelable operating leases of the following period.

	2021 HK$'000	2020 HK$'000
Within one year	**12,894**	17,743
In the second the fifth year inclusive	**21,328**	18,166
	34,222	35,909

(B) CAPITAL COMMITMENTS

As at 31 December 2021, the Group had a capital commitment amounted to approximately RMB56,235,000 (2020: RMB65,000,000) (equivalent to approximately HK$68,147,000 (2020: HK$77,809,000)) which is related to the construction of Luofu Mountain Project.

39. RETIREMENT BENEFIT SCHEME

The Group operates the Mandatory Provident Fund Scheme ("MPF Scheme"). Contributions to the MPF Scheme are based on a percentage of employees' salaries ranging from 5% to 10%, depending upon the length of service of the employees. From 1 December 2000, newly joined employees are compulsorily required to join the MPF Scheme. The employer and its employees are each required to make contributions to the scheme at rates specified in the rules of the MPF Scheme.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

The total costs charged to the consolidated statement of profit or loss and other comprehensive income approximately HK$14,269,000 (2020: HK$5,470,000) represented contributions payable to these schemes by the Group for the year.

40. DISPOSAL OF SUBSIDIARIES

(a) During the year ended 31 December 2021, the Group entered into series of sale and purchase agreements to dispose of its entire equity interests in certain subsidiaries for an aggregate fair value consideration HK$127,313,000. The transactions were completed for the year ended 31 December 2021.

Detail of net assets of the subsidiaries disposal of financial impact are summarised as follows:

	Notes	2021 HK$'000
Net assets disposed of:		
Property, plant and equipment	*16*	1,222
Right-of-use assets	*17*	93,800
Intangible assets	*18*	24,172
Deferred tax assets	*33*	1,047
Inventories		46,456
Prepayments, deposits and other receivables		121,740
Amount due from related parties		1,272
Bank and cash balances		1,573
Accruals and other payables		(52,103)
Contract liabilities		(23,085)
Amount due to related parties		(22,620)
Tax payable		(5,992)
Lease liabilities		(94,878)
Deferred tax liabilities		(3,989)
		88,615
Gain on disposal of subsidiaries		55,161
Release of exchange difference upon disposal		7,207
Release of non-controlling interests upon disposal		(23,670)
		127,313
Satisfied by:		
Cash		43,685
Consideration receivables		83,628
		127,313

40. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2021 HK$'000
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**42,112**

(b) On 8 May 2020, the Group entered into a sale and purchase agreement to disposal of its entire equity interest in (i) Guangzhou Ruiang Comprehensive Clinic Co., Ltd. ("Guangzhou Ruiang Clinic); (ii) Guangzhou Common Splendor Cell Technology Co., Ltd. ("Guangzhou CS Cell Tech) and (iii) Guangzhou Ruiang Health Industry Investment Centre (Limited Partnership) to an independent third party for cash consideration of RMB3,180,000 (equivalent to approximately HK$3,678,000). The disposal was completed on 5 August 2020.

Summary of the effects of the disposal is as follows:

	HK$'000
Consideration	
Cash consideration	3,678

	HK$'000
Analysis of assets and liabilities over which control was lost	
Non-current assets	
Property, plant and equipment	1,621
Current assets	
Prepayments and other receivables	7,058
Cash and bank balances	12
Current liabilities	
Accruals and other payables	(5,732)
Net assets disposed	2,959

40. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) *(Continued)*

Summary of the effects of the disposal is as follows: *(Continued)*

	2020 HK$'000
Gain on disposal of subsidiaries	
Consideration received	3,678
Net assets disposed	(2,959)
Release of exchange difference upon disposal	(75)
Release of non-controlling interests upon disposal	137
	781

	2020 HK$'000
Net cash inflow arising on disposal:	
Consideration received	3,678
Less: cash and cash equivalents disposed of	(12)
	3,666

40. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(c) On 17 June 2020, the Group entered into a sale and purchase agreement to disposal of its entire equity interest in Huizhou Common Splendor Medical Technology Co., Ltd.. to an independent third party for cash consideration of RMB1,750,000 (equivalent to approximately HK$2,024,000). The disposal was completed on 5 August 2020.

Summary of the effects of the disposal is as follows:

	HK$'000
Consideration	
Cash consideration	2,024

	HK$'000
Analysis of assets and liabilities over which control was lost	
Non-current assets	
Property, plant and equipment	1,373
Current assets	
Prepayments and other receivables	4,095
Cash and bank balances	30
Current liabilities	
Accruals and other payables	(3,615)
Net assets disposed	1,883

	2020 HK$'000
Gain on disposal of a subsidiary	
Consideration received	2,024
Net assets disposed	(1,883)
Release of exchange difference upon disposal	(48)
	93

40. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(c) *(Continued)*

Summary of the effects of the disposal is as follows: *(Continued)*

	2020 HK$'000
Net cash inflow arising on disposal:	
Consideration received	2,024
Less: cash and cash equivalents disposed of	(30)
	1,994

(d) On 13 June 2020, the Group entered into a sale and purchase agreement to disposal of its entire equity interest in Shenzhen Common Splendor Clinic to an independent third party for cash consideration of RMB3,000,000 (equivalent to approximately HK$3,470.000). The disposal was completed on 5 August 2020.

Summary of the effects of the disposal is as follows:

	HK$'000
Consideration	
Cash consideration	3,470

40. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(d) *(Continued)*

Summary of the effects of the disposal is as follows: *(Continued)*

	HK$'000
Analysis of assets and liabilities over which control was lost	
Non-current assets	
Property, plant and equipment	762
Current assets	
Inventories	139
Prepayments and other receivables	735
Cash and bank balances	533
Current liabilities	
Contract liabilities	(370)
Accruals and other payables	(3,313)
Net liabilities disposed	(1,514)

	2020 HK$'000
Gain on disposal of a subsidiary	
Consideration received	3,470
Net liabilities disposed	1,514
Release of exchange difference upon disposal	38
	5,022

	2020 HK$'000
Net cash inflow arising on disposal:	
Consideration received	3,470
Less: cash and cash equivalents disposed of	(533)
	2,937

41. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended 31 December 2021, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$212,890,000 (2020: HK$92,883,000) and HK$212,890,000 (2020: HK$92,883,000), respectively, in respect of lease arrangements for office premises.

(ii) During the year 31 December 2021, the Group had consideration receivables from disposal of subsidiaries and associates of approximately HK$182,508,000 which included in the other receivables. Details refer to note 23 and 40.

(iii) During the year 31 December 2021, the equity-settled share based expenses were approximately HK$982,000.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities *(note 17(B))* HK$'000	Bank and other borrowings *(note 35)* HK$'000	Bonds payable *(note 34)* HK$'000	Total HK$'000
At 1 January 2020	341,490	481,465	121,537	944,492
Proceeds from borrowings and bonds	–	330,119	23,319	353,438
Repayment of borrowings and bonds	–	(94,834)	(33,000)	(127,834)
Interest paid	(15,391)	(47,459)	(7,906)	(70,756)
Capital element of lease rentals paid	(86,490)	–	–	(86,490)
Non-cash changes				
Interest payable	–	–	(1,597)	(1,597)
Finance cost recognised	15,391	47,478	14,501	77,370
Exchange alignment	28,951	39,835	–	68,786
Addition to lease liabilities	92,883	–	–	92,883
At 31 December 2020	376,834	756,604	116,854	1,250,292
At 1 January 2021	**376,834**	**756,604**	**116,854**	**1,250,292**
Proceeds from borrowings and bonds	**–**	**130,591**	**18,644**	**149,235**
Repayment of borrowings and bonds	**–**	**(110,695)**	**(58,400)**	**(169,095)**
Interest paid	**(18,855)**	**(57,781)**	**(6,421)**	**(83,057)**
Capital element of lease rentals paid	**(85,259)**	**–**	**–**	**(85,259)**
Non-cash changes				
Interest payable	**–**	**–**	**–**	**–**
Transfer to other payables	**–**	**–**	**(10,100)**	**(10,100)**
Finance cost recognised	**18,855**	**57,781**	**11,864**	**88,500**
Exchange alignment	**9,749**	**18,250**	**–**	**27,999**
Addition to lease liabilities	**212,890**	**–**	**–**	**212,890**
Disposal of subsidiaries	**(94,878)**	**–**	**–**	**(94,878)**
At 31 December 2021	**419,336**	**794,750**	**72,441**	**1,286,527**

43. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the consolidated financial statements, the Group and the Company had the following material transactions with related parties during the year:

	2021 **HK$'000**	2020 HK$'000
Interest income on loan to a shareholder *(note (i))*	**3,215**	3,620
Finance cost to a related company *(note (ii))*	**38**	77

Note:

(i) At 31 December 2020, the Group lent to Champion Dynasty with the sum of HK$30,830,000 which bearing interest rate at 12% per annum. As at 31 December 2021, the loan to a shareholder was fully settled.

(ii) This related company is ultimately controlled by a substantial shareholder of the Company. Right-of-use asset with carrying amount of approximately HK$1,883,000 (2020: HK$951,000) was carried under a lease with a related company (note 17(A)).

Pursuant to Rules 14A.25 and 14A.31 of the Listing Rules, the loan to a shareholder constitutes financial assistance and a continuing connected transaction of the Company. An ordinary resolution was passed at the special general meeting of the Company held on 19 November 2018 to approve the renewal of the loan and the annual cap amounts.

BALANCES WITH RELATED PARTIES:

Details of the balances with related parties at the end of reporting period are set out in note 27.

KEY MANAGEMENT PERSONNEL EMOLUMENTS:

Remuneration for key management personnel is disclosed in note 12.

44. FINANCIAL INFORMATION OF THE COMPANY

The Company's statement of financial position at 31 December 2021 and 2020 were as follows:

	2021 HK$'000	2020 HK$'000
Non-current assets		
Interest in subsidiaries	**1,023,548**	822,161
Right-of-use assets	**1,883**	951
	1,025,431	823,112
Current assets		
Deposits, prepayment and other receivables	**7,437**	2,662
Loan to a shareholder	**–**	30,830
Bank and cash balances	**245**	156
	7,682	33,648
Current liabilities		
Accruals and other payables	**18,048**	14,376
Lease liabilities	**1,011**	978
Bonds payable	**39,397**	65,079
Other borrowings	**23,600**	46,660
	82,056	127,093
Net current liabilities	**(74,374)**	(93,445)
Total assets less current liabilities	**951,057**	729,667
Capital and reserves		
Share capital	**42,850**	38,309
Reserves	**874,283**	639,583
Total equity	**917,133**	677,892
Non-current liabilities		
Lease liabilities	**880**	–
Bonds payable	**33,044**	51,775
	33,924	51,775
	951,057	729,667

45. RESERVES OF THE COMPANY

	Share capital HK$'000	Share premium HK$'000	Shares held for the share award scheme HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total equity HK$'000
At 1 January 2020	38,309	1,015,027	–	–	(251,933)	801,403
Loss for the year	–	–	–	–	(158,755)	(158,755)
Total comprehensive expense for the year	–	–	–	–	(158,755)	(158,755)
2019 final dividend paid	–	–	–	–	(2,567)	(2,567)
Purchase of shares for the share award scheme *(note 37)*	–	–	(498)	–	–	(498)
At 31 December 2020 and 1 January 2021	38,309	1,015,027	(498)	–	(413,255)	639,583
Loss for the year	–	–	–	–	(22,047)	(22,047)
Total comprehensive expense for the year	–	–	–	–	(22,047)	(22,047)
Proceeds from share subscription *(note 32)*	2,641	182,229	–	–	–	184,870
Proceeds from placing *(note 32)*	1,900	112,366	–	–	–	114,266
Purchase of shares for the share award scheme *(note 37)*	–	–	(521)	–	–	(521)
Share based payment expenses	–	–	–	982	–	982
At 31 December 2021	**42,850**	**1,309,622**	**(1,019)**	**982**	**(435,302)**	**917,133**

46. INTERESTS IN SUBSIDIARIES

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiaries	Place of incorporation/ operation	Class of shares/ registered capital held	Fully paid share capital/ registered capital	Proportion of nominal value of paid capital/registered capital held by the Company Directly 2021	Directly 2020	Indirectly 2021	Indirectly 2020	Principal activities
Shenzhen Aidigong* (ii)	The PRC	Registered	RMB10,000,000/ RMB10,000,000	–	–	**94.95%**	94.95%	Postpartum care services
Chengdu Aidigong* (ii)	The PRC	Registered	RMB10,000,000/ RMB10,000,000	–	–	**94.95%**	94.95%	Postpartum care services
Beijing Aidigong* (ii)	The PRC	Registered	RMB2,000,000/ RMB2,000,000	–	–	**94.95%**	94.95%	Postpartum care services
G-Prop Services Limited	Hong Kong	Ordinary	HK$2	–	–	**100%**	100%	Investment and finance
Golden Circle Investment Limited	Hong Kong	Ordinary	HK$2	–	–	**100%**	100%	Provision of management services
Guangdong Common Splendor Supply Chain Management Limited* (i)	The PRC	Registered as limited liability company	HK$187,282,375/ HK$300,000,000	–	–	**100%**	100%	Precision life healthcare services
Guangdong Fengshuo Bio Medical Tech Company Limited* (i)	The PRC	Registered as limited liability company	RMB75,000,000/ RMB75,000,000	–	–	**100%**	100%	Bio-medical technology
Realyoung International Life Medical Group (Hong Kong) Company Limited	Hong Kong	Ordinary	HK$2	–	–	**100%**	100%	Precision life healthcare services
Huizhou Chuangxing Zhongliang Property Limited* (ii)	The PRC	Registered	RMB1,000,000/ RMB1,000,000	–	–	**51%**	51%	Properties development
Huizhou Eastern Zhongliang Investment Limited* (ii)	The PRC	Registered	RMB10,000,000/ RMB10,000,000	–	–	**51%**	51%	Properties development
Huizhou Zhongliang Health Services Limited* (ii)	The PRC	Registered	N/A/ RMB10,000,000	–	–	**51%**	51%	Properties development

* *For identification purpose only*

46. INTERESTS IN SUBSIDIARIES *(CONTINUED)*

Notes:

(i) Registered as a wholly-owned foreign enterprise under the PRC law.

(ii) Registered as a Sino-foreign equity joint venture under the PRC law.

None of the subsidiaries had issued any debt securities subsisting at the end of the reporting period or at any time during the reporting period.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally, affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Guangdong Common Splendor Zhongliang Healthcare Industry	**49.00**	49.00	**(7,502)**	(3,295)	**138,589**	133,724
Individually immaterial subsidiaries with non-controlling interests			**36,987**	2,005	**14,441**	87,642
			29,485	(1,290)	**153,030**	221,366

46. INTERESTS IN SUBSIDIARIES (CONTINUED)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Name of subsidiaries	Guangdong Common Splender Zhongliang Healthcare Industry	
	2021 **HK$'000**	2020 HK$'000
Current assets	**628,503**	470,955
Non-current assets	**134,060**	130,797
Current liabilities	**(130,645)**	(232,092)
Non-current liabilities	**(349,084)**	(96,753)
Equity attributable to owners of the Company	**144,245**	139,183
Non-controlling interest	**138,589**	133,724

46. INTERESTS IN SUBSIDIARIES (CONTINUED)

	Guangdong Common Splender Zhongliang Healthcare Industry	
	2021	2020
	HK$'000	HK$'000
Revenue	**–**	–
Expenses	**(15,310)**	(6,724)
Loss for the year	**(15,310)**	(6,724)
Loss attributable to the owners of the Company	**(7,808)**	(3,429)
Loss attributable to non-controlling interest	**(7,502)**	(3,295)
Loss for the year	**(15,310)**	(6,724)
Other comprehensive income attributable to the owners of the Company	**3,930**	15,438
Other comprehensive income attributable to non-controlling interest	**3,775**	14,832
Other comprehensive income	**7,705**	30,270
Total comprehensive (expense)/income attributable to the owners of the Company	**(3,878)**	12,009
Total comprehensive (expense)/income attributable to non-controlling interest	**(3,727)**	11,537
Total comprehensive (expense)/income	**(7,605)**	23,546
Net cash outflow from operating activities	**(389,426)**	(306,323)
Net cash outflow from investing activities	**–**	–
Net cash inflow from financing activities	**411,571**	306,701
Net cash inflow	**22,145**	378

47. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with current year's presentation.

48. AUTHORISATION FOR ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors of the Company on 31 March 2022.

Five-year Financial Summary

For the year ended 31 December 2021

Summary of the results, assets and liabilities of the Group for the last five years are as follows:

RESULTS

	For the year ended 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**642,573**	601,211	610,612	377,035	474,933
Profit/(loss) before income tax	**53,409**	(363,880)	36,126	19,876	18,239
Income tax expense	**(18,624)**	(18,762)	(19,039)	(8,768)	(8,798)
Profit/(loss) for the year	**34,785**	(382,642)	17,087	11,108	9,441
Profit/(loss) for the year attributable to:					
Owners of the Company	**5,300**	(381,352)	11,237	2,160	1,422
Non-controlling interest	**29,485**	(1,290)	5,850	8,948	8,019
	34,785	(382,642)	17,087	11,108	9,441
Earnings/(loss) per share (HK cents)					
Basic	**0.13**	(9.96)	0.35	0.07	0.05
Diluted	**0.13**	(9.96)	0.35	0.07	0.05
Final dividend per share (HK cents)	**–**	–	0.067	–	–
Special dividend per share (HK cents)	**–**	–	–	–	–

ASSETS AND LIABILITIES

	At 31 December				
	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**3,022,949**	2,869,362	3,136,629	1,367,718	1,372,237
Total liabilities	**(1,773,206)**	(1,875,228)	(1,829,822)	(405,491)	(394,026)
	1,249,743	994,134	1,306,807	962,227	978,211
Net asset value per share attributable to owners of the Company (HK$)	**0.29**	0.26	0.34	0.32	0.33
Number of share issued	**4,285,014,974**	3,830,915,008	3,830,915,008	2,996,255,008	2,996,255,008

爱帝宫

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