



Hospital Corporation of China Limited
弘和仁愛醫療集團有限公司

(Stock Code: 3869)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020 AND
PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR
AND MEMBER OF REMUNERATION COMMITTEE

(Board) (Directors) 1
(Company) 1
(Group we) 31, 2020 year
under review), 201 .

FINANCIAL HIGHLIGHTS

As at December 31,
2020 **2019**
'000 '000

Revenue

	3,214	410,333
(1)	4.7%	42.3%
(2)	56.6%	50.5%
(3)	(421,06)	16,446
(4)	134,371	121,640
(5)	(2.26)	1.02

Adjusted items

	2,662	3,264
(1)	2,774	30,500
(2)	100,432	4,066
(3)	6,500	12,566
(4)	617,35	

(1) Revenue from operations for 2020 was 3,214 million yen, an increase of 4.7% from 410,333 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Information Systems Division and the Business Solutions Division.

(2) Revenue from operations in the Information Systems Division for 2020 was 2,774 million yen, an increase of 2.3% from 30,500 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Information Systems Division in the second half of 2020.

(3) Revenue from operations in the Business Solutions Division for 2020 was 100,432 million yen, an increase of 4.0% from 4,066 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Business Solutions Division in the second half of 2020.

(4) Revenue from operations in the Information Systems Division for 2020 was 6,500 million yen, an increase of 50.3% from 12,566 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Information Systems Division in the second half of 2020.

(5) Revenue from operations in the Business Solutions Division for 2020 was 617,35 million yen, an increase of 2.26% from 1.02 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Business Solutions Division in the second half of 2020.

(3) Revenue from operations for 2020 was 3,214 million yen, an increase of 4.7% from 410,333 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Information Systems Division and the Business Solutions Division.

(4) Revenue from operations for 2020 was 3,214 million yen, an increase of 4.7% from 410,333 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Information Systems Division and the Business Solutions Division.

(5) Revenue from operations for 2020 was 3,214 million yen, an increase of 4.7% from 410,333 million yen in 2019. This increase was primarily due to an increase in revenue from operations in the Information Systems Division and the Business Solutions Division.

As the first step, the Group strengthened the management and control system, further clarifying the management and control model, optimizing the management team, establishing the incentive and binding mechanism for hospital administrators, building a professional training system, and launching the staff incentive scheme.

1. Further clarifying the management and control model. The Group has further clarified the management and control model, and established a clear management and control system. It has further clarified the management and control model, and established a clear management and control system.

2. Optimizing the management team. The Group has optimized the management team, and established a clear management and control system. It has further clarified the management and control model, and established a clear management and control system. (Jinhua Hospital) Hospital), (Jiande Hospital),

3. Establishing the incentive and binding mechanism for hospital administrators. The Group has established the incentive and binding mechanism for hospital administrators, and established a clear management and control system. It has further clarified the management and control model, and established a clear management and control system.

4. Building a professional training system. The Group has built a professional training system, and established a clear management and control system. It has further clarified the management and control model, and established a clear management and control system.

5. Launching the staff incentive scheme. The Group has launched the staff incentive scheme, and established a clear management and control system. It has further clarified the management and control model, and established a clear management and control system. 2021.

As the second step, the Group enhanced the quality of assets. The Group has implemented a number of measures to improve the quality of its assets, including the following:

1. Building the information system of the Group.

The Group has invested in the development of its information system to improve its operational efficiency and to enhance its ability to manage its assets. The Group has implemented a number of measures to improve the quality of its assets, including the following:

IV. Outlook

-1

2020

Acknowledgment

Chen Shuai

30, 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	2020 '000	2019 '000
Revenue	3	3,214	410,333
		<u>(204,335)</u>	<u>(237,017)</u>
Gross profit		1,432	173,666
		(4)	()
		(51,)	(64,535)
		(15,077)	(1,511)
	7	(66,21)	()
		4,03	3,453
	4	<u>136,226</u>	<u>65,33</u>
Operating (loss)/profit		(3,341)	177,032
		1,420	42,102
		<u>(54,402)</u>	<u>(23,56)</u>
(Loss)/profit before income tax		(435,23)	1,5566
	5	<u>14,754</u>	<u>(26,120)</u>
(Loss)/profit for the year		(421,06)	16,446
Total comprehensive (loss)/income for the year		<u>(421,06)</u>	<u>16,446</u>
		(404,342)	150,00
		<u>(16,727)</u>	<u>1,546</u>
		<u>(421,06)</u>	<u>16,446</u>
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()/			
()/	6	<u>(2,26)</u>	<u>1.02</u>
()/	6	<u>(2,26)</u>	<u>0.22</u>

CONSOLIDATED BALANCE SHEET

		As at December 31,	
	Notes	2020 '000	2019 '000
ASSETS			
Non-current assets			
Property, plant and equipment		145,125	146,176
Intangible assets		3,775	42,011
Investments	7	2,205,557	2,053,200
Financial assets at fair value through profit or loss		3,335	1,413
Financial assets at fair value through other comprehensive income		1,117	2,012
Other non-current assets		10,000	10,000
Total non-current assets		<u>2,478,800</u>	<u>3,177,441</u>
Current assets			
Financial assets at fair value through profit or loss		6,560	5,021
Financial assets at fair value through other comprehensive income		33,450	30,332
Accounts receivable		2,227	16,405
Prepaid expenses and other receivables		271,120	217,470
Inventory		0,737	36,200
Other current assets		-	134,370
Other non-current assets		60,726	36,624
Total current assets		<u>1,265,150</u>	<u>1,277,522</u>
Total assets		<u><u>3,744,200</u></u>	<u><u>4,454,963</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		123	123
Reserves		435,304	435,304
Retained earnings		2,111	24,231
(Accumulated losses) / (accumulated profits)		(2,332)	123,440
		<u>1,000,156</u>	<u>1,433,106</u>
Minority interest		2,704	334,734
Total equity		<u><u>1,367,240</u></u>	<u><u>1,767,840</u></u>

CONSOLIDATED BALANCE SHEET (continued)

	As at December 31,	
	2020	2019
Notes	2,512,973,829	1,632,731,741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

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2 Summary of significant accounting policies

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2.1 Basis of preparation

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	General hospital services '000	Hospital management services '000	Sale of pharmaceutical products '000	Unallocated '000	Total '000
Year ended December 31, 2020					
	171,267	226,444	1,05		3,214
	<u>171,267</u>	<u>226,444</u>	<u>1,05</u>		<u>3,214</u>
	4,601		1,05		5,660
	76,666	226,444			303,554
	<u>171,267</u>	<u>226,444</u>	<u>1,05</u>		<u>3,214</u>
EBITDA	(22,402)	(240,312)	(135)		(46,844)
	(1,574)	(1,664)	(273)	(44)	(10,767)
	(7,744)	(21,73)	(61)	(1,677)	(32,135)
	(1,54)	4	(25)	(34,601)	(35,82)
				112,10	112,10
	<u>(247,614)</u>	<u>(263,655)</u>	<u>(1,124)</u>	<u>76,574</u>	<u>(435,823)</u>
As at December 31, 2020					
	401,551	1,200,55	3,20	7,21	2,53,520
	5,45	1,02,23	,266		1,150,64
	<u>460,046</u>	<u>2,373,71</u>	<u>12,556</u>	<u>7,21</u>	<u>3,744,204</u>
	<u>150,54</u>	<u>2,0372</u>	<u>1,26</u>	<u>1,43,12</u>	<u>2,376,64</u>

General hospital services	Hospital management services	Wholesale of pharmaceutical
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4 Other gains – net

		Year ended December 31,	
		2020	2019
		'000	'000
\$	1	72,3	62,56
\$	1	62,202	
\$	1	1,53	5,026
\$	1	(12)	(1,774)
		<u>136,226</u>	<u>65,3</u>

5 Income tax (credit)/expense

2020 (2019)

		Year ended December 31,	
		2020	2019
		'000	'000
\$	1	35,454	27,025
\$	1	(50,20)	(05)
		<u>(14,754)</u>	<u>26,120</u>

2020 (2019)

		Year ended December 31,	
		2020	2019
		'000	'000
\$	1	(435,23)	15,566
\$	1	(10,56)	4,2
\$	1	(11,60)	(35,74)
\$	1	4,301	532
\$	1	1,754	3,444
\$	1	(22)	(3,13)
\$	1	10,65	4,23
		<u>(14,754)</u>	<u>26,120</u>

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**Year ended December 31,
2020 2019**

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7 Intangible assets

	Goodwill '000	Contractual rights to provide management services '000	Licenses '000	Software '000	Total '000
At January 1, 2019					
	1,617,767	1,152,200	16,000	1,113	2,646,000
		(21,047)	(6,530)	(241)	(2,141)
	<u>1,617,767</u>	<u>1,137,153</u>	<u>10,047</u>	<u>1,572</u>	<u>2,365,557</u>
Year ended December 31, 2019					
	1,617,767	1,137,153	10,047	1,572	2,365,557
				100	100
		(23,647)	(6,530)	(310)	(30,100)
	<u>1,617,767</u>	<u>1,113,506</u>	<u>173,144</u>	<u>1,362</u>	<u>2,055,222</u>
At December 31, 2019					
	1,617,767	1,152,200	16,000	1,113	2,646,000
		(44,640)	(13,706)	(551)	(59,551)
	<u>1,617,767</u>	<u>1,113,506</u>	<u>173,144</u>	<u>1,362</u>	<u>2,055,222</u>
Year ended December 31, 2020					
	1,617,767	1,113,506	173,144	1,362	2,055,222
		(21,500)	(6,150)	(270)	(2,053)
	(467,030)	(201,136)			(66,210)
	<u>1,150,644</u>	<u>904,411</u>	<u>166,377</u>	<u>1,032</u>	<u>2,220,557</u>
At December 31, 2020					
	1,617,767	1,152,200	16,000	1,113	2,646,000
	(467,030)	(267,700)	(20,521)	(300)	(756,223)
	<u>1,150,644</u>	<u>904,411</u>	<u>166,377</u>	<u>1,032</u>	<u>2,220,557</u>

8 Trade receivables

		As at December 31,	
		2020	2019
		'000	'000
	1	36,45	31,332
	(3,000)	(3,000)	(1,000)
		<u>33,45</u>	<u>30,332</u>
<p>11 31, 2020 201 ,</p>			

		As at December 31,	
		2020	2019
		'000	'000
	1,0	33,05	25,42
	1,10	1,465	1,65
	1,1	2,33	2,47
	1	4	1,2
		<u>36,45</u>	<u>31,332</u>

9 Trade payables

		As at December 31,	
		2020	2019
		'000	'000
	12,72	12,72	11,45
	1,570	1,570	71
	1,21	1,21	372
	1,244	1,244	524
		<u>16,762</u>	<u>13,325</u>

10 Convertible bonds

	Convertible bonds issued at			
	March 5, 2018 '000	August 7, 2018 '000	February 27, 2019 '000	Total '000
As at January 1, 2019	430,241	643,615		1,073,856
Issuance of convertible bonds			6,216	6,216
Amortization of debt discount	773	(1,527)	22	(732)
Redemption of convertible bonds	(3,440)	(65,040)	42,035	(66,445)
As at December 31, 2019	3,217	577,03	724,217	1,634,30
As at January 1, 2020	3,217	577,03	724,217	1,634,30
Issuance of convertible bonds				
Amortization of debt discount	01	(1,526)	23	(602)
Redemption of convertible bonds	(3,44)	(32,40)	(34,56)	(70,40)
Conversion of convertible bonds				
As at December 31, 2020	326,02	542,573	6,644	1,55,245

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17, 2020, 1, 2021, 5, 2021, 2, 2023

1, 2021, 5, 2021, 11, 2021, 1, 2021

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31, 2020. 1 1 , , 1 ,

31, 2020, 1 1 53,62,000 (201 63,06,000, 571,56,000), 63,76,000,

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31, 2020. 1 1 , , 1 ,

31, 2020, 1 1 6,71,000 (201 0,5,5,000, 724,315,000), 1,43,000,

11 Dividends

12 Borrowings

	As at December 31, 2020			As at December 31, 2019		
	Current '000	Non-current '000	Total '000	Current '000	Non-current '000	Total '000
	57,30	34,36	1,65	74,744	65	174,402
	40,000		40,000	40,000		40,000
Total borrowings	<u>7,30</u>	<u>34,36</u>	<u>131,65</u>	<u>114,744</u>	<u>65</u>	<u>214,402</u>

() 11, 2017, 12, 2017, 11, 2022, 12, 2022, 100%, 70%, 15, 17, 20, 12, 4, 17, 2020, 3,000,000, 00,000, 00,000, 000,000, 200,000, 4.437%, 4.350%, 4.300%, 4.300% 4.300%

() 31, 2020,

Bank borrowings	
2020 '000	2019 '000
7,30	114,744
34,36	62,26
	37,372
<u>131,65</u>	<u>214,402</u>

1, 1, 2, 5, 1, 1

BUSINESS OVERVIEW

Business positioning

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– **Strengthening the management and control system.**

– **Enhancing the quality of assets.**

– **Exploring new business models.**

Business layout

... ..

... .. (集中採購中心)

... .. (互聯網醫院)

INDUSTRY OVERVIEW

2020, -1

Encouragement and support for socially-run medical care institutions.
《基本醫療衛生與健康促進法》(Medical Promotion Law.)

Opportunistic growth of internet medical care driven by additional policy support.
《關於推進
新冠肺炎疫情防控期間開展「互聯網+」醫保服務的指導意見》。
《關於進一步推動互聯網醫療服務發展和規範管
理的通知》。
《關於積極推進「互聯網+」醫療服務醫保支付工作的指導意見》。

Intensifying the supply chain reform.

The Government will intensify the supply chain reform, including: (1) strengthening the management of medical supplies; (2) strengthening the management of pharmaceuticals; (3) strengthening the management of medical devices; (4) strengthening the management of consumables; (5) strengthening the management of medical information. (以藥養醫)

More thorough reform on medical insurance payment.

The Government will continue to reform the medical insurance payment system, including: (1) strengthening the management of medical insurance; (2) strengthening the management of medical insurance payment; (3) strengthening the management of medical insurance reimbursement; (4) strengthening the management of medical insurance settlement. 《關於印發區域點數法總額預算和按病種分值付費試點工作方案的通 知》

71

2020

2021

RECENT DEVELOPMENTS

Time

Event

2020年1月

2020年1月，本公司董事會及監事會召開會議，討論及批准了關於西藏達孜弘和瑞信企業管理有限公司（Tibet Dazi）及浙江金華廣福腫瘤醫院（Jinhua Hospital）的相關事宜。此外，本公司還披露了2019年11月的財務數據，顯示淨利潤增長了4.7%，以及2020年1月的經營情況。

2020年1月23日

2020年1月23日，本公司召開了董事會會議，討論了關於聘任首席執行官（Chief Executive Officer）及薪酬委員會（Remuneration Committee）的相關事宜。此外，本公司還披露了關於上市規則（Listing Rules）的相關信息，以及提名委員會（Nomination Committee）和審計委員會（Audit Committee）的相關事宜。

Time

Event

20, 2020

Time

Event

, 15, 2021

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Secretary, ()
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Agent

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Company
Process

Hospital management services

2020. 11 226. 11 201 212.2 11 6. % 1. (Cixi Hospital)

General hospital services

2020. 11 171.3 11 201 12. % 1 6.5 11 2020. 11 -1

Sale of pharmaceutical products

2020. 11 2.2 1.1 11 201 70% 52.0% (Dajia Medicines) (Honghe Jinhua)

Cost of revenue

2020. 11 24.4 204. 11 237.0 11 13.6% 6.4 11 ()

Administrative expenses

2020. 11 51. 64.5 11 1.6% 6.7 11 5.3 11 ()

Impairment losses on intangible assets

2020. 11 66.2 11 (201 1), 66.2 11 31, 2020, 11 1

Other gains – net

31, 201 2020, 70.4 11 65. 11 201 136.2
 10.4 11 2020
 62.2 11

Other income

31, 201 2020, 3.5 11 4. 11 3.1%
 1. 11
 1. 11

Finance income and finance costs

31, 201 2020, 23.7 11 42.1 11 201 1.4
 () 31.5 11
 7. 11
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31, 201 2020, 30. 11 23.6 11 201 54.4
 34. 11
 2.3 11
 1.7 11

Income tax credit/(expense)

31, 201 2020, 14. 11 31, 201
 26.1 11 4.3 11
 40. 11
 4. 11

Loss for the year

31, 201 2020, 421.1 11 5 0.5 11 31, 201
 16 .4. 11 66.2 11 2020
 10.4 11
 62.2 11

Discussion of certain items from the consolidated balance sheet

31, 201 2020, 36.6 11 60.7 11
 24.1 11 2020 11
 44 .2 11 ()
 134.4 11 ()
 57.2 11 () 15.0 11
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 12 .7 11 () 43.

13.7 11 1.4
 31, 201 4.7 11 31, 2020
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0.7 11 31, 2020
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**Year ended
 December 31,
 2020
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36,229

450,365)
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104.11
 44.2
 134.4
 15.0
 502.3

Cash and Borrowings

31, 201 2020, 36.6 60.7
 31, 2020 (31, 201 214.4 131.7)
 4.437%, 360 3.0
 27.1 4.30%
 1.7
 1

Bank borrowings

2020 2019
 '000 '000

1		7,30	114,744
1	2	34,36	62,26
2	5		37,372
		<u>131,65</u>	<u>214,402</u>

31, 2020, 3.5% ()
 31, 2020,

FUTURE PROSPECTS

2021,

PLEDGE OF ASSETS

As of 31, 2020, the Company has pledged certain assets to secure its obligations. The amount of assets pledged is \$12 million as of 31, 2020.

FINAL DIVIDEND

The Company has not declared a final dividend for 2020.

HUMAN RESOURCES

As of 31, 2020, the Company has 473 employees (31, 2019: 473). The Company's employee base is primarily located in the United States. The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel. The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel.

The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel. The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel. The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel.

The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel. The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel. The Company's employee base is primarily composed of sales and marketing personnel, operations personnel, and administrative personnel.

USE OF NET PROCEEDS FROM LISTING

2017 (Listing Date). The Company has used net proceeds from the listing for various purposes, including working capital, capital expenditures, and general corporate purposes. The amount of net proceeds used is \$465.6 million.

2017 (Prospectus). The Company has used net proceeds from the prospectus for various purposes, including working capital, capital expenditures, and general corporate purposes. The amount of net proceeds used is \$2 million as of 31, 2020.

	Percentage of the total amount	Net proceeds \$. //	Utilized amount up to December 31, 2019 \$. //	Utilized amount subsequent to December 31, 2019 and up to December 31, 2020 \$. //	Unutilized amount as at December 31, 2020 \$. //	Expected time period
1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100	50%	232.40	232.40			
(1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100)	11%	51.22	41.5	.63		(. . .) (5 2)

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

CG Code) 14 , 1 1 1 ()

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23, 2020. (Mr. Chen)

COMPLIANCE WITH THE MODEL CODE

10 , 1 1 1 (Model Code)

31, 2020.

AUDIT COMMITTEE

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31, 2020,

EVENTS AFTER THE YEAR UNDER REVIEW

On 15, 2021, the Board of Directors of the Company has approved the 2021 financial budget. The budgeted operating income for 2021 is RMB 3.05 billion, and the budgeted net profit is RMB 622 million. The budgeted operating income for 2021 is RMB 1.05(2) billion, and the budgeted net profit is RMB 15, 2021.

On 1, 2021, the Company has completed the 2021 financial budget. The budgeted operating income for 2021 is RMB 3.05 billion, and the budgeted net profit is RMB 622 million. The budgeted operating income for 2021 is RMB 1.05(2) billion, and the budgeted net profit is RMB 15, 2021.

On 31, 2020, the Company has completed the 2020 financial budget. The budgeted operating income for 2020 is RMB 3.05 billion, and the budgeted net profit is RMB 622 million. The budgeted operating income for 2020 is RMB 1.05(2) billion, and the budgeted net profit is RMB 15, 2020.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The scope of work of PricewaterhouseCoopers (PwC) is to audit the financial statements of the Company for the year ended 31, 2020. PwC has issued an audit report on the financial statements of the Company for the year ended 31, 2020. The audit report is dated 31, 2020. PwC is an Auditor. The audit report is dated 31, 2020.

PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR AND MEMBER OF REMUNERATION COMMITTEE

The proposed appointment of a non-executive director and a member of the remuneration committee is in accordance with the Articles of Association of the Company. The proposed appointment is for Mr. Pu. The proposed appointment is for the AGM.

The proposed appointment of a non-executive director and a member of the remuneration committee is in accordance with the Articles of Association of the Company. The proposed appointment is for Mr. Pu. The proposed appointment is for the AGM.

